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Concord New Energy Group Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 182)

DISCLOSEABLE TRANSACTION FINANCE LEASE ARRANGEMENTS

On 5 June 2017, the Lessee (being a wholly-owned subsidiary of the Company), the Lessor, Nanjing Daqo and Jiangsu Daqo entered into the Finance Lease Arrangements, pursuant to which the Lessor has agreed to purchase the Equipment from Nanjing Daqo, Jiangsu Daqo and the Lessee, and the Lessor has agreed to lease the Equipment to the Lessee for its power plant in Yunnan, the PRC for a term of 8 years.

As the highest percentage ratio (as defined under the Listing Rules) in respect of the Finance Lease Agreements exceeds 5% but is less than 25%, the entering into of the Finance Lease Arrangements constitutes a discloseable transaction of the Company under the Listing Rules and thus is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

FINANCE LEASE ARRANGEMENTS

The Board announces that, on 5 June 2017, the Lessee (being a wholly-owned subsidiary of the Company), the Lessor, Nanjing Daqo and Jiangsu Daqo entered into the Finance Lease Arrangements, pursuant to which the Lessor has agreed to purchase the Equipment from Nanjing Daqo, Jiangsu Daqo and the Lessee, and the Lessor has agreed to lease the Equipment to the Lessee for a term of 8 years. All equipment under the Finance Lease Arrangements are purchased and being used by the Group for the operation of a solar power project of the Group in Yunnan Province, the PRC. Whilst the Group has booked all the Equipment as its fixed assets in its financial statements pursuant to Hong Kong Financial Reporting Standards, as part of the purchase price of the Equipment (i.e. the Nanjing Equipment and the Jiangsu Equipment) due to the vendors is still outstanding, the legal titles of such Equipment remain with the related vendors (i.e. Nanjing Daqo and Jiangsu Daqo). Details of the Finance Lease Arrangements are summarized as follows:

	Finance lease of the Nanjing Equipment	Finance lease of the Jiangsu Equipment	Finance lease of the Eryuan Equipment
Date of agreements	5 June 2017	5 June 2017	5 June 2017
Parties to the agreements	Lessor as purchaser and lessor	Lessor as purchaser and lessor	Lessor as purchaser and lessor
	Nanjing Daqo as vendor	Jiangsu Daqo as vendor	Lessee as vendor and lessee
	Lessee as lessee	Lessee as lessee	
Subject assets	The Nanjing Equipment	The Jiangsu Equipment	The Eryuan Equipment
Book value of the subject assets in the Group's financial statements as at 31 December 2016	RMB41,593,552	RMB34,289,781	RMB92,890,833
Amount owed by the Group to the vendors as at 31 May 2017 (i.e. the vendors under the Finance Lease Arrangements)	RMB43,850,000	RMB36,150,000	NA
Acquisition of the Equipment by the Lessor:			
Consideration paid by the Lessor	RMB43,850,000 (equivalent to approximately HK\$49,550,500) payable within 15 business days upon satisfaction of certain administrative and documentary requirements	RMB36,150,000 (equivalent to approximately HK\$40,849,500) payable within 15 business days upon satisfaction of certain administrative and documentary requirements	RMB100,000,000 (equivalent to approximately HK\$113,000,000) payable within 15 business days upon satisfaction of certain administrative and documentary requirements (which shall be no later than 30 September 2017) less the security deposit amount

