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## **Concord New Energy Group Limited**

**協合新能源集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 182)**

### **MAJOR TRANSACTION**

#### **FINANCE LEASE ARRANGEMENTS**

The Company is pleased to announce that on 13 October 2017 (after trading hours), Nanzhao Century Concord (as Lessee), Huaneng Tiancheng (as Lessor), and Haotai New Energy (as Supplier), entered into the Finance Lease Arrangement 1, pursuant to which (i) Huaneng Tiancheng agreed to purchase Equipment 1 from Haotai New Energy, at a total consideration of RMB550,000,000.00 (equivalent to approximately HK\$654,500,000.00); and (ii) Huaneng Tiancheng agreed to lease Equipment 1 to Nanzhao Century Concord for a term of 11 years, to be payable in 44 quarterly installments at lease payments of approximately RMB753,027,000.00 (equivalent to approximately HK\$896,102,130.00).

The Company also announces that on the same date, Nanzhao Century Concord (as Lessee) and Huaneng Tiancheng (as Lessor), entered into the Finance Lease Arrangement 2, pursuant to which Huaneng Tiancheng agreed to lease Equipment 2 to Nanzhao Century Concord for a term of 5 years, to be payable in 20 quarterly installments at lease payments of approximately RMB23,767,000.00 (equivalent to approximately HK\$28,282,730.00).

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules for the Finance Lease Arrangements (including the transactions contemplated under the related agreements) in aggregate exceed 25% but are less than 100%, the Finance Lease Arrangements (including the transactions contemplated under the related agreements) constitute a major transaction for the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A special general meeting will be convened by the Company to consider and, if thought fit, approve the Finance Lease Arrangements (including the transactions contemplated under the related agreements).

A circular containing, among others, details of the Finance Lease Arrangements (including the transactions contemplated under related agreements); other information as required to be disclosed under the Listing Rules and the notice of the special general meeting will be despatched to the shareholders on or before 3 November 2017.

## **THE FINANCE LEASE ARRANGEMENT 1**

The Company is pleased to announce that on 13 October 2017 (after trading hours), Nanzhao Century Concord (as Lessee), Huaneng Tiancheng (as Lessor), and Haotai New Energy (as Supplier), entered into the Finance Lease Arrangement 1, pursuant to which (i) Huaneng Tiancheng agreed to purchase Equipment 1 from Haotai New Energy, at a total consideration of RMB550,000,000.00 (equivalent to approximately HK\$654,500,000.00); and (ii) Huaneng Tiancheng agreed to lease Equipment 1 to Nanzhao Century Concord for a term of 11 years, to be payable in 44 quarterly installments at lease payments of approximately RMB753,027,000.00 (equivalent to approximately HK\$896,102,130.00).

### **A. The Sale and Purchase Agreement**

The principal terms of the Sale and Purchase Agreement are set out below.

#### ***Parties***

**Purchaser/Lessor:** Huaneng Tiancheng, 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.

**Supplier:** Haotai New Energy, a wholly-owned subsidiary of the Company, which is principally engaged in the wind power equipment and new energy equipment trade, will source and supply the Equipment.

**Lessee:** Nanzhao Century Concord, a wholly-owned subsidiary of the Company, which is principally engaged in the wind power plant investment and operation in the PRC.

#### ***Subject matter of the sale and purchase***

Equipment 1 to be sourced by the Supplier, which will be used for the operation of the wind power project of the Lessee located in Henan Province, the PRC.

### ***Consideration of the purchase of the Equipment***

Pursuant to the Sale and Purchase Agreement, subject to the satisfaction of the conditions precedent under the Sale and Purchase Agreement, the Lessor shall purchase Equipment 1 from the Supplier at a total consideration of RMB550,000,000.00 (equivalent to approximately HK\$654,500,000.00), which shall be leased to the Lessee in accordance with the Sale and Purchase Agreement. The purchase price shall be paid by the Lessor to the Supplier by separate instalments in accordance with the Finance Lease Agreement 1. The total consideration was agreed among the relevant parties with reference to the estimated purchase price of Equipment 1.

### **B. The Finance Lease Agreement 1**

The principal terms of the Finance Lease Agreement 1 are set out below.

#### ***Parties***

**Lessor:** Huaneng Tiancheng

**Lessee:** Nanzhao Century Concord

#### ***Lease arrangement***

Pursuant to the Finance Lease Agreement 1, the Lessor agreed to lease Equipment 1 to the Lessee for a term of 11 years. The lease payments will be payable in 44 quarterly installments.

