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## **Concord New Energy Group Limited**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 182)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF EQUITY INTEREST IN YULIN CENTURY CONCORD**

#### **THE DISPOSAL AGREEMENT**

On 28 December 2016 (after trading hours), the Group has entered into Disposal Agreement with Shaanxi Hydro pursuant to which Yinhua, as the vendor, has agreed to sell and Shaanxi Hydro, as the purchaser, has agreed to acquire the entire equity interest in the Yulin Century Concord, at the consideration of RMB573,924,900 (equivalent to approximately HK\$642,795,888), payable by the purchaser in accordance with the terms and conditions of the Disposal Agreement.

#### **IMPLICATIONS OF THE LISTING RULES**

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal and the transactions contemplated therein constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

#### **THE DISPOSAL AGREEMENT**

On 28 December 2016 (after trading hours), the Group has entered into Disposal Agreement with Shaanxi Hydro pursuant to which Yinhua, as the vendor, has agreed to sell and Shaanxi Hydro, as the purchaser, has agreed to acquire the entire share capital of the Yulin Century Concord, at the consideration of RMB573,924,900 (equivalent to approximately HK\$642,795,888), payable by the purchaser in accordance with the terms and conditions of the Disposal Agreement. Set out below are the principal terms of the Disposal Agreement:

**Date:** 28 December 2016 (after trading hours)

**Parties:** Shaanxi Hydro, as purchaser; and

Yinhua, as vendor

## Assets to be disposed

The entire equity interest in Yulin Century Concord, which was pledged to ICBC Leasing pursuant to the Share Pledge Agreement, details of which are set out in the announcements of the Company dated 20 August 2014 and 10 September 2014 regarding the Initial Finance Lease and Additional Finance Lease.

## Consideration

The Consideration of RMB573,924,900 (equivalent to approximately HK\$642,795,888), subject to adjustments, shall be payable by Shaanxi Hydro in cash in the following manner:

- (a) as to RMB114,784,980 (equivalent to approximately HK\$128,559,178) as refundable earnest money (the “Earnest Money”), shall be paid into the designated account of Yinhua (the “Account”) within three business days after the entering into of the Disposal Agreement;
- (b) as to RMB487,836,165 (equivalent to approximately HK\$546,376,505) (the “Sum”), shall be paid into the Account within five business days upon the Disposal Agreement becoming legally effective and the completion of the handover of the equity interest in Yulin Century Concord upon the Delivery Date. For this purpose, the Earnest Money previously paid by the Purchaser had been deemed to be applied towards satisfaction of this part of the Consideration payable to Yinhua;
- (c) as to RMB28,696,245 (equivalent to approximately HK\$32,139,794), shall be paid into the Account within five business days after the Disposal Agreement becoming legality effective and upon completion of final financial settlement (竣工決算);
- (d) as to RMB28,696,245 (equivalent to approximately HK\$32,139,794), shall be paid into the Account within five business days after the next day of the completion of the Change;
- (e) as to RMB17,217,747 (equivalent to approximately HK\$19,283,877), as the performance bond on the quality of project engineering and main equipment, shall be paid into the Account within ten business days after the anniversary of the Delivery Date;
- (f) as to a maximum amount of RMB5,739,249 (equivalent to approximately HK\$6,427,959), net of the amount deducted for any penalty or losses for failure to obtain certain approvals and documents from relevant local authorities, shall be paid into the Account after the anniversary of the Delivery Date; and
- (g) as to a maximum amount of RMB5,739,249 (equivalent to approximately HK\$6,427,959), as tax security deposit, net of the amount deducted for any contingent taxes payable by Yulin Century Concord which has not been recorded in the Transaction Report, shall be paid into the Account within ten business days after the anniversary of the Delivery Date.

Pursuant to the terms of the Disposal Agreement, Yinhua shall return the Earnest Money together with a compensation amount of RMB114,784,980 (equivalent to approximately HK\$128,559,178) to the Purchaser within five business days if the Company fails to obtain its Shareholders' approval (if applicable). If the Purchaser fails to pay the Consideration according to the prescribed timeframe as stipulated in the Disposal Agreement, the Purchaser shall pay the liquidated damages at a rate of 0.05% per day calculated on the relevant portion of the Consideration to be paid from the next day after such delay.

