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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 ARRANGEMENT**

The Company is pleased to announce that on 30 October 2018 (after trading hours), Nanzhao Juhe (as lessee), Haotai New Energy (as supplier) and Huaneng Tiancheng (as purchaser and lessor) entered into the Finance Lease Arrangement, pursuant to which (i) Huaneng Tiancheng has agreed to purchase the Equipment from Haotai New Energy, at the Consideration in the amount of not more than RMB460,000,000 (equivalent to approximately HK\$519,800,000); and (ii) Huaneng Tiancheng has agreed to lease the Equipment to Nanzhao Juhe for a term of 12 years, to be payable in 48 quarterly installments, at an estimated total lease payments in the amount of approximately RMB660,837,897.11 (equivalent to approximately HK\$746,746,823.73).

As the highest percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Finance Lease Arrangement exceeds 25% but is less than 100%, the Finance Lease Arrangement constitutes a major transaction and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Finance Lease Arrangement, the 2017 Finance Lease Arrangement and the 2018 August Finance Lease Arrangements were entered into by the Group and Huaneng Tiancheng within a 12-month period and hence are aggregated as required under Rule 14.22 of the Listing Rules. When aggregated, the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions contemplated under the Finance Lease Arrangement together with the 2017 Finance Lease Arrangement and the 2018 August Finance Lease Arrangements also exceed 25% but is less than 100%, which also constitutes a major transaction, and therefore 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 Arrangement by the shareholders of the Company. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no shareholders of the Company has a material interest in the transactions contemplated under Finance Lease Arrangement and is required to abstain from voting on the relevant resolution(s) at the special general meeting of the Company.

A circular containing, among others, details of the Finance Lease Arrangement, the financial information of the Group and other information as required to be disclosed under the Listing Rules and the notice of the special general meeting is expected to be despatched to the shareholders of the Company on or before 20 November 2018.

References are made to the Company's announcement dated 13 October 2017 and the Company's circular dated 7 November 2017 in relation to the 2017 Finance Lease Arrangement and the Company's announcement dated 23 August 2018 in relation to the 2018 August First Finance Lease Arrangement entered into between the Group and Huaneng Tiancheng.

## **THE FINANCE LEASE ARRANGEMENT**

The Company is pleased to announce that on 30 October 2018 (after trading hours), Nanzhao Juhe (as lessee), Haotai New Energy (as supplier) and Huaneng Tiancheng (as purchaser and lessor) entered into the Finance Lease Arrangement, pursuant to which (i) Huaneng Tiancheng has agreed to purchase the Equipment from Haotai New Energy, at the Consideration in the amount of not more than RMB460,000,000 (equivalent to approximately HK\$519,800,000); and (ii) Huaneng Tiancheng has agreed to lease the Equipment to Nanzhao Juhe for a term of 12 years, to be payable in 48 quarterly installments, at an estimated total lease payments in the amount of approximately RMB660,837,897.11 (equivalent to approximately HK\$746,746,823.73).

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

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

#### ***Parties***

**Purchaser:** Huaneng Tiancheng

**Supplier:** Haotai New Energy

**Lessee:** Nanzhao Juhe

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

Pursuant to the Sale and Purchase Agreement, Huaneng Tiancheng shall purchase the Equipment from Haotai New Energy and Nanzhao Juhe leases the Equipment from Huaneng Tiancheng under finance lease for its own use. The Equipment will be used for the operation of the wind power project of the Group located in Henan Province, the PRC. The Group will book all the Equipment as its fixed assets in its financial statements pursuant to Hong Kong Financial Reporting Standards, while the legal titles of the Equipment shall be rested with Huaneng Tiancheng throughout the lease period.

