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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)

DISCLOSEABLE TRANSACTION
FINANCE LEASE ARRANGEMENT

On 23 August 2018 (after trading hours), Jiangsu Zhongdao (as supplier), Dao County (as lessee) and Huaneng Tiancheng (as lessor/new purchaser) entered into the Finance Lease Arrangement, pursuant to which Huaneng Tiancheng has agreed to purchase the Equipment from Jiangsu Zhongdao, and Huaneng Tiancheng has agreed to lease the Equipment to Dao County for its own use, for a term of 12 years.

As the highest percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Finance Lease Arrangement exceeds 5% but is less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Company.

The transactions contemplated under the Finance Lease Arrangement and the 2017 Finance Lease Arrangements are aggregated as required under Rule 14.22 of the Listing Rules. When aggregated, as the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Finance Lease Arrangement and the 2017 Finance Lease Arrangements exceed 25% but are less than 100%, the contemplated transactions constitute a major transaction for the Company under Chapter 14 of the Listing Rules. As the 2017 Finance Lease Arrangements, which have already constituted major transactions, have obtained shareholders' approval at the Company's special general meetings held on 25 September 2017 and 23 November 2017 respectively, and the applicable percentage ratios (as defined under the Listing Rules) in relation to the Finance Lease Arrangement, when aggregated with the 2017 Finance Lease Arrangements, would not result in a higher transaction classification under Chapter 14 of the Listing Rules, the Finance Lease Arrangement are only subject to the reporting and announcement requirements and no circular relating to the Finance Lease Arrangement is required.

References are made to the Company's announcements dated 29 September 2017 and 13 October 2017, in relation to the 2017 Finance Lease Arrangements entered into between the Group and Huaneng Tiancheng.

FINANCE LEASE ARRANGEMENT

The Board is pleased to announce that, on 23 August 2018 (after trading hours), Jiangsu Zhongdao (as supplier), Dao County (as lessee) and Huaneng Tiancheng (as lessor/new purchaser) entered into the Finance Lease Arrangement, pursuant to which, Dao County, Huaneng Tiancheng and Jiangsu Zhongdao have agreed that, Huaneng Tiancheng shall purchase the Equipment from Jiangsu Zhongdao, and Huaneng Tiancheng shall lease the Equipment to Dao County for its own use, for a term of 12 years. All Equipment under the Finance Lease Arrangement are/will be used by the Group for the operation of a wind power project of the Group in Hunan Province, the PRC. Whilst the Group will book 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 due to Jiangsu Zhongdao is still outstanding, the legal titles of such Equipment shall be rested with Huaneng Tiancheng. Details of the Finance Lease Arrangement are summarized as follows:

(i) Principal terms of the Right and Obligation Transfer Agreement

Pursuant to the Right and Obligation Transfer Agreement, Huaneng Tiancheng purchases the Equipment as per the intention of Dao County from Jiangsu Zhongdao, and Dao County leases the Equipment from Huaneng Tiancheng under finance lease for its own use.

Date of agreement	23 August 2018
Parties to the agreement	Original purchaser: Dao County; New purchaser: Huaneng Tiancheng; and Supplier: Jiangsu Zhongdao
Subject assets	The Equipment
Consideration payable by the new purchaser	RMB240,000,000.00 (equivalent to approximately HK\$275,952,000).
Basis to determine the consideration to acquire the Equipment	Consideration is determined after arm's length negotiations between Jiangsu Zhongdao, Huaneng Tiancheng and Dao County with reference to the purchase price paid/payable by the Group to Jiangsu Zhongdao for the Equipment.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of Huaneng Tiancheng, Jiangsu Zhongdao and their respective ultimate beneficial owner(s) is an independent third party.

(ii) Principal terms of the Finance Lease Agreement

Pursuant to the Finance Lease Agreement, for the purposes of leasing, hire purchase and then ultimately obtaining the titles of the Equipment by Dao County, Dao County shall lease the Equipment under finance lease from Huaneng Tiancheng, and Huaneng Tiancheng shall purchase the Equipment from Jiangsu Zhongdao.

Date of agreement	23 August 2018
Parties to the agreement	Lessee: Dao County; and Lessor: Huaneng Tiancheng
Period of the lease term	12 years (commenced on around 31 August 2018)
Total lease amount payable by the lessee to the lessor	RMB336,340,718.43 (equivalent to approximately HK\$386,724,558.05) (being the sum of the lease cost of RMB240,000,000.00 and the aggregate interest of RMB96,340,718.43), which is payable in 48 quarterly installments.
Administration fee payable by the lessee to the lessor	RMB7,700,000.00 (equivalent to approximately HK\$8,853,460), which shall be fully settled by Dao County to Huaneng Tiancheng within one and a half years after the commencement of the lease term.
Security deposit payable by the lessee to the lessor	RMB9,600,000.00 (equivalent to approximately HK\$8,853,460), which is payable by Dao County to Huaneng Tiancheng, and the security deposit will be used as the final payment of the remaining lease amount.
Basis to determine the lease payment	The lease amount is agreed between Huaneng Tiancheng and Dao County with reference to the consideration paid by Huaneng Tiancheng to acquire the Equipment and the prevailing market interest rate of comparable equipment finance leases.
Adjustment to the interest under the Finance Lease Agreement	Interest (which forms part of the total lease amount) is subject to adjustment with reference to the benchmark interest rate for RMB loans with maturity of more than 5 years as promulgated by the People's Bank of China from time to time.