#### ***Lease Payments of the Equipment 1***

Pursuant to the Finance Lease Agreement 1, the estimated lease payments payable by the Lessee to the Lessor is approximately RMB753,027,000.00 (equivalent to approximately HK\$896,102,130.00) (which is the sum of the lease costs of RMB550,000,000.00, the estimated interest of approximately RMB191,027,000.00 and handling fees of RMB12,000,000.00). The interest is calculated at a floating rate and be adjusted with reference to the benchmark interest rate for RMB loans with a maturity of above five years as promulgated by the People's Bank of China from time to time. The lease payment was agreed between the Lessor and the Lessee with reference to the prevailing market interest rate for finance leases for comparable equipment.

### ***Security deposit***

The Lessee shall pay an interest-free security deposit of RMB22,000,000.00 (equivalent to approximately HK\$26,180,000.00) to the Lessor as guarantee of its obligations under Finance Lease Agreement 1. The Lessee shall pay the full amount of the security deposit under the Finance Lease Agreement 1 to the Lessor before the Lessor pays the first rental equipment purchase price to the Supplier. Such deposit shall be used to offset any default of payment by the Lessee under the Finance Lease Agreement 1.

### ***Lessee's option to purchase***

The selection of Equipment 1 will be at the sole discretion of the Lessee, but the legal ownership of Equipment 1 will be vested in the Lessor throughout the lease period. Upon the end of the lease period, provided that the Lessee has fulfilled all of its obligations under the Finance Lease Agreement 1, including the full payment of the lease and interest payment and all other expenses as described in the Finance Lease Agreement 1, the Lessee has the option to purchase Equipment 1 at a nominal consideration of RMB1.

In addition, at any time after the expiration of 12 months from the date of commencement of the lease, the Lessee is eligible to purchase Equipment 1 at the Early Purchase Date before the end of the lease term by serving a 30 business days' prior written notice to the Lessor (and after obtaining the written consent from the Lessor) at a consideration being the sum of (i) all outstanding unpaid pre-lease interest/lease payment and late fees (if any) up to the Early Purchase Date; (ii) residual lease costs; (iii) the nominal consideration of RMB1; and (iv) value-added tax payable and all other expenses as a result of the early purchase of Equipment 1. In addition, if the Early Purchase Date falls after 72 months from the date of commencement of the lease, an additional Early Purchase Compensation, which is calculated based on 1.0% on all residual lease costs will be payable by the Lessee.

## **C. Security Agreements**

In order to secure the Lessee's obligations under the Finance Lease Agreement 1, the following security documents, among others, have also been executed on 13 October 2017:

### ***Mortgage Agreement 1***

The Lessee has executed the Mortgage Agreement 1 in favour of the Lessor, pursuant to which the Lessee agreed to charge the assets listed in the Mortgage Agreement 1 to the Lessor to secure the obligations of the Lessee under the Finance Lease Agreement 1.

### ***Share Pledge Agreement***

Century Concord (a wholly-owned subsidiary of the Company and a direct shareholder of the Lessee) has executed the Share Pledge Agreement in favour of the Lessor, pursuant to which Century Concord has agreed to pledge all its equity interest in the Lessee (including, among others, any dividends declared) in favour of the Lessor, to secure the obligations of the Lessee under the Finance Lease Agreement 1.

### ***Guarantee Agreement***

The Company has executed the Guarantee Agreement in favour of the Lessor, pursuant to which the Company has agreed to provide an irrevocable guarantee for all the debts of the Lessor under the Finance Lease Agreement 1.

### ***Shortfall Guarantee Agreement***

Century Concord executed a shortfall guarantee agreement in favour of the Lessor, pursuant to which Century Concord has agreed to provide an irrevocable shortfall guarantee to the Lessee to guarantee the debts of the Lessor under the Finance Lease Agreement 1.

### ***Accounts Receivable Security Agreement***

The Lessee has executed the Accounts Receivable Security Agreement in favour of the Lessor, pursuant to which the Lessee has agreed to pledge its receivable in electricity fee in favour of the Lessor, to secure the obligations of the Lessee under the Finance Lease Agreement 1.

## **THE FINANCE LEASE ARRANGEMENT 2**

The Company also announces that on the same date, Nanzhao Century Concord (as Lessee) and Huaneng Tiancheng (as Lessor), entered into the Finance Lease Arrangement 2, pursuant to which Huaneng Tiancheng agreed to lease Equipment 2 to Nanzhao Century Concord for a term of 5 years, to be payable in 20 quarterly installments at lease payments of approximately RMB23,767,000.00 (equivalent to approximately HK\$28,282,730.00).

### **A. The Finance Lease Agreement 2**

The principal terms of the Finance Lease Agreement 2 are set out below.