### ***Consideration***

The Consideration shall be settled by Huaneng Tiancheng by three installments. The first installment (RMB318,000,000) shall be settled by the end of December 2018, subject to, among other things, the execution of the Finance Lease Agreement, the Security Agreements and the relevant ancillary documents and the completion of the filings and registration procedure at the relevant authorities. Huaneng Tiancheng shall be entitled to terminate the Sale and Purchase Agreement if such conditions have not been satisfied on or before 29 January 2019. The second installment (RMB79,500,000) and the third installment (not more than RMB62,500,000) shall be settled by the end of February 2019. The consideration was agreed among the relevant parties after arm's length negotiations.

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

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

### ***Parties***

**Lessor:** Huaneng Tiancheng

**Lessee:** Nanzhao Juhe

### ***The lease arrangement***

Pursuant to the Finance Lease Agreement, Huaneng Tiancheng shall lease the Equipment to Nanzhao Juhe for a term of 12 years. The lease payments will be payable in 48 quarterly installments.

### ***Lease payments of the Equipment***

Pursuant to the Finance Lease Agreement, the estimated total lease payments payable by Nanzhao Juhe to Huaneng Tiancheng are approximately RMB660,837,897.11 (equivalent to approximately HK\$746,746,823.73) (which is the sum of the Consideration, the estimated total interest of approximately RMB182,437,897.11 and handling fees of RMB18,400,000). The interest is calculated at a floating rate and will 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 said total lease payments were agreed between Huaneng Tiancheng and the Group with reference to the prevailing market interest rate for finance leases for comparable equipment.

### ***Security deposit***

Nanzhao Juhe shall pay an interest-free security deposit in the amount of RMB18,400,000 (equivalent to approximately HK\$20,792,000) to Huaneng Tiancheng to guarantee its obligations under the Finance Lease Arrangement. Nanzhao Juhe shall pay the security deposit in full to Huaneng Tiancheng before the payment of the first installment of the Consideration by Huaneng Tiancheng. Such deposit shall be used to offset any default of payment by Nanzhao Juhe under the Finance Lease Agreement, and will be used as the final payment of the remaining lease amount.

### ***Option to purchase***

Upon the expiry of the lease term, subject to the fulfillment of the obligations of Nanzhao Juhe under the Finance Lease Agreement, Nanzhao Juhe has the option to purchase the Equipment at a nominal consideration of RMB10,000.

Nanzhao Juhe is entitled to purchase the Equipment from Huaneng Tiancheng before the expiry of the lease term from the date of commencement of the lease term by serving a 30 business days' prior written notice to Huaneng Tiancheng (and after obtaining the written consent from Huaneng Tiancheng) at a consideration being the sum of (i) all outstanding lease payments (taking into account the outstanding principal, interests and late penalties (if any)); (ii) the nominal consideration of RMB10,000; and (iii) all other related expenses.

## **C. Security Agreements**

In order to secure Nanzhao Juhe's obligations under the Finance Lease Arrangement, the following Security Documents have also been executed on 30 October 2018:

### ***Mortgage Agreement***

Nanzhao Juhe has entered into the Mortgage Agreement in favour of Huaneng Tiancheng, pursuant to which Nanzhao Juhe has agreed to charge the assets listed therein to Huaneng Tiancheng to secure the obligations of Nanzhao Juhe under the Finance Lease Agreement.

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

Yongzhou Concord has entered into the Share Pledge Agreement in favour of Huaneng Tiancheng, pursuant to which Yongzhou Concord has agreed to pledge all its equity interest in Nanzhao Juhe (including, among others, any dividends declared) in favour of Huaneng Tiancheng, to secure the obligations of Nanzhao Juhe under the Finance Lease Agreement.

### ***Guarantee Agreement***

The Company has entered into the Guarantee Agreement in favour of Huaneng Tiancheng, pursuant to which the Company has agreed to provide an irrevocable guarantee for all the debts owed to Huaneng Tiancheng by Nanzhao Juhe under the Finance Lease Agreement.

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

Century Concord entered into the Shortfall Guarantee Agreement in favour of Huaneng Tiancheng, pursuant to which Century Concord has agreed to provide an irrevocable shortfall guarantee to Nanzhao Juhe to guarantee the debts owed to Huaneng Tiancheng by Nanzhao Juhe under the Finance Lease Agreement.

