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Concord New Energy Group Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 182)

MAJOR TRANSACTION FINANCE LEASE ARRANGEMENTS

THE FINANCE LEASE ARRANGEMENTS

Reference is made to the announcement of the Company dated 23 March 2017 in relation to Finance Lease Arrangement I entered into between the Group and Huaneng Tiancheng (as lessor).

The Company is pleased to announce that on 9 August 2017, Jingmen Lixi (as lessee), Huaneng Tiancheng (as lessor), and HNEE (as supplier), entered into Finance Lease Arrangement II, pursuant to which (i) Huaneng Tiancheng agreed to purchase Equipment II from HNEE, at a total consideration of not more than RMB260,000,000 (equivalent to approximately HK\$302,666,000.00); and (ii) Huaneng Tiancheng agreed to lease Equipment II to Jingmen Lixi for a term of 13 years, to be payable in 52 quarterly installments at an aggregate lease payments of approximately RMB379,297,405.37 (equivalent to approximately HK\$441,540,109.59).

As the Finance Lease Arrangements were entered into with the same lessor within a 12-month period, the transactions contemplated thereunder are required to be aggregated pursuant to rules 14.22 and 14.23 of the Listing Rules. As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Finance Lease Arrangements (including the transactions contemplated under related agreements) in aggregate exceeds 25% but are less than 100%, the entering into of the Finance Lease Arrangements (including the transactions contemplated under related agreements), in aggregate, constitute a major transaction of the Company under the Listing Rules.

A special general meeting will be convened and held for the shareholders to consider and, if thought fit, approve Finance Lease Arrangement II (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 30 August 2017.

INTRODUCTION

Reference is made to the announcement of the Company dated 23 March 2017 in relation to Finance Lease Arrangement I entered into between the Group and Huaneng Tiancheng (as lessor).

The Company announces that on 9 August 2017, Jingmen Lixi (as lessee), Huaneng Tiancheng (as lessor) and HNEE (as supplier) entered into Finance Lease Arrangement II pursuant to which (i) Huaneng Tiancheng agreed to purchase Equipment II from HNEE, at a total consideration of not more than RMB260,000,000 (equivalent to approximately HK\$302,666,000.00); and (ii) Huaneng Tiancheng agreed to lease Equipment II to Jingmen Lixi for a term of 13 years, to be payable in 52 quarterly installments at an aggregate lease payments of approximately RMB379,297,405.37 (equivalent to approximately HK\$441,540,109.59).

FINANCE LEASE ARRANGEMENT II

A. Principal Terms of Sale and Purchase Agreement II and Finance Lease Agreement II

(i) *Date:* 9 August 2017

(ii) *Parties*

Purchaser/Lessor: Huaneng Tiancheng, which is a limited liability company incorporated in the PRC and 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.

Supplier: HNEE

Lessee: Jingmen Lixi

(iii) *Sale and lease arrangement*

Pursuant to Sale and Purchase Agreement II and Finance Lease Agreement II, Huaneng Tiancheng has agreed to purchase Equipment II from HNEE at a total consideration of not more than RMB260,000,000.00 (equivalent to approximately HK\$302,666,000.00). The total consideration was agreed among Huaneng Tiancheng, HNEE and Jingmen Lixi with reference to the purchase price of Equipment II. Huaneng Tiancheng shall then lease Equipment II to Jingmen Lixi for a term of 13 years, commencing from the day Huaneng Tiancheng pays the first installment of purchase price of Equipment II.

(iv) Lease payments

The aggregate lease payments (subject to adjustments) payable by Jingmen Lixi to Huaneng Tiancheng is approximately RMB379,297,405.37 (equivalent to approximately HK\$441,540,109.59) (which is the sum of the lease costs of RMB260,000,000, the estimated aggregate lease interest of RMB108,497,405.37 and handling fees of RMB10,800,000.00). The lease payments are payable in 13 years through 52 quarterly installments. The lease interest is calculated at a floating rate and shall be adjusted with reference to the benchmark interest rate for RMB loans with a maturity period of above 5 years as promulgated by the People's Bank of China from time to time.

The aggregate lease payments were agreed between Huaneng Tiancheng and Jingmen Lixi with reference to the prevailing market interest rate for finance leases for comparable equipment and is to be settled out of Jingmen Lixi's internal resources. The lease payments shall be paid into the bank account designated by Huaneng Tiancheng.