Lessee's option to purchase the Equipment

Payment term	The legal ownership of the Equipment will be rested in Huaneng Tiancheng throughout the lease term. Upon the end of the lease term, provided that Dao County has fulfilled all of its obligations under the Finance Lease Agreement, Dao County has the option to purchase the Equipment at a consideration of RMB10,000.
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(iii) Other Security Agreements

In order to secure Dao County's obligations under the Finance Lease Arrangement, the following security documents have also been executed on 23 August 2018 (after trading hours):

Guarantee Agreement	The Company has entered into the guarantee agreement in favour of Huaneng Tiancheng (the "Guarantee Agreement"), pursuant to which the Company has agreed to provide an irrevocable guarantee for all the debts of the Huaneng Tiancheng under the Finance Lease Agreement.
Mortgage Agreement	Dao County has entered into the mortgage agreement in favour of Huaneng Tiancheng (the "Mortgage Agreement"), pursuant to which Dao County has agreed to charge the assets listed therein to Huaneng Tiancheng, to secure the obligations of Dao County under the Finance Lease Agreement.
Share Pledge Agreement	Yongzhou Concord has entered into the share pledge agreement in favour of Huaneng Tiancheng (the "Share Pledge Agreement"), pursuant to which Yongzhou Concord has agreed to pledge all its equity interest in Dao County to Huaneng Tiancheng, to secure the obligations of Dao County under the Finance Lease Agreement.
Accounts Receivable Security Agreement	Dao County has entered into the accounts receivable security agreement in favour of Huaneng Tiancheng (the "Accounts Receivable Security Agreement"), pursuant to which Dao County has agreed to pledge its gains from the receivable in electricity fee to Huaneng Tiancheng, to secure the obligations of Dao County under the Finance Lease Agreement.
Account Custodian Agreement	Dao County has entered into the account custodian agreement with Huaneng Tiancheng (the "Account Custodian Agreement"), pursuant to which, a joint account is opened under the name of Dao County for the purpose of managing the funds under the Finance Lease Agreement, to secure the obligations of Dao County under the Finance Lease Agreement.
Shortfall Guarantee Agreement	Century Concord has entered into a shortfall guarantee agreement in favour of Huaneng Tiancheng (the "Shortfall Guarantee Agreement"), pursuant to which Century Concord has agreed to provide an irrevocable shortfall guarantee to Dao County, to guarantee the debts of Huaneng Tiancheng under the Finance Lease Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The entering into of the Finance Lease Arrangement is in the ordinary and usual course of business of the Group. The Directors are of the view that under the Finance Lease Arrangement, the Group will obtain financial resources and gain access to certain equipment as required for its operations. The terms under the Finance Lease Arrangement have been agreed after arm's length negotiation among the relevant parties. The Directors consider the terms of the Finance Lease Arrangement 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 ARRANGEMENT

Huaneng Tiancheng is a company incorporated in the PRC, and is principally engaged in finance lease. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Huaneng Tiancheng, Jiangsu Zhongdao and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

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

Dao County is a wholly-owned subsidiary of the Company, and is principally engaged in the wind power plant investment and operation in the PRC.

Jiangsu Zhongdao is a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of the Company, and is principally engaged in the trading of equipment for wind power and new energy.

LISTING RULES IMPLICATIONS

As the highest percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Finance Lease Arrangement exceeds 5% but is less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Company.

The transactions contemplated under the Finance Lease Arrangement and the 2017 Finance Lease Arrangements are aggregated as required under Rule 14.22 of the Listing Rules. When aggregated, as the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Finance Lease Arrangement and the 2017 Finance Lease Arrangements exceed 25% but are less than 100%, the contemplated transactions constitute a major transaction for the Company under Chapter 14 of the Listing Rules. As the 2017 Finance Lease Arrangements, which have already constituted major transactions, have obtained shareholders' approval at the Company's special general meetings held on 25 September 2017 and 23 November 2017 respectively, and the applicable percentage ratios (as defined under the Listing Rules) in relation to the Finance Lease Arrangement, when aggregated with the 2017 Finance Lease Arrangements, would not result in a higher transaction classification under Chapter 14 of the Listing Rules, the Finance Lease Arrangement are only subject to the reporting and announcement requirements and no circular relating to the Finance Lease Arrangement is required.