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

Nanzhao Juhe has entered into the Accounts Receivable Security Agreement in favour of Huaneng Tiancheng, pursuant to which Nanzhao Juhe has agreed to pledge its receivable in electricity fee in favour of Huaneng Tiancheng, to secure the obligations of Nanzhao Juhe under the Finance Lease Agreement.

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

The entering into of the Finance Lease Arrangement are 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 operation. The terms under the Finance Lease Arrangement have been agreed after arm's length negotiation among the 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**

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. Haotai New Energy, Nanzhao Juhe, Century Concord and Yongzhou Concord are limited liability companies incorporated in the PRC and are wholly-owned subsidiaries of the Company. Haotai New Energy is principally engaged in wind power equipment and other renewable energy equipment trade. Nanzhao Juhe is principally engaged in the wind power plant investment and operation. Yongzhou Concord is principally engaged in wind power projects investment. Century Concord is principally engaged in wind and solar power projects investment.

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, Huaneng Tiancheng and its ultimate beneficial owner(s) are Independent Third Parties.

## **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 25% but is less than 100%, the Finance Lease Arrangement constitutes a major transaction and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Finance Lease Arrangement, the 2017 Finance Lease Arrangement and the 2018 August Finance Lease Arrangements were entered into by the Group and Huaneng Tiancheng within a 12-month period and hence are aggregated as required under Rule 14.22 of the Listing Rules. When aggregated, the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions contemplated under the Finance Lease Arrangement together with the 2017 Finance Lease Arrangement and the 2018 August Finance Lease Arrangements also exceed 25% but is less than 100%, which also constitutes a major transaction, and therefore is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. The 2018 August Second Finance Lease Arrangement was fully exempt from reporting and announcement under Chapter 14 of the Listing Rules, as none of the applicable percentage ratios exceeded 5%.

A special general meeting will be convened by the Company to consider and, if thought fit, approve the Finance Lease Arrangement by the shareholders of the Company. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no shareholder of the Company has a material interest in the transactions contemplated under Finance Lease Arrangement and is required to abstain from voting on the relevant resolution(s) at the special general meeting of the Company.

A circular containing, among others, details of the Finance Lease Arrangement, the financial information of the Group and other information as required to be disclosed under the Listing Rules and the notice of the special general meeting is expected to be despatched to the shareholders of the Company on or before 20 November 2018.

## **DEFINITIONS**

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

“2017 Finance Lease Arrangement”	the finance lease arrangement entered into between Nanzhao Century Concord (as lessee), Huaneng Tiancheng (as lessor) and Haotai New Energy (as supplier) on 13 October 2017 and the finance lease arrangement entered into between Nanzhao Century Concord (as lessee) and Huaneng Tiancheng (as lessor) on the same day, as detailed in the Company’s announcement dated 13 October 2017 and the Company’s circular dated 7 November 2017, which have already constituted major transactions which have obtained shareholders’ approval at the Company’s special general meetings held on 23 November 2017
“2018 August First Finance Lease Arrangement”	the finance lease arrangement entered into between Dao County (as original purchaser and lessee), Huaneng Tiancheng (as new purchaser and lessor) and Jiangsu Zhongdao (as supplier) on 23 August 2018, as detailed in the Company’s announcement dated 23 August 2018



