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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

The Company is pleased to announce that on 21 December 2018 (after trading hours), Zaoyang Century Concord (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 RMB230,000,000 (equivalent to approximately HK\$259,900,000); and (ii) Huaneng Tiancheng has agreed to lease the Equipment to Zaoyang Century Concord for a term of 12 years, to be payable in 48 quarterly installments, at an estimated total lease payments in the amount of approximately RMB358,043,186.03 (equivalent to approximately HK\$404,588,800.21).

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 and thus is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Finance Lease Arrangement and the 2018 December First Finance Lease Arrangement 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 2018 December First Finance Lease Arrangement also exceeds 5% but is less than 25%, which also constitutes a discloseable transaction, and therefore is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

FINANCE LEASE ARRANGEMENT

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(i) Principal terms of the Sale and Purchase Agreement

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

Date of agreement	21 December 2018
Parties to the agreement	Lessor and purchaser: Huaneng Tiancheng; Lessee: Zaoyang Century Concord; and Supplier: Haotai New Energy
Subject assets	The Equipment
Consideration payable by the lessor to the supplier	<p>The consideration shall be settled by Huaneng Tiancheng by four installments.</p> <p>The first installment shall be no more than RMB135,000,000, which is expected to be settled not later than 28 February 2019, subject to, among other things, (i) the execution of the Finance Lease Agreement, the Other Security Agreements and the relevant ancillary documents and the completion of the filings and registration procedure at the relevant authorities; (ii) a designated account (the “Designated Account”) has been set up under the designated account agreement entered into between Huaneng Tiancheng and Zaoyang Century Concord, pursuant to which (among other things) the receivable in electricity fee of Zaoyang Century Concord should be deposited into the Designated Account; and (iii) for the increase of RMB70,000,000 in the registered capital of Zaoyang Century Concord, not less than RMB35,000,000 has been paid up and the filings and registration procedure at the relevant authorities has been completed.</p>

The amount of second installment, together with the first installment, shall be no more than RMB189,000,000, which is payable subject to, among other things, (i) the conditions for the first installment have been fulfilled; and (ii) an accumulated amount of not less than RMB49,000,000 has been paid up for the increase in the registered capital of Zaoyang Century Concord and the filings and registration procedure at the relevant authorities has been completed.

The amount of third installment, together with the first and second installments, shall be no more than RMB216,000,000, which is payable subject to, among other things, (i) the conditions for the first and second installments have been fulfilled; and (ii) an accumulated amount of not less than RMB56,000,000 has been paid up for the increase in the registered capital of Zaoyang Century Concord and the filings and registration procedure at the relevant authorities has been completed.

The remaining balance of the consideration as fourth installment is payable subject to, among other things, (i) the conditions for the first, second and third installments have been fulfilled; and (ii) an accumulated amount of not less than RMB59,500,000 has been paid up for the increase in the registered capital of Zaoyang Century Concord and the filings and registration procedure at the relevant authorities has been completed.

Huaneng Tiancheng shall be entitled to terminate the Sale and Purchase Agreement if such conditions have not been satisfied on or before 28 February 2019.

Basis of the consideration

The consideration is determined after arm's length negotiations with reference to the purchase price payable to Haotai New Energy for the Equipment.

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 third parties independent to the Company and its connected persons (as defined under the Listing Rules).

(ii) Principal terms of the Finance Lease Agreement

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

Date of agreement	21 December 2018
Parties to the Agreement	Lessor: Huaneng Tiancheng; and Lessee: Zaoyang Century Concord
Period of the lease term	12 years (commenced from the date of settlement of the first installment payable by Huaneng Tiancheng to Haotai New Energy)
Total lease amount payable by the lessee to the lessor	RMB358,043,186.03 (equivalent to approximately HK\$404,588,800.21) (being the sum of the lease cost of RMB230,000,000, the handling fee of RMB14,350,000, the aggregate interest of RMB104,493,186.03 and the security deposit of RMB9,200,000), which is payable in 48 quarterly installments.
Handling fee payable by the lessee to the lessor	RMB14,350,000 (equivalent to approximately HK\$16,215,500), which shall be fully settled by Zaoyang Century Concord to Huaneng Tiancheng by 15 installments (together with the lease cost and interest) before the end of the tenth anniversary from the commencement of the lease terms.
Security deposit payable by the lessee to the lessor	RMB9,200,000 (equivalent to approximately HK\$10,396,000), which is payable by Zaoyang Century Concord to Huaneng Tiancheng before the settlement of the first installment of the consideration payable by Huaneng Tiancheng to Haotai New Energy.
Interest rate and adjustment	Interest (which forms part of the total lease amount) is 21.5% above the benchmark interest rate for RMB five-year or above loans as promulgated by the People's Bank of China, which is subject to adjustment with reference to such benchmark interest from time to time.
Basis to determine the lease payment	The lease amount is agreed between Huaneng Tiancheng and Zaoyang Century Concord with reference to the consideration paid by Huaneng Tiancheng in respect of the Equipment and the prevailing market interest rate of comparable equipment finance leases.

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 Zaoyang Century Concord has fulfilled all of its obligations under the Finance Lease Agreement, Zaoyang Century Concord has the option to purchase the Equipment at a consideration of RMB10,000 (equivalent to approximately HK\$11,300).

(iii) Other Security Agreements

In order to secure Zaoyang Century Concord's obligations under the Finance Lease Arrangement, the following security documents have also been executed on 21 December 2018 (after trading hours):

Guarantee Agreements The Company, Nanzhao Century Concord, Jingmen Shengjingshan and Xiangyang Xiangzhou Concord have entered into guarantee agreements in favour of Huaneng Tiancheng respectively (the "**Guarantee Agreements**"), pursuant to which the Company, Nanzhao Century Concord, Jingmen Shengjingshan and Xiangyang Xiangzhou Concord have agreed to provide irrevocable guarantees for all the debts of Zaoyang Century Concord under the Finance Lease Agreement.

