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Concord New Energy Group Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 182)

UPDATE ON POTENTIAL QUOTATION OF CONCORD POWER CONSULTING & DESIGN (BEIJING) CORP., LTD ON THE NATIONAL EQUITIES EXCHANGE AND QUOTATIONS

POSSIBLE SPIN-OFF AND POTENTIAL QUOTATION OF SHARES IN DESIGN CO ON THE NEEQ

The Company is pleased to announce that on 18 November 2016, the Stock Exchange confirmed that the Company may proceed with the Possible Spin-Off.

NO ASSURED ENTITLEMENT TO SHAREHOLDERS

Under Paragraph 3(f) of Practice Note 15 of the Listing Rules, a listed issuer is required to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to shares in the spun-off entity, either by way of distribution in specie of existing shares in the spun-off entity or by way of preferred application in any offering of existing or new shares in the spun-off entity.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted the Company, a waiver from strict compliance with paragraph 3(f) of Practice Note 15 of the Listing Rules without the Company seeking a separate approval for the waiver from minority shareholders.

The Company has informed NEEQ Co., Ltd in respect of the confirmation from the Stock Exchange that the Company may proceed with the Possible Spin-Off. As at the date of this announcement, the Potential Quotation is subject to approval from NEEQ Co., Ltd.

The Company will make further announcement(s) in relation to the Potential Quotation as and when appropriate and/or required pursuant to the Listing Rules.

Shareholders and potential investors of the Company should note that the Potential Quotation is subject to approval from NEEQ Co., Ltd. and there is no assurance as to whether or when the Potential Quotation will proceed. As the Potential Quotation may or may not proceed, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

Reference is made to the Company's announcement dated 6 May 2016 (the "May Announcement"). Capitalized terms used in this announcement shall have the same meanings as defined in the May Announcement unless the context requires otherwise.

POSSIBLE SPIN-OFF AND POTENTIAL QUOTATION OF SHARES IN DESIGN CO ON THE NEEQ

On 18 November 2016, the Stock Exchange confirmed that the Company may proceed with the possible spin-off of the Design Co (the "Possible Spin-Off").

Upon completion of the Possible Spin-Off, the Company believes that the Design Co will be able to function independently of the Group excluding the Design Co (the "Remaining Group"). The Company would like to provide the following further information in this connection:

A. Business model

The Design Co is a member company of the Group and has been providing services to power plant operators which were wholly or partially invested by the Remaining Group. The Company believes that the Design Co has been able to provide competitive services and prices to the Remaining Group. The Company and the Design Co confirm that the terms of contracts between them are on normal commercial terms and comparable to the terms of transactions between the Design Group and its independent customers. The Company considers that the provision of the services by the Design Group to the Remaining Group is mutually beneficial to each other.

Since establishment, the Design Co has gradually built up its operation expertise and has obtained the necessary certificates and qualifications for provision of design services in the industry. The Design Co has also built up its customer base which is independent from the Remaining Group and has been able to establish and secure business contracts with independent customers.

For the three years ended 31 December 2015 and for the eight months ended 31 August 2016, the Design Co has entered into a number of contracts with independent customers and has been endeavouring in serving more high value contracts. In July 2016, the Design Co, together with another independent contractor, was engaged as a main contractor for a power plant development project. The Design Co is responsible for provision of design services, equipment procurement and organization and management services for the power plant development project. The Company and the Design Co believe that this marks a new milestone for furthering the Design Co's business presence in the power plant design and project management sector in the PRC.

The Company considers that the Design Co has the necessary skill, technology and network, and is able to find independent customers.

B. Level of reliance in the future

Whilst the Design Co's revenue with independent customers is dependent on, among others, demand of both the Remaining Group and independent customers, the Company considers that the Design Co could be able to generate a substantial income even when the demand from the Remaining Group was relatively low. The Design Co has adopted the following strategies to explore more business opportunities with independent customers.

(i) Motivating senior management and key employees of the Design Co

In 2015, the Group sold a total of 30% of the Design Co's share capital to two companies held by the Design Co's directors, senior management and certain key employees. The Company believes that such transactions would align their interests as key management and shareholders of the Design Co and would further motivate them to devote their efforts to the Design Co's business development and actively introduce more independent business to the Design Co from time to time to expand its client base and increase shareholders' return.

(ii) Expanding sales network

To expand the sales network with independent customers, the management of the Design Co has led the sales team to identify and solicit potential independent customers, and maintain and develop long-term business relationships with existing independent customers. The management of the Design Co has also led a marketing team and will continue to encourage the staff to expand business network.

(iii) Furthering business presence

As set out in the preceding paragraph under the section headed "Business model", the Company was engaged by an independent customer as a main contractor to, among others, manage the entire power plant development project. The Company considers that this engagement marks a new milestone for the Design Co to provide project management services in addition to design services. The Company and the Design Co believe that it would further the Design Co's business presence and enhance its competitive advantage.

(iv) Cooperating with strategic partners to explore more business opportunities

The Design Co has recently entered into strategic cooperation framework agreements with certain sizable independent companies, which are engaged in, among others, manufacture of monocrystalline silicon materials, supply of solar power equipment, and construction of and investment in solar power plants, to form strategic partnerships.