In addition, the Change is required to be completed within fifteen business days after the Disposal Agreement becoming legally effective and obtaining approval from the ICBC Leasing to proceed the Disposal (the "Effective Date"). If Yulin Century Concord fails to complete the Change within the prescribed timeframe, Yinhua shall pay the liquidated damages at a rate of 0.05% per day on the amounts of the Consideration received by Yinhua to the Purchaser from the next day of such delay. If Yulin Century Concord fails to complete the Change within 30 days after the Effective Date, the Purchaser shall have the right to terminate the Disposal Agreement by written notice if Yinhua fails to provide required information within the prescribed timeframe or meeting the requirements of the relevant authorities.

Furthermore, if the Change cannot be completed due to ICBC Leasing does not consent to proceed with the Disposal, the parties shall further negotiate to resolve. The parties shall use their best endeavor to cancel or replace the pledge of equity interest in Yulin Century Concord to ICBC Leasing and the related expenses shall be borne by Yulin Century Concord.

In arriving at the Consideration, the Directors have principally considered, among other factors, the unaudited net asset value of the Yulin Century Concord of RMB445,745,824 (equivalent to approximately HK\$499,235,323) as at 30 June 2016.

## **CONDITIONS PRECEDENT TO THE DISPOSAL AGREEMENT**

Completion of the Disposal is subject to and conditional upon the fulfilment of the following conditions precedent:

- (a) the provision of necessary documents to ICBC Leasing and fulfillment of its obligation by Yinhua in relation to the discharge of the pledge of the equity interest of Yulin Century Concord;
- (b) the obtaining of the on-grid tariff approvals from relevant authorities of RMB0.95/kWh and being included in the sixth batch of subsidiaries directory for national renewable energy approved by the Ministry of Finance of the PRC (中國財政部第六批國家可再生能源補貼目錄);
- (c) the written representations made by Yulin Century Concord and Yinhua to the Purchaser regarding the assets, liabilities, equity, external guarantee and all the information relating to the Disposal Agreement are true, accurate and complete; and
- (d) no facts, conditions, changes or other circumstances which may have an adverse effect on Yulin Century Concord has been generated or reasonably foreseen.

## **DEBT SETTLEMENT**

Pursuant to the Disposal Agreement, the parties agree that the creditor's right and obligation in Yulin Century Concord as recorded in the Transaction Report shall continue to be enjoyed and borne by Yulin Century Concord. Yinhua shall be responsible for any liabilities and payment obligations (the "Obligations") that have not been recorded in the Transaction Report and shall also be liable for compensation if Yulin Century Concord and/or the Purchaser suffer from any losses due to the concealment of Yinhua or the failure to assume the Obligations in full and on time by Yinhua. The major debt settlement terms are agreed between Shaanxi Hydro and Yinhua as follows:

- (a) Yulin Century Concord shall pay the operation and maintenance fee, being the amount pursuant to the Operation and Maintenance Agreement entered into between Yulin Century Concord with Beijing Century Concord dated 15 December 2015, within ten business days after the Completion Date. As accrued up to 31 December 2016, the operation and maintenance fee payable shall be RMB577,864 (equivalent to approximately HK\$647,208);
- (b) Yulin Century Concord shall terminate the Sale and Leaseback Agreement entered into with Tianjin Green Energy on 28 July 2014 and pay the rent, being the amount pursuant to the Sale and Leaseback Agreement within ten business days after the Completion Date. As accrued up to 31 December 2016, the rent payable shall be RMB36,220,840 (equivalent to approximately HK\$40,567,341);
- (c) Yulin Century Concord shall pay the aggregate dividend for the year ended 31 December 2015 and the period of nine months ended 30 September 2016 of RMB177,969,934 (equivalent to approximately HK\$199,326,326) to Yinhua within ten business days after the Delivery Date; and
- (d) Yulin Century Concord shall pay RMB172,154,053 (equivalent to approximately HK\$192,812,539), the amounts payable to its related parties as accrued up to 31 December 2016 within ten business days after the Delivery Date and the settlement of the Sum.

If Yulin Century Concord does not have sufficient funding to repay the aforesaid amount as stipulated in items (c) and (d), Shaanxi Hydro shall be responsible for providing bank entrusted loans or adopting other methods to assist Yulin Century Concord to raise funds.