<p>“2018 August Second Finance Lease Arrangement”</p>	<p>the finance lease arrangement between Jingmen Shengjingshan (as lessee), Huaneng Tiancheng (as lessor) pursuant to the finance lease agreement between the parties dated 28 August 2018 and other underlying security agreements entered between the Group and Huaneng Tiancheng, pursuant to which Huaneng Tiancheng has purchased certain equipment at the total consideration of RMB50 million from Jingmen Shengjingshan while at the same time such equipment were leased back to Jingmen Shengjingshan for a term of 5 years (to be payable in 20 quarterly installments at a floating interest rate with reference to the benchmark interest rate for 1 to 5 years RMB loans) at an estimated total lease payments in the amount of approximately RMB61.5 million (including the relevant handling fees), which was a transaction fully exempt from reporting and announcement under Chapter 14 of the Listing Rules, as none of the applicable percentage ratios exceeded 5%</p>
<p>“2018 August Finance Lease Arrangements”</p>	<p>the 2018 August First Finance Lease Arrangement and the 2018 August Second Finance Lease Arrangement</p>
<p>“Accounts Receivable Security Agreement”</p>	<p>the accounts receivable security agreement entered into between Huaneng Tiancheng and Nanzhao Juhe dated 30 October 2018, as described in the section headed “Security Agreements” in this announcement</p>
<p>“Century Concord”</p>	<p>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</p>
<p>“Company”</p>	<p>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</p>
<p>“connected person(s)”</p>	<p>has the meaning ascribed to it under the Listing Rules</p>
<p>“Consideration”</p>	<p>consideration of the purchase of the Equipment, being not more than RMB460,000,000 (equivalent to approximately HK\$519,800,000)</p>
<p>“Dao County”</p>	<p>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</p>
<p>“Director(s)”</p>	<p>the director(s) of the Company</p>



“Equipment”	certain machinery and equipment for the operation of wind power projects as stipulated under the Finance Lease Arrangement
“Finance Lease Agreement”	the agreement entered into between Huaneng Tiancheng, Nanzhao Juhe and Haotai New Energy dated 30 October 2018, including all ancillary agreements attached thereto in respect of the lease of the Equipment
“Finance Lease Arrangement”	the transactions contemplated under the Finance Lease Agreement, the Sale and Purchase Agreement and the Security Agreements
“Group”	the Company and its subsidiaries
“Guarantee Agreement”	the agreement entered into between Huaneng Tiancheng and the Company on 30 October 2018, as described in the section headed “Security Agreements” in this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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, and the supplier under the Sale and Purchase Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaneng Tiancheng”	Huaneng Tiancheng Financial Leasing Co., Ltd.* (華能天成融資租賃有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party, the purchaser under the Sale and Purchase Agreement and the lessor under the Finance Lease Agreement
“Independent Third Party(ies)”	independent third party(ies) who is/are independent of and not connected with the Company and its connected persons (has the meaning ascribed to it under the Listing Rules)
“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 an Independent Third Party
“Jingmen Shengjingshan”	Jingmen Shengjingshan Wind Power Co., Ltd.* (荊門聖境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

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mortgage Agreement”	the agreement entered into between Huaneng Tiancheng and Nanzhao Juhe on 30 October 2018, as described in the section headed “Security Agreements” in this announcement
“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
“Nanzhao Juhe”	Nanzhao Juhe Wind Power Co., Ltd.* (南召聚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, the lessee under the Sale and Purchase Agreement and the Finance Lease Agreement
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Security Agreement(s)”	the agreements as set out the section headed “Security Agreement(s)” in respect of the Finance Lease Arrangement of this announcement, including the Shortfall Guarantee Agreement, the Mortgage Agreement, the Guarantee Agreement, the Accounts Receivable Security Agreement and the Share Pledge Agreement
“Sale and Purchase Agreement”	the agreement entered into among Huaneng Tiancheng, Haotai New Energy and Nanzhao Juhe dated 30 October 2018 pursuant to which Haotai New Energy agreed to supply the Equipment to Huaneng Tiancheng to fulfill Huaneng Tiancheng’s obligations under the Finance Lease Agreement
“Share Pledge Agreement”	the agreement entered into between Yongzhou Concord and Huaneng Tiancheng on 30 October 2018, as described in the section headed “Security Agreements” in this announcement
“Shortfall Guarantee Agreement”	the agreement entered into between Huaneng Tiancheng and Century Concord on 30 October 2018, as described in the section headed “Security Agreements” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“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 holds 100% equity interest in Nanzhao Juhe

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, 30 October 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*