Generally, under the partnerships, the Design Co and the strategic partners will, from time to time, share market information and technology knowledge, and provide technical support to each other. The Company believes that, by collaborating with the strategic partners, the Design Co can enhance its competitive advantage and is able to secure more business opportunities.

C. Industry landscape

The Company believes that there are market demands from independent customers for the services provided by the Design Co. The Design Co considers that the industry is not dominated by a few players. Since establishment, the Design Co has provided services to some reputable independent power plant operators. The Design Co considers that it has already had a sizeable independent customer base. Going forward, the Company believes that the Design Co will be capable in securing independent customers and maintaining its revenue in the future.

D. No mutual and complementary reliance

The Company considers that there is no mutual reliance between the Design Co and the Remaining Group. Notwithstanding that there are other design service providers in the market which the Remaining Group can engage at comparable prices, the Remaining Group has been engaging the Design Co because it has been able to provide competitive terms of services to the Remaining Group. The Design Co has built up its own customer base and considers that it is able to generate substantial revenue independently.

E. Capability in maintaining revenue in the future

As set out in the Company's annual report for the year ended 31 December 2015, the Company considers that the Chinese government has been resolving the bottleneck of development in renewable energies through a number of measures in recent years including optimizing various approval procedures, strengthening the construction of power grids, improving the distribution of electricity tariff subsidies for renewable energies, and promoting the quotas for renewable energies.

In March 2015, Central Committee of the Communist Party of China and State Council of the PRC jointly issued "Certain Opinions on Further Deepening the Reform of Electricity System" and put forward the "no-discrimination and easy access to on-grid power generation by implementing protective purchasing mechanism for renewable energy power generation in accordance with the regulations". In the same month, National Development and Reform Commission and National Energy Administration jointly issued the "Guidance on Improving Grid Operation and Promoting the Utilization of Clean Energy", according to which the annual power generation plans were required to give priorities to hydropower, wind power, solar power and other clean energy generation; clean energy power generation suppliers were encouraged to participate in market activities; additional flexibility of power grid allocation was requested by giving overall consideration of supplementary power and clean energy, and giving priority to clean energy transmission with defined power transmission ratios.

Moreover, according to the description set out in the preceding paragraphs under the subsection headed “Industry landscape”, the Company believes that the Design Co is capable of maintaining its revenue in the future.

NO ASSURED ENTITLEMENT TO SHAREHOLDERS

Under Paragraph 3(f) of Practice Note 15 of the Listing Rules, a listed issuer is required to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to shares in the spun-off entity, either by way of distribution in specie of existing shares in the spun-off entity or by way of preferred application in any offering of existing or new shares in the spun-off entity.

However, according to the advice of the PRC legal adviser of the Company, foreign shareholders who invest in shares quoted on the NEEQ shall open securities accounts with China Securities Depository and Clearing Co, Ltd (“CSDC”). To qualify for opening securities accounts, such foreign shareholders shall be, among others, (i) qualified foreign institutional investors (QFII); (ii) Renminbi qualified foreign institutional investors (RQFII); (iii) strategic investors that are approved by the relevant authority in the PRC; or (iv) foreign natural persons who are permanent residents in the PRC or residents of Hong Kong, Macao Special Administrative Region of the PRC or Taiwan who work and live in the PRC, and have more than RMB5 million worth of securities assets and more than two years of experience in securities investment.

The Company expects that not all of its shareholders are qualified to be investors for opening securities accounts with CSDC unless they have RMB5 million or above worth of securities assets and more than two years of experience in securities investment pursuant to the relevant requirements under the PRC laws and regulations. The Company also considers that it is impractical to request all its shareholders to apply for and obtain relevant approvals from relevant authorities in the PRC for opening securities accounts with CSDC.

In addition, to make a preferential offer of shares in the Design Co to the shareholders of the Company, the Company will also require the preparation and registration of a prospectus in Hong Kong. This makes any assured entitlement arrangement by way of preferential offer in connection with the Possible Spin-Off even more impracticable.

The Company does not consider there to be any appropriate or practicable alternative for its shareholders to realise their investment in the Design Co other than through the shares of the Company.

The Possible Spin-Off does not involve sale of any existing shares or any offering of new shares of the Design Co and the Possible Spin-Off does not constitute a disposal or deemed disposal of the Company. In view that the Possible Spin-Off would not require shareholders’ approval, the Company considers that it would be overly burdensome to seek shareholders’ approval for waiving the assured entitlement.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted the Company, a waiver from strict compliance with paragraph 3(f) of Practice Note 15 of the Listing Rules without the Company seeking a separate approval for the waiver from minority shareholders.

The Directors consider that the Potential Quotation and non-provision of assured entitlements to existing shareholders of the Company are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

The Company has informed NEEQ Co., Ltd in respect of the confirmation from the Stock Exchange that the Company may proceed with the Possible Spin-Off. As at the date of this announcement, the Potential Quotation is subject to approval from NEEQ Co., Ltd.

The Company will make further announcement(s) in relation to the Potential Quotation as and when appropriate and/or required pursuant to the Listing Rules.

Shareholders and potential investors of the Company should note that the Potential Quotation is subject to approval from NEEQ Co., Ltd. and there is no assurance as to whether or when the Potential Quotation will proceed. As the Potential Quotation may or may not proceed, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 24 February 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. Gui Kai and Mr. Niu Wenhui (Chief Financial Officer) (all of above are 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).