If Yulin Century Concord fails to settle the aforesaid amounts within the prescribed timeframe, Yulin Century Concord shall pay the liquidated damages to Yinhua or its related parties at a rate of 0.05% per day calculated on the amounts payable to Yinhua or its related parties from the next day after a grace period of fifteen business days commencing from the next day of such delay.

## **INFORMATION ON SHAANXI HYDRO**

Shaanxi Hydro is a limited liability company incorporated in the PRC and a wholly-owned subsidiary of SEPC. The principal business activity of Shaanxi Hydro is development and operation of hydro power, wind power and other clean energy.

SEPC is a limited liability company incorporated in the PRC and is wholly owned by the People's Government of Shaanxi Province.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Shaanxi Hydro, SEPC and their ultimate beneficial owner(s) are Independent Third Parties.

### **INFORMATION ON YULIN CENTURY CONCORD**

Yulin Century Concord, a wholly owned subsidiary of the Company, is a company incorporated in the PRC with limited liability. Yulin Century Concord is principally engaged in investment, development and operation of the Yushen Solar Farm Project.

For the six months ended 30 June 2016, the unaudited profit before tax and net profit of Yulin Century Concord both amounted to approximately RMB73,939,898 (equivalent to approximately HK\$82,812,686). For the year ended 31 December 2015, Yulin Century Concord recognized audited profit before tax and net profit both amounted to approximately RMB118,059,260 (equivalent to approximately HK\$132,226,371). The Yushen Solar Farm Project was in the process of construction and development in 2014 and no profit or loss was recognized by Yulin Century Concord for the year ended 31 December 2014.

The audited net asset value of Yulin Century Concord as at 31 December 2015 was approximately RMB478,059,260 (equivalent to approximately HK\$535,426,371).

As at 30 June 2016, the unaudited net asset value of Yulin Century Concord was approximately RMB445,745,824 (equivalent to approximately HK\$499,235,323).

### **REASONS FOR AND BENEFIT OF THE DISPOSAL**

The Company is principally engaged in (i) investing in wind and solar power projects and (ii) offering professional technical services and integrated solution to the wind and solar power generation projects.

The Group has adopted a "build and sell" strategy whereby the Group builds power plants and disposes of its interests in the power plants upon completion or operation of the power plants. The Directors consider that the "build and sell" strategy allows the Group to fully leverage on its strengths of solar power development and power plant construction so as to attain a more reasonable return on its investments.

Based on the consideration payable by Shaanxi Hydro to the Company under the Disposal Agreement, it is estimated that the Company will recognize a gain of approximately RMB174 million (equivalent to approximately HK\$195 million) (before tax and expenses), which is calculated by reference to the amount of consideration as set out above and the latest unaudited net asset value of the Yulin Century Concord.

Following the completion of the Disposal, Yulin Century Concord will cease to be a subsidiary of the Company. The net proceeds from the Disposal of approximately RMB573.4 million (equivalent to approximately HK\$642.2 million) will be used as general working capital of the Group.

The Directors consider the terms of the Disposal Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

## **IMPLICATIONS OF THE LISTING RULES**

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal and the transactions contemplated therein constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

## **DEFINITIONS**

“Additional Finance Lease”	the additional finance lease that the Group has entered into pursuant to the Finance Lease Agreement, details of which are set out in the announcements of the Company dated 20 August 2014 and 10 September 2014
“associates”	has the meaning ascribed to it by the Listing Rules
“Beijing Century Concord”	Beijing Century Concord Operation and Maintenance Co., Ltd.* (北京協合運維風電技術有限公司), a wholly owned subsidiary of the Company
“business day(s)”	a day (other than a Saturday, Sunday or public holiday in the PRC)
“Change”	the completion of the change in shareholder of Yulin Century Concord in Yulin Administration for Industry and Commerce to Shaanxi Hydro
“Company”	Concord New Energy Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion Date”	the completion date for completing all relevant business registration procedures to effect the Disposal and obtaining the new business licence from Yulin Administration for Industry and Commerce effecting the change in shareholder of Yulin Century Concord

