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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 announces that on 23 March 2017, Jingmen Shengjingshan (as Lessee), Huaneng Tiancheng (as Lessor), and Tianjin Century (as Supplier), entered into the Finance Lease Arrangement, pursuant to which (i) Huaneng Tiancheng agreed to purchase certain Equipment from Tianjin Century, at a total consideration of not more than RMB277,000,000.00 (equivalent to approximately HK\$312,345,200.00); and (ii) Huaneng Tiancheng agreed to lease the Equipment to Jingmen Shengjingshan for a term of 12 years (which is expected to commence from March 2017), to be payable in 48 quarterly installments commencing from around June 2017 at an aggregate lease consideration of approximately RMB370,108,592.03 (equivalent to approximately HK\$417,334,448.37).

As the highest percentage ratio (as defined under the Listing Rules) in respect of the Finance Lease Arrangement (including the transactions contemplated under the Other Agreements) exceeds 5% but is less than 25%, the Finance Lease Arrangement (including the transactions contemplated under the Other Agreements) constitutes a discloseable transaction of the Company under the Listing Rules and thus is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Company announces that on 23 March 2017, Jingmen Shengjingshan (as Lessee), Huaneng Tiancheng (as Lessor), and Tianjin Century (as Supplier), entered into the Finance Lease Arrangement, pursuant to which (i) Huaneng Tiancheng agreed to purchase certain Equipment from Tianjin Century, at a total consideration of not more than RMB277,000,000.00 (equivalent to approximately HK\$312,345,200.00); and (ii) Huaneng Tiancheng agreed to lease the Equipment to Jingmen Shengjingshan for a term of 12 years (which is expected to commence from March 2017), to be payable in 48 quarterly installments commencing from around June 2017 at an aggregate lease consideration of approximately RMB370,108,592.03 (equivalent to approximately HK\$417,334,448.37).

THE FINANCE LEASE ARRANGEMENT

A. The Sale and Purchase Agreement

The Company announces that the Lessor, the Supplier and the Lessee have entered into the Sale and Purchase Agreement on 23 March 2017. The principal terms of the Sale and Purchase Agreement are set out below.

Parties

Purchaser/Lessor: Huaneng Tiancheng, 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, the Lessor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons

Supplier: Tianjin Century, a wholly-owned subsidiary of the Company, which is principally engaged in the sales of wind power equipment and new energy equipment, will source and supply the Equipment

Lessee: Jingmen Shengjingshan, a wholly-owned subsidiary of the Company, which is principally engaged in the wind power plant investment and operation in the PRC

Subject matter of the sale and purchase

Equipment to be sourced by the Supplier, which will be used for the operation of the wind power project of the Lessee located in Hubei Province, the PRC.

Consideration of the purchase of the Equipment

Pursuant to the Sale and Purchase Agreement, subject to the satisfaction of the conditions precedent under the Sale and Purchase Agreement, the Lessor shall purchase the Equipment from the Supplier at a total consideration of not more than RMB277,000,000.00 (equivalent to approximately HK\$312,345,200.00), which shall be leased to the Lessee in accordance with the Sale and Purchase Agreement. The purchase price shall be paid by the Lessor to the Supplier in separate instalments in accordance with the Finance Lease Agreement. The total consideration was agreed among the relevant parties with reference to the estimated purchase price of the Equipment.

B. The Finance Lease Agreement

The Company announces that the Lessor and the Lessee have entered into the Finance Lease Agreement on 23 March 2017. The principal terms of the Finance Lease Agreement are set out below.

Parties

Lessor: Huaneng Tiancheng

Lessee: Jingmen Shengjingshan

Lease arrangement

Pursuant to the Finance Lease Agreement, the Lessor agreed to lease the Equipment to the Lessee for a term of 12 years (which is expected to commence from March 2017). The lease consideration will be payable in 48 quarterly installments commencing from around June 2017.