Accounts Receivable Pledge Agreement Zaoyang Century Concord has entered into an accounts receivable pledge agreement in favour of Huaneng Tiancheng (the "**Accounts Receivable Pledge Agreement**"), pursuant to which Zaoyang Century Concord has agreed to pledge its gains from the receivable in electricity fee to Huaneng Tiancheng, to secure its obligations under the Finance Lease Agreement.

Share Pledge Agreement Yongzhou Concord has entered into a 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 Zaoyang Century Concord to Huaneng Tiancheng, to secure the obligations of Zaoyang Century Concord under the Finance Lease Agreement.

Mortgage Agreement Zaoyang Century Concord has entered into a mortgage agreement in favour of Huaneng Tiancheng (the "**Mortgage Agreement**"), pursuant to which Zaoyang Century Concord has agreed to mortgage the Equipment, to secure its obligations 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 irrevocable obligation to top up all the debts when there is insufficient balance in the Designated Account for the settlement of the amount payable by Zaoyang Century Concord to Huaneng Tiancheng under the Finance Lease Agreement.

REASONS FOR AND BENEFIT 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 Tianchen**

Huaneng Tiancheng is a company established 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 third parties independent of the Company and its connected persons (as defined under the Listing Rules).

The Company and Zaoyang Century Concord

The Company is a company incorporated in Bermuda with limited liability and its Shares have been listed on the Main Board of the Stock Exchange. The Group 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.

Zaoyang Century Concord is a wholly-owned subsidiary of the Company, and is principally engaged in wind and solar power generation projects in the PRC.

Haotai New Energy

Haotai New Energy is 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 and thus is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Finance Lease Arrangement and the 2018 December First Finance Lease Arrangement 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 2018 December First Finance Lease Arrangement also exceeds 5% but is less than 25%, which also constitutes a discloseable transaction, and therefore is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“2018 December First Finance Lease Arrangement”	the finance lease arrangement entered into between Nanzhao Century Concord (as lessee) and Huaneng Tiancheng (as lessor) dated 19 December 2018 with other underlying security agreements, pursuant to which Huaneng Tiancheng has purchased certain equipment at the total consideration of RMB50,000,000 (equivalent to approximately HK\$56,500,000) from Nanzhao Century Concord while at the same time such equipment were leased back to Nanzhao Century Concord 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 RMB one-to-five year loans as promulgated by the People’s Bank of China from time to time) at an estimated total lease payments in the amount of RMB63,376,109.61 (equivalent to approximately HK\$71,615,003.86) (including the sum of the lease cost of RMB50,000,000, the aggregate interest of RMB11,376,109.61 and the security deposit of RMB2,000,000), 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%
“Board”	the board of Directors
“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
“Century Concord”	Century Concord Wind Power Investment Co., Ltd.* (協合風電投資有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of the Company and is principally engaged in wind and solar power projects investment
“Director(s)”	the director(s) of the Company
“Equipment”	certain machinery and equipment for the Group’s operation of a wind power project in Hubei Province, the PRC as stipulated under the Sale and Purchase Agreement and the Finance Lease Agreement

“Finance Lease Agreement”	the finance lease agreement entered into between the Zaoyang Century Concord and Huaneng Tiancheng dated 21 December 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 Sale and Purchase Agreement and the Other Security Agreements
“Group”	the Company and its subsidiaries
“Haotai New Energy”	Haotai New Energy Equipment Co. Ltd.* (浩泰新能源裝備有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company, the supplier under the Sale and Purchase Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Huaneng Tiancheng”	Huaneng Tiancheng Financial Leasing Co. Ltd.* (華能天成融資租賃有限公司), a company established in the PRC with limited liability and a third party independent of the Company and its connected persons (as defined under the Listing Rules), which is the purchaser under the Sale and Purchase Agreement and the lessor under Finance Lease Agreement
“Jingmen Shengjingshan”	Jingmen Shengjingshan Wind Power Co., Ltd. * (荊門聖境山風力發電有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of the Company and is principally engaged in wind power generation projects
“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 established in the PRC with limited liability, a wholly-owned subsidiary of the Company and is principally engaged in wind power generation projects

“Other Security Agreements”	the security documents, including the Guarantee Agreements, the Accounts Receivable Pledge Agreement, the Share Pledge Agreement, the Mortgage Agreement and the Shortfall Guarantee Agreement to secure Zaoyang Century Concord’s obligations under the Finance Lease Arrangement, as stated in the section headed “Finance Lease Arrangement — Other Security Agreements” in this announcement
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement entered into among Huaneng Tiancheng, Haotai New Energy and Zaoyang Century Concord dated 21 December 2018 pursuant to which Huaneng Tiancheng agreed to purchase the Equipment from Haotai New Energy to fulfill Huaneng Tiancheng’s obligations under the Finance Lease Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xiangyang Xiangzhou Concord”	Xiangyang Xiangzhou Concord Yushan Wind Power Co., Ltd.* (襄陽襄州協合峪山風力發電有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of the Company and is principally engaged in wind power generation projects
“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 established in the PRC with limited liability, a wholly-owned subsidiary of the Company and is principally engaged in wind power generation projects
“Zaoyang Century Concord”	Zaoyang Century Concord Wind Power Co., Ltd.* (棗陽協合風力發電有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company, which is the lessee under the Sale and Purchase Agreement and the Finance Lease Agreement

This announcement contains translations between RMB and HK\$ at RMB1.00 = HK\$1.13. The translations are not representations that RMB and HK\$ amounts could actually be converted at such rate, if at all.

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

Hong Kong, 21 December 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 also 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*