“Consideration”	the consideration of RMB573,924,900 (equivalent to approximately HK\$642,795,888), subject to adjustments, payable by Shaanxi Hydro to Yinhua under the Disposal Agreement
“Delivery Date”	the date of signing of the handover list (接管清單) and completion of the handover works to transfer the equity interest in Yulin Century Concord, which is within two business days after the Disposal Agreement becoming legally effective
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the entire equity interest in Yulin Century Concord to Shaanxi Hydro pursuant to the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement dated 28 December 2016 entered between Yinhua and Shaanxi Hydro in relation to the Disposal
“Finance Lease Agreement”	an agreement entered into between Yulin Century Concord and ICBC Leasing dated 20 August 2014 as supplemented by an agreement dated 20 August 2014 between Yulin Century Concord, ICBC Leasing and Tianjin Century Concord Huaxing Wind Power Equipment Co., Ltd.* (天津協合華興風電裝備有限公司), details of which are set out in the announcement of the Company dated 20 August 2014
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“ICBC Leasing”	ICBC Financial Leasing Co., Ltd.* (工銀金融租賃有限公司), which is principally engaged in the business of finance lease
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Initial Finance Lease”	the initial finance lease the Group entered into pursuant to the Finance Lease Agreement, details of which are set out in the announcement of the Company dated 20 August 2014
“kWh”	Kilowatt-hour, a standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	Megawatt (1,000,000 watts), the commonly used unit of power in quantifying the electricity generation
“PRC”	the People’s Republic of China (which for the purpose of this announcement excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China)
“Purchaser” or “Shaanxi Hydro”	Shaanxi Hydro Development Co., Ltd.* (陝西省水電開發有限責任公司), a limited liability company incorporated in the PRC, a wholly owned subsidiary of SEPC and an Independent Third Party
“RMB”	Renminbi, the lawful currency of the PRC
“SEPC”	Shaanxi Electric Power Construction Investment and Development Company* (陝西省電力建設投資開發公司), a limited liability company incorporated in the PRC and an Independent Third Party
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Pledge Agreement”	the share pledge agreement entered between Yinhua and ICBC Leasing dated 20 August 2014 pursuant to which Yinhua has agreed to pledge its equity interest in Yulin Century Concord in favour of ICBC Leasing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it by the Listing Rules
“Tianjin Green Energy”	Tianjin Green Energy International Leasing Co., Ltd.* (天津國銀新源國際租賃公司), a joint venture of the Company
“Transaction Report”	the auditor’s report together with the audited accounts on Yulin Century Concord (希會審字(2016)2416號) for the period ended 30 September 2016 issued by 希格瑪會計師事務所(特殊普通合伙) (Xigema Cpas (Special General Partnership)*)



- “Yinhua” Yinhua Century Concord New Energy Investment Limited\* (銀華協合新能源投資有限公司), a limited liability company incorporated in the PRC and a wholly owned subsidiary of the Company
- “Yulin Century Concord” Yulin Century Concord New Energy Co., Ltd.\* (榆林協合生態新能源有限公司), a limited liability company incorporated in the PRC and a wholly owned subsidiary of the Company
- “Yushen Solar Farm Project” design, construction, fabrication, equipping, delivery, installation, commissioning and placing into operation of the solar farm project with filling record of 陝發改新能源[2013]567號 with a capacity of 200MW located in Yulin, Shaanxi Province, the PRC

*The translation of RMB into HK\$ is based on the exchange rate of RMB1.00 to HK\$1.12, and are provided for information purposes only.*

By order of the Board  
**CONCORD NEW ENERGY GROUP LIMITED**  
**Liu Shunxing**  
*Chairman*

28 December 2016, Hong Kong

*As at the date of this announcement, the Board comprises Mr. Liu Shunxing (Chairman), Mr. Yang Zhifeng and Ms. Liu Jianhong (who are Co-Vice Chairpersons), Mr. Yu Weizhou (Chief Executive Officer), Mr. Gui Kai (all of above are also executive directors), Mr. Gao Fuchun (who is non-executive director) and Dr. Wong Yau Kar, David, BBS,JP, Mr. Yap Fat Suan, Dr. Shang Li and Ms. Huang Jian (who are independent non-executive directors).*

\* *For identification purpose only*