(v) Security deposit

Jingmen Lixi shall pay a security deposit of RMB10,400,000.00 (equivalent to approximately HK\$12,106,640.00) to Huaneng Tiancheng as guarantee of its obligations under Finance Lease Agreement II. Such deposit shall be used to offset any default of payment by Jingmen Lixi under Finance Lease Agreement II.

(vi) Lessee's option to purchase

The legal ownership of Equipment II will be vested in Huaneng Tiancheng throughout the lease period. Upon the end of the lease period, provided that Jingmen Lixi has fulfilled all of its obligations under Finance Lease Agreement II, Jingmen Lixi has the option to purchase Equipment II at a nominal consideration of RMB1.

(vii) Lessee's option to early purchase

At any time after the expiration of 24 months from the day on which the lease interest starts to accrue until expiration of 132 months from the day on which lease interest starts to accrue, Jingmen Lixi is eligible to purchase Equipment II at a date (the "**Equipment II Early Purchase Date**") within the abovementioned period 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 unpaid lease interest and late fees (if any) up to the Equipment II Early Purchase Date; (ii) residual lease costs; (iii) the nominal consideration of RMB1; and (iv) all other expenses incurred as a result of the early purchase of Equipment II.

An additional early purchase compensation is payable by Jingmen Lixi and it ranges from nil to 18% on all residual lease costs depending on when the early purchase takes place.

B. Security Agreements

In order to secure Jingmen Lixi's obligations under Finance Lease Agreement II, the following security documents, among others, have also been executed on 9 August 2017 (the "Security Agreements"):

(i) Mortgage Agreement II

Although the ownership of Equipment II shall be transferred to Huaneng Tiancheng under Finance Lease Arrangement II, Equipment II is treated as security and Jingmen Lixi has executed Mortgage Agreement II pursuant to which Jingmen Lixi agreed to charge Equipment II to secure the obligations of Jingmen Lixi under Finance Lease Agreement II, including the aggregate lease payments and other amounts due to Huaneng Tiancheng.

(ii) Share Pledge Agreement II

Century Concord (a wholly-owned subsidiary of the Company and the direct shareholder of Jingmen Lixi) has executed Share Pledge Agreement II in favour of Huaneng Tiancheng, pursuant to which Century Concord has agreed to pledge all its equity interest in Jingmen Lixi (including, among others, any dividends declared) in favour of Huaneng Tiancheng, to secure the obligations of Jingmen Lixi under Finance Lease Agreement II, including the aggregate lease payments and other amounts due to Huaneng Tiancheng.

(iii) Guarantee Agreement II

The Company has executed Guarantee Agreement II in favour of Huaneng Tiancheng, pursuant to which the Company has agreed to provide a corporate guarantee to secure the obligations of Jingmen Lixi under Finance Lease Agreement II, including the aggregate lease payments and other amounts due to Huaneng Tiancheng.

(iv) Shortfall Make-up Agreement

Century Concord has executed a shortfall make-up agreement in favour of Huaneng Tiancheng, pursuant to which Century Concord has agreed to irrevocably make up for the shortfall in outstanding payments if Jingmen Lixi fails to meet its payment obligations as they fall due under Finance Lease Agreement II.

(v) Accounts Receivable Security Agreement II

Jingmen Lixi has executed Accounts Receivable Security Agreement II in favour of Huaneng Tiancheng, pursuant to which Jingmen Lixi has agreed to pledge its electricity usufruct in favour of Huaneng Tiancheng to secure the obligations of Jingmen Lixi under Finance Lease Agreement II, including the aggregate lease payments and other amounts due to Huaneng Tiancheng.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group is principally engaged in (i) investing in wind and solar power projects and (ii) offering professional technical services and integrated solution to wind and solar power generation projects.

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

LISTING RULES IMPLICATIONS

As the Finance Lease Arrangements were entered into with the same lessor within a 12-month period, the transactions contemplated thereunder are required to be aggregated pursuant to rules 14.22 and 14.23 of the Listing Rules. As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Finance Lease Arrangements (including the transactions contemplated under related agreements) in aggregate exceeds 25% but are less than 100%, the entering into of the Finance Lease Arrangements (including the transactions contemplated under related agreements), in aggregate, constitute a major transaction of the Company under the Listing Rules.

A special general meeting will be convened and held for the shareholders to consider and, if thought fit, approve Finance Lease Arrangement II (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 30 August 2017.