#### ***Parties***

**Lessor:** Huaneng Tiancheng

**Lessee:** Nanzhao Century Concord

### ***Lease arrangement***

Pursuant to the Finance Lease Agreement 2, the Lessor agreed to lease Equipment 2 to the Lessee for a term of 5 years. The lease payments will be payable in 20 quarterly installments.

### ***Lease payment of the Equipment 2***

Pursuant to the Finance Lease Agreement 2, the estimated lease payments payable by the Lessee to the Lessor is approximately RMB23,767,000.00 (equivalent to approximately HK\$28,282,730.00) (which is the sum of the lease costs of RMB20,000,000.00, the estimated interest of approximately RMB3,567,000.00 and handling fees of RMB200,000.00). The interest is calculated at a floating rate and be adjusted with reference to the benchmark interest rate for RMB loans with a maturity of one to five years as promulgated by the People's Bank of China from time to time. The lease payment was agreed between the Lessor and the Lessee with reference to the prevailing market interest rate for finance leases for comparable equipment.

### ***Security deposit***

The Lessee shall pay an interest-free security deposit of RMB800,000.00 (equivalent to approximately HK\$952,000.00) to the Lessor as guarantee of its obligations under Finance Lease Agreement 2. The Lessee shall pay the full amount of the security deposit under the Finance Lease Agreement 2 to the Lessor before the Lessor pays the first rental equipment purchase price to the Supplier. Such deposit shall be used to offset any default of payment by the Lessee under the Finance Lease Agreement 2.

### ***Lessee's option to purchase***

The selection of Equipment 2 will be at the sole discretion of the Lessee, but the legal ownership of Equipment 2 will be vested in the Lessor throughout the lease period. Upon the end of the lease period, provided that the Lessee has fulfilled all of its obligations under the Finance Lease Agreement 2, including the full payment of the lease and interest payment and all other expenses as described in the Finance Lease Agreement 2, the Lessee has the option to purchase Equipment 2 at a nominal consideration of RMB1.

In addition, at any time after the expiration of 12 months from the date of commencement of the lease, the Lessee is eligible to purchase Equipment 2 at the Early Purchase Date before the end of the lease term by serving a 30 business days' prior written notice to the Lessor (and after obtaining the written consent from the Lessor) at a consideration being the sum of (i) all outstanding unpaid pre-lease interest/lease payment and late fees (if any) up to the Early Purchase Date; (ii) residual lease costs; (iii) the nominal consideration of RMB1; and (iv) value-added tax payable and all other expenses as a result of the early purchase of Equipment 2.

## **B. Security Agreement**

In order to secure the Lessee's obligations under the Finance Lease Agreement 2, the Lessee has executed the Mortgage Agreement 2 in favour of the Lessor on 13 October 2017, pursuant to which the Lessee agreed to charge the assets listed in the Mortgage Agreement 2 to the Lessor, to secure the obligations of the Lessee under the Finance Lease Agreement 2.

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

The execution of the Finance Lease Agreements and the related agreements are in the ordinary and usual course of business of the Lessee. The Directors are of the view that under the Finance Lease Agreements, the Group will obtain financial resources and gain access to the use of the certain other Equipment. The terms under the Finance Lease Agreements and the related agreements have been agreed after arm's length negotiation among the parties. The Directors consider the terms of the Finance Lease Agreements and the related 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 OF THE PARTIES TO THE FINANCE LEASE ARRANGEMENTS**

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 principally engaged in the wind power plant investment and operation in the PRC.

Century Concord is a wholly-owned subsidiary of the Company and holds 100% equity interest in Nanzhao Century Concord.

Haotai New Energy is a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company, which is principally engaged in wind power equipment and new energy equipment trade.

Huaneng Tiancheng 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.

Nanzhao Century Concord is a limited liability company incorporated in the PRC and a wholly owned subsidiary of the Company.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules for the Finance Lease Arrangements (including the transactions contemplated under the related agreements) in aggregate exceed 25% but are less than 100%, the Finance Lease Arrangements (including the transactions contemplated under the related agreements) constitute a major transaction for the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A special general meeting will be convened by the Company to consider and, if thought fit, approve the Finance Lease Arrangements (including the transactions contemplated under the related agreements).