The terms for the security deposit	Security deposit shall be used to offset any default caused by the Lessee under the Finance Lease Agreements. If there is no default, such deposit shall be returned to the Lessee upon the end of the lease period		
Lessee's option to purchase the Equipment under the Finance Lease Arrangements			
Purchase consideration	RMB1,000	RMB1,000	RMB1,000
Payment term	<p>Upon the end of the lease period, provided that the Lessee has fulfilled all of its obligations under the Finance Lease Agreements, the Lessee has the option to purchase the Equipment at above consideration.</p> <p>In addition, at any time after 6 months from the date of commencement of lease term, the Lessee is eligible to purchase the Equipment at a date (the "Early Purchase Date") before the end of the lease term by serving a written notice to the Lessor one month before the date of next lease payment at a consideration, being the sum of (i) all unpaid lease payment up to the Early Purchase Date; (ii) all outstanding lease costs (after value-added tax) for the remaining lease period after the Early Purchase Date; (iii) the consideration of RMB1,000; and (iv) any payable and expenses under the Finance Lease Agreements</p>		
Consultancy fee payable by the Lessee to the Lessor	RMB1,315,500 (equivalent to approximately HK\$1,486,515)	RMB1,084,500 (equivalent to approximately HK\$1,225,485)	RMB3,000,000 (equivalent to approximately HK\$3,390,000)
Payment term of the consultancy fee	Half of the consultancy fee shall be paid within 7 days after entering into the consultancy agreements, and the remaining amount shall be paid in between 355 days and 365 days after entering into the consultancy agreements		
Other security agreements:			
Mortgage agreement	The Lessee has agreed to charge the Equipment to the Lessor to secure the obligations of the Lessee under the Finance Lease Agreements		
Guarantee letter	The Company has agreed to provide an irrevocable joint and several liability guarantee to the Lessor, and unconditionally and irrevocably undertake that, upon receipt of a demand from the Lessor, the Company will unconditionally pay the amount demanded by the Lessor to the account designated in the said demand in a lump sum within five business days		

Accounts receivable agreement The Lessee has agreed to pledge its accounts receivable from a subsidiary of China Southern Power Grid in favour of the Lessor to secure the obligations of the Lessee under the Finance Lease Agreements

Share pledge agreement Century Concord (a wholly-owned subsidiary of the Company and a direct shareholder of the Lessee) has agreed to pledge all its equity interest in the Lessee in favour of the Lessor, to secure the obligations of the Lessee under the Finance Lease Agreements

REASONS FOR AND BENEFIT OF THE TRANSACTIONS

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 Lessee is a wholly-owned subsidiary of the Company and is principally engaged in the solar power plant investment and operation in the PRC.

The power plant owned by the Lessee is located in Yunnan, the PRC. For construction and purchase of necessary equipment, the Lessee has entered into certain contractual agreements (the “Contractual Agreements”) with another wholly-owned subsidiary of the Company, Nanjing Daqo, Jiangsu Daqo and Daqo Energy Engineering. As all applicable percentage ratios (as defined in the Listing Rules) in respect of the Contractual Agreements were below 5%, thus the entering into of the Contractual Agreements was not subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Lessee has only settled part of the consideration of the Contractual Agreements (i.e. consideration for the Nanjing Equipment and the Jiangsu Equipment). For avoidance of doubt, the Lessee has fully settled the payment for the Eryuan Equipment. The Finance Lease Arrangements are effectively financing/borrowing obtained by the Group. Under the Finance Lease Arrangements, Nanjing Daqo and Jiangsu Daqo have agreed to transfer the legal titles of the Nanjing Equipment and Jiangsu Equipment to the Lessor, and the Lessee will then cease to owe any amount to Nanjing Daqo and Jiangsu Daqo. Upon commencement of the Finance Lease Arrangements, the Lessor will give the Group net proceeds of approximately RMB94.6 million. The Company intends to use the proceeds as working capital of the Group. The Group will in substance continue to use and operate the Equipment and regard the Equipment as its fixed assets in its financial statements in accordance with Hong Kong Financial Reporting Standards. It is expected that the carrying value of the Equipment will be adjusted based on the lower of (i) the aggregate estimated net present value of the lease payments by the Group to the Lessor and (ii) its fair value. No gain or loss is expected to be recorded by the Group upon commencement of the Finance Lease Arrangements. The Directors are of the view that, the Finance Lease Arrangements represent an ordinary financing mean available to the Lessee, the entering into of the Finance Lease Arrangements is in the ordinary and usual course of business of the Lessee, and is in the interests of the Company and the shareholders of the Company as a whole.