DEFINITIONS

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

“Accounts Receivable Security Agreement II”	the agreement dated 9 August 2017 entered into between Huaneng Tiancheng and Jingmen Lixi pursuant to which Jingmen Lixi has agreed to pledge its electricity usufruct in favour of Huaneng Tiancheng 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 limited liability company incorporated in the PRC and 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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equipment II”	machinery and equipment for the operation of wind power projects in Hubei Province, the PRC, as the subject matter under Finance Lease Arrangement II
“Finance Lease Agreements”	Finance Lease Agreement I and Finance Lease Agreement II
“Finance Lease Agreement I”	an agreement in relation to the finance lease concerning certain equipment entered into between Jingmen Shengjingshan Wind Power Co., Ltd.* (荊門聖境山風力發電有限公司), a wholly-owned subsidiary of the Company (as lessee) and Huaneng Tiancheng (as lessor) dated 23 March 2017, including all of its attachment documents and attachment forms
“Finance Lease Agreement II”	an agreement in relation to the finance lease concerning Equipment II entered into between Jingmen Lixi (as lessee) and Huaneng Tiancheng (as lessor) dated 9 August 2017, including all of its attachment documents and attachment forms

* *For identification purposes only*

“Finance Lease Arrangements”	Finance Lease Arrangement I and Finance Lease Arrangement II
“Finance Lease Arrangement I”	Finance Lease Agreement I, Sale and Purchase Agreement I, other security agreements and the transactions contemplated thereunder
“Finance Lease Arrangement II”	Finance Lease Agreement II, Sale and Purchase Agreement II, other Security Agreements and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Guarantee Agreement II”	the agreement entered into between Huaneng Tiancheng and the Company on 9 August 2017 pursuant to which the Company has agreed to provide a corporate guarantee to secure the obligations of Jingmen Lixi under Finance Lease Agreement II as described in the section headed “Security Agreements” in this announcement
“HNEE”	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, which is principally engaged in wind power equipment and new energy equipment trade
“HK\$”	Hong Kong dollar(s), 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.* (華能天成融資租賃有限公司), which is a limited liability company incorporated in the PRC and a third party independent of the Company and its connected persons
“Jingmen Lixi”	Jingmen Lixi Wind Power Co., Ltd.* (荊門栗溪風力發電有限公司), a limited liability company incorporated in the PRC and a wholly owned subsidiary of the Company, which is principally engaged in wind power plant investment and operation in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mortgage Agreement II”	the mortgage agreement entered into between Huaneng Tiancheng and Jingmen Lixi on 9 August 2017 pursuant to which Jingmen Lixi agreed to charge Equipment II to Huaneng Tiancheng as described in the section headed “Security Agreements” in this announcement

* *For identification purposes only*

“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement I”	an agreement entered into among Jingmen Shengjingshan Wind Power Co., Ltd.* (荊門聖境山風力發電有限公司) (as lessee), Huaneng Tiancheng (as lessor) and TCCH (as supplier) dated 23 March 2017 pursuant to which TCCH agreed to supply certain equipment to Huaneng Tiancheng
“Sale and Purchase Agreement II”	an agreement entered into among Jingmen Lixi (as lessee), Huaneng Tiancheng (as lessor), and HNEE (as supplier) dated 9 August 2017 pursuant to which HNEE agreed to supply Equipment II to Huaneng Tiancheng
“Security Agreements”	the definition given to it in the section headed “Security Agreements” in this announcement
“Share Pledge Agreement II”	the agreement entered into between Century Concord and Huaneng Tiancheng on 9 August 2017 pursuant to which Century Concord has agreed to pledge all its equity interest in Jingmen Lixi in favour of Huaneng Tiancheng as described in the section headed “Security Agreements” in this announcement
“Shortfall Make-up Agreement”	the agreement entered into between Huaneng Tiancheng and Century Concord on 9 August 2017 pursuant to which Century Concord has agreed to make up the shortfall in outstanding payments if Jingmen Lixi fails to meet its payment obligations as they fall due under Finance Lease Agreement II as described in the section headed “Security Agreements” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCCH”	Tianjin Century Concord Huaxing Wind Power Equipment Co., Ltd.* (天津協合華興風電裝備有限公司), a limited liability company incorporated in the PRC and a wholly owned subsidiary of the Company

* *For identification purposes only*

For illustration purpose of this announcement, the exchange rate of RMB1=HK\$1.1641.

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

Hong Kong, 9 August 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).