A circular containing, among others, details of the Finance Lease Arrangements (including the transactions contemplated under related agreements); other information as required to be disclosed under the Listing Rules and the notice of the special general meeting will be despatched to the shareholders on or before 3 November 2017.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Accounts Receivable Security Agreement”	the agreement dated 13 October 2017 entered into between the Lessor and the Lessee pursuant to which the Lessee has agreed to pledge its receivable in electricity fee in favour of the Lessor under Finance Lease Agreement 1 as described in the section headed “Security Agreements” in this announcement
“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 and hold 100% equity interest in Nanzhao Century Concord
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company



“Early Purchase Compensation”	the fee payable by the Lessee to the Lessor in the case that the Lessee purchases the Equipment 1 and Equipment 2 before the end of the lease term under the Finance Lease Agreements, the calculation of such fee is set out in the paragraph headed “Lessee’s option to purchase” in this announcement
“Early Purchase Date”	the date that the Lessee can purchase Equipment 1 and Equipment 2 before the end of the lease term under the Finance Lease Agreements
“Equipment 1”	certain machinery and equipment for the operation of wind power projects under Finance Lease Arrangement 1
“Equipment 2”	certain construction for the operation of wind power projects under Finance Lease Arrangement 2
“Finance Lease Agreement 1”	an agreement entered into between the Lessor, the Lessee and the Supplier dated 13 October 2017, all of its attachment documents, and attachment forms in relation to Finance Lease Arrangement 1
“Finance Lease Agreement 2”	an agreement entered into between the Lessor and the Lessee dated 13 October 2017, all of its attachment documents, and attachment forms in relation to Finance Lease Arrangement 2
“Finance Lease Agreements”	the Finance Lease Agreement 1 and the Finance Lease Agreement 2
“Finance Lease Arrangement 1”	the Finance Lease Agreement 1, the Sale and Purchase Agreement and the related agreements
“Finance Lease Arrangement 2”	the Finance Lease Agreement 2 and the related agreement
“Finance Lease Arrangements”	the Finance Lease Arrangement 1 and the Finance Lease Arrangement 2
“Group”	the Company and its subsidiaries
“Guarantee Agreement”	the agreement entered into between Lessor and the Company on 13 October 2017 pursuant to which the Company has agreed to provide an irrevocable guarantee for all the debts of the Lessor under the Financial Lease Agreement 1 as described in the section headed “Security Agreements” in this announcement

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lessee”/“Nanzhao Century Concord”	Nanzhao Century Concord Wind Power Co., Ltd.* (南召協合風力發電有限公司), a limited liability company incorporated in the PRC and a wholly owned subsidiary of the Company
“Lessor”/“Purchaser”/“Huaneng Tiancheng”	Huaneng Tiancheng Financial Leasing Co., Ltd.* (華能天成融資租賃有限公司), a limited liability company incorporated in the PRC, which is a third party independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Shortfall Guarantee Agreement”	the agreement entered into between Lessor and Century Concord on 13 October 2017 pursuant to which Century Concord has agreed to provide an irrevocable shortfall guarantee to the Lessee to guarantee the debts of the Lessor under the Financial Lease Agreement 1 as described in the section headed “Security Agreements” in this announcement
“Mortgage Agreement 1”	the agreement entered into between the Lessor and the Lessee on 13 October 2017 pursuant to which the Lessee agreed to charge the assets listed in the Appendix I to the Finance Lease Agreement 1 to the Lessor as described in the section headed “Security Agreements” in this announcement
“Mortgage Agreement 2”	the agreement entered into between the Lessor and the Lessee on 13 October 2017 pursuant to which the Lessee agreed to charge the assets listed in the Appendix I to the Finance Lease Agreement 2 to the Lessor as described in the section headed “Security Agreement” in this announcement
“Security Agreement(s)”	the definition given to it in the section headed “Security Agreement(s)” for Finance Lease Arrangement 1 and Finance Lease Arrangement 2 in this announcement
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Sale and Purchase Agreement”	an agreement entered into among the Lessor, the Supplier and Lessee dated 13 October 2017 pursuant to which the Supplier agreed to supply the Equipment 1 to the Lessor to fulfill the Lessor’s obligations under the Finance Lease Agreement 1
“Share Pledge Agreement”	the agreement entered into between Century Concord and the Lessor on 13 October 2017 pursuant to which Century Concord has agreed to pledge all its equity interest in the Lessee in favour of the Lessor under the Finance Lease Agreement 1 as described in the section headed “Security Agreements” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplier”/“Haotai New Energy”	Haotai New Energy Equipment Co., Ltd.* (浩泰新能源裝備有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company

For illustration purpose of this announcement, the exchange rate of RMB1 = HK\$1.19.

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

Hong Kong, 13 October 2017

*As at the date of this announcement, the Board comprises Mr. Liu Shunxing (Chairman), Ms. Liu Jianhong and Mr. Yang Zhifeng (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*