The terms of the Finance Lease Agreements have been agreed after arm's length negotiation among the parties. The Directors consider the terms of the Finance Lease Agreements are on normal commercial terms, fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION ON THE PARTIES TO THE FINANCE LEASE ARRANGEMENTS

The Lessor is a company incorporated in the PRC which is principally engaged in the business of finance leasing. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Lessor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

The Lessee is a wholly-owned subsidiary of the Company, which is principally engaged in the solar power plant investment and operation in the PRC.

Nanjing Daqo is a company incorporated in the PRC, which is principally engaged in manufacture and sale of components for solar power system. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Nanjing Daqo and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Jiangsu Daqo is a company incorporated in the PRC, which is principally engaged in research and manufacture of automatic electrical system and components. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Jiangsu Daqo and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As the highest percentage ratio (as defined under the Listing Rules) in respect of the Finance Lease Agreements exceeds 5% but is less than 25%, the entering into of the Finance Lease Arrangements constitutes a discloseable transaction of the Company under the Listing Rules and thus is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITION

“Century Concord”	Century Concord Wind Power Investment Co., Ltd. * (協合風電投資有限公司), a wholly-owned subsidiary of the Company
“Company”	Concord New Energy Group Limited (協合新能源集團有限公司 *) (Stock code: 182), a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange
“Daqo Energy Engineering”	Daqo Energy Engineering Co., Ltd* (大全能源工程有限公司), a third party independent of the Company and its connected persons
“Director(s)”	the director(s) of the Company
“Equipment”	the Nanjing Equipment, the Jiangsu Equipment and the Eryuan Equipment (as the case may be)
“Eryuan Equipment”	certain machinery and equipment for the operation of a solar power project in Yunnan Province, the PRC under the Eryuan Finance Lease Agreement
“Eryuan Finance Lease Agreement”	the agreement entered into between the Lessee and the Lessor dated 5 June 2017, all of its attachment documents and attachment forms in respect of the lease of the Eryuan Equipment, as described in the section headed “Finance Lease Arrangements” in this announcement
“Finance Lease Agreements”	the Nanjing Finance Lease Agreement, the Jiangsu Finance Lease Agreement and the Eryuan Finance Lease Agreement (as the case may be)
“Finance Lease Arrangements”	the arrangements in relation to the finance lease of the Nanjing Equipment, Jiangsu Equipment and Eryuan Equipment by the Lessor to the Lessee under the Finance Lease Agreements
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Administrative Region of the PRC
“Jiangsu Daqo”	Jiangsu Daqo Kfine Electric Co., Ltd. (江蘇大全凱帆電器股份有限公司), a third party independent of the Company and its connected persons

“Jiangsu Equipment”	certain machinery and equipment for the operation of a solar power project in Yunnan Province, the PRC under the Jiangsu Finance Lease Agreement
“Jiangsu Finance Lease Agreement”	the agreement entered into between the Lessee and the Lessor dated 5 June 2017, all of its attachment documents and attachment forms in respect of the lease of the Jiangsu Equipment, as described in the section headed “Finance Lease Arrangements” in this announcement
“Lessee”	Eryuan Century Concord Solar Power Co, Ltd* (洱源協合太陽能發電有限公司), a wholly-owned subsidiary of the Company
“Lessor”	State Grid International Leasing Company Ltd (國網國際融資租賃有限公司), a third party independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanjing Daqo”	Nanjing Daqo New Energy Co Ltd (南京大全新能源有限公司), a third party independent of the Company and its connected persons
“Nanjing Equipment”	certain machinery and equipment for the operation of a solar power project in Yunnan Province, the PRC under the Nanjing Finance Lease Agreement
“Nanjing Finance Lease Agreement”	the agreement entered into between the Lessee and the Lessor dated 5 June 2017, all of its attachment documents and attachment forms in respect of the lease of the Nanjing Equipment, as described in the section headed “Finance Lease Arrangements” in this announcement
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

For illustration purpose of this announcement, the exchange rate of RMB1=HK\$1.13.

For and on behalf of
Concord New Energy Group Limited
Liu Shunxing
Chairman

Hong Kong, 5 June 2017

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. Niu Wenhui and Mr. Gui Kai (all of above are also executive Directors), Mr. Wu Shaohua (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 purposes only*