DEFINITIONS

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

“2017 Finance Lease Arrangements”	means the following arrangements: (i) as stated in the Company’s announcement dated 29 September 2017, the finance lease arrangement entered into between Xiangyang Xiangzhou (as lessee), Huaneng Tiancheng (as lessor) and Haotai New Energy (as supplier) on the same day and the finance lease arrangement entered into between Xiangyang Xiangzhou (as lessee) and Huaneng Tiancheng (as lessor) on the same day; and (ii) as stated in the Company’s announcement dated 13 October 2017, the finance lease arrangement entered into between Nanzhao Century Concord (as lessee), Huaneng Tiancheng (as lessor) and Haotai New Energy (as supplier) on the same day and the finance lease arrangement entered into between Nanzhao Century Concord (as lessee) and Huaneng Tiancheng (as lessor) on the same day
“Board”	the board of Directors
“Century Concord”	Century Concord Wind Power Investment Co., Ltd.* (協合風電投資有限公司), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of the Company, which indirectly holds 100% equity interest in Dao County
“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
“Dao County”	Dao County Century Concord Wind Power Co, Ltd* (道縣協合風力發電有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company, which is also the original purchaser under the Right and Obligation Transfer Agreement and the lessee under the Finance Lease Agreement
“Director(s)”	the director(s) of the Company
“Equipment”	certain machinery and equipment for the Group’s operation of a wind power project in Hunan Province, the PRC as stipulated under the Finance Lease Agreement

“Finance Lease Agreement”	the agreement entered into between the Dao County and Huaneng Tiancheng dated 23 August 2018, including all ancillary agreements attached thereto in respect of the lease of the Equipment, as described in the section headed “Finance Lease Arrangement” in this announcement
“Finance Lease Arrangement”	the transactions contemplated under the Finance Lease Agreement, the Right and Obligation Transfer Agreement, and the Other Security Agreements
“Group”	the Company and its subsidiaries
“Haotai New Energy”	Haotai New Energy Equipment Ltd.* (浩泰新能源裝備有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaneng Tiancheng”	Huaneng Tiancheng Financial Leasing Co., Ltd* (華能天城金融租賃股份有限公司), a company incorporated in the PRC with limited liability and a third party independent of the Company and its connected persons, which is also the new purchaser under the Right and Obligation Transfer Agreement and the lessor under the Finance Lease Agreement
“Jiangsu Zhongdao”	Jiangsu Zhongdao Electric Power Co., Ltd.* (江蘇中導電力有限公司), a company incorporated in the PRC with limited liability and a third party independent of the Company and its connected persons, which is also the supplier under the Right and Obligation Transfer Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanzhao Century Concord”	Nanzhao Century Concord Wind Power Co., Ltd.* (南召協合風力發電有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company

“Other Security Agreements”	the security documents, including (amongst others) the Guarantee Agreement, the Mortgage Agreement, the Share Pledge Agreement, the Accounts Receivable Security Agreement, the Account Custodian Agreement and the Shortfall Guarantee Agreement, as stated in the section headed “Other Security Agreements” in this announcement, to secure Dao County’s obligations under the Finance Lease Arrangement
“PRC”	The People’s Republic of China
“Right and Obligation Transfer Agreement”	the agreement entered into among Dao County, Huaneng Tiancheng and Jiangsu Zhongdao dated 23 August 2018, pursuant to which Jiangsu Zhongdao agreed to sell certain equipment to Huaneng Tiancheng, as stated in the section headed “Finance Lease Arrangement” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xiangyang Xiangzhou”	Xiangyang Xiangzhou Concord Wind Power Co., Ltd.* (襄陽襄州協合峪山風力發電有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Yongzhou Concord”	Yongzhou Jiepai Century Concord Wind Power Co., Ltd.* (永州界牌協合風力發電有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company, which directly holds 100% equity interest in Dao County

For illustration purpose, the exchange rate of RMB1 = HK\$1.1498 is applied in this announcement.

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

Hong Kong, 23 August 2018

As at the date of this announcement, the Board comprises Mr. Liu Shunxing (Chairman), Ms. Liu Jianhong (Vice Chairperson), Mr. Yu Weizhou (Chief Executive Officer), Mr. Niu Wenhui, Mr. Gui Kai and Dr. Shang Li (all of above are executive Directors), Mr. Wu Shaohua (who is a non-executive Director) and Mr. Yap Fat Suan, Henry, Dr. Jesse Zhixi Fang, Ms. Huang Jian and Mr. Zhang Zhong (who are independent non-executive Directors).

* *For identification purposes only*