Consideration of the lease of the Equipment

Pursuant to the Finance Lease Agreement, the estimated aggregate lease payments payable by the Lessee to the Lessor is approximately RMB370,108,592.03 (equivalent to approximately HK\$417,334,448.37) (which is the sum of the lease costs of RMB277,000,000.00 and the estimated aggregate interest of RMB93,108,592.03). The interest is calculated at a floating rate and 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 aggregate lease payment was agreed between the Lessor and the Lessee with reference to the prevailing market interest rate for finance leases for comparable Equipment.

Security deposit

The Lessee shall pay an interest-free security deposit of RMB13,850,000.00 (equivalent to approximately HK\$15,617,260.00) to the Lessor as guarantee of its obligations under Finance Lease Agreement. The Lessee shall pay the full amount of the security deposit under the Finance Lease Agreement to the Lessor before the Lessor pays the first rental equipment purchase price to the Supplier. Such deposit shall be used to offset any default of payment by the Lessee under the Finance Lease Agreement. If there is no default of payment by the Lessee, such deposit may be used to offset part of the payment of the last installment payable by the Lessee.

Lessee's option to purchase

The selection of the Equipment will be at the sole discretion of the Lessee, but the legal ownership of the Equipment will be vested in the Lessor throughout the lease period. Upon the end of the lease period, provided that the Lessee has fulfilled all of its obligations under the Finance Lease Agreement, including the full payment of the lease and interest payment and all other expenses as described in the Finance Lease Agreement, the Lessee has the option to purchase the Equipment at a nominal consideration of RMB1.

In addition, at any time after the expiration of 24 months from the date of commencement, the Lessee is eligible to purchase the Equipment at a date (the “**Early Purchase Date**”) before the end of the lease term by serving a 30 business days’ prior written notice to the Lessor (and after obtaining the written consent from the Lessor) at a consideration being the sum of (i) all outstanding unpaid pre-lease interest/lease payment and late fees (if any) up to the Early Purchase Date; (ii) residual lease costs; (iii) the nominal consideration of RMB1; and (iv) value-added tax payable and all other expenses as a result of the early purchase of the Equipment. In addition, if the Early Purchase Date falls after 60 months from the date of commencement, an additional Early Purchase Compensation, which is calculated based on 1.8% on all residual lease costs will be payable by the Lessee.

C. The Finance Lease Consultancy Agreement

The Company announces that the Lessor and the Lessee have entered into the Finance Lease Consultancy Agreement on 23 March 2017. The principal terms of the Finance Lease Consultancy Agreement are set out below.

Parties

Lessor: Huaneng Tiancheng

Lessee: Jingmen Shengjingshan

Consultancy fee

A fee of RMB5,150,000.00 (equivalent to approximately HK\$5,807,140.00 million) is payable by the Lessee to the Lessor for the provision of the consultancy service. The fee shall be paid by the Lessee prior to the payment of the first rental equipment purchase price by the Lessor under the Sale and Purchase Agreement.

OTHER AGREEMENTS

In order to secure, the Lessee's obligations under the Finance Lease Agreement, the following security documents, among others, have also been executed (the "**Other Agreements**"):

Mortgage Agreement

The Lessee has executed the Mortgage Agreement in favour of the Lessor on 23 March 2017, pursuant to which the Lessee agreed to charge the assets listed in the Mortgage Agreement to the Lessor, to secure the obligations of the Lessee under the Finance Lease Agreement.

Share Pledge Agreement

Century Concord (a wholly-owned subsidiary of the Company and a direct shareholder of the Lessee) has executed the Share Pledge Agreement in favour of the Lessor on 23 March 2017, pursuant to which Century Concord has agreed to pledge all its equity interest in the Lessee (including, among others, any dividends declared) in favour of the Lessor, to secure the obligations of the Lessee under the Finance Lease Agreement.

Guarantee Agreement

The Company has executed the Guarantee Agreement in favour of the Lessor on 23 March 2017, pursuant to which the Company has agreed to provide an irrevocable joint and several liability guarantee for all the debts of the Lessor under the Finance Lease Agreement.

Shortfall Guarantee Agreement

Century Concord executed a shortfall guarantee agreement in favour of the Lessor on 23 March 2017, pursuant to which Century Concord has agreed to provide an irrevocable shortfall guarantee to the Lessee to guarantee the debts of the Lessor under the Finance Lease Agreement.

Accounts Receivable Security Agreement

The Lessee has executed the Accounts Receivable Security Agreement in favour of the Lessor on 23 March 2017, pursuant to which the Lessee has agreed to pledge its electricity usufruct in favour of the Lessor, to secure the obligations of the Lessee under the Finance Lease Agreement.

REASONS FOR AND BENEFIT OF THE TRANSACTIONS

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. The Lessee is principally engaged in the wind power plant investment and operation in the PRC.

The execution of the Finance Lease Agreement and the Other Agreements are in the ordinary and usual course of business of the Lessee. The Directors are of the view that under the Finance Lease, the Group will obtain financial resources and gain access to the use of the certain other Equipment. The terms under the Finance Lease Agreement and the Other Agreements have been agreed after arm's length negotiation among the parties. The Directors consider the terms of the Finance Lease Agreement and the Other 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 highest percentage ratio (as defined under the Listing Rules) in respect of the Finance Lease Arrangement (including the transactions contemplated under the Other Agreements) exceeds 5% but is less than 25%, the Finance Lease Arrangement (including the transactions contemplated under the Other Agreements) constitutes a discloseable transaction of the Company under the Listing Rules and thus is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITION

“Accounts Receivable Security Agreement”	the agreement dated 23 March 2017 entered into between the Lessor and the Lessee pursuant to which the Lessee has agreed to pledge its electricity usufruct in favour of the Lessor as described in the section headed “Other Agreements” in this announcement
“Century Concord”	Century Concord Wind Power Investment Co., Ltd. * (協合風電投資有限公司), 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
“Early Purchase Compensation”	the fee payable by the Lessee to the Lessor in the case that the Lessee purchases the Equipment before the end of the lease term under the Finance Lease Agreement, the calculation of such fee is set out in the paragraph headed “Lessee’s option to purchase” in this announcement
“Early Purchase Date”	the date that the Lessee purchases the Equipment before the end of the lease term under the Finance Lease Agreement
“Equipment”	machinery and equipment for the operation of wind power projects
“Finance Lease Consultancy Agreement”	an agreement entered into between the Lessor and the Lessee dated 23 March 2017
“Finance Lease Agreement”	an agreement entered into between the Lessor and the Lessee dated 23 March 2017, all of its attachment documents, and attachment forms
“Finance Lease Arrangement”	the Finance Lease Agreement, the Finance Lease Consultancy Agreement and the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Guarantee Agreement”	the agreement entered into between Lessor and the Company on 23 March 2017 pursuant to which the Company has agreed to provide an irrevocable joint and several liability guarantee for all the debts of the Lessor under the Financial Lease Agreement as described in the section headed “Other Agreements” in this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lessee”/ “Jingmen Shengjingshan”	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
“Lessor”/ “Huaneng Tiancheng”	Huaneng Tiancheng Financial Leasing Co. Ltd.*, (華能天成融資租賃有限公司), which is a third party independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Shortfall Guarantee Agreement”	the agreement entered into between Lessor and Century Concord on 23 March 2017 pursuant to which Century Concord has agreed to provide an irrevocable shortfall guarantee to the Lessee to guarantee the debts of the Lessor under the Financial Lease Agreement as described in the section headed “Other Agreements” in this announcement
"Mortgage Agreement"	the agreement entered into between the Lessor and the Lessee on 23 March 2017 pursuant to which the Lessee agreed to charge the assets listed in the Appendix I to the agreement to the Lessor as described in the section headed “Other Agreements” in this announcement
“Other Agreements”	the definition given to it in the section headed “Other Agreements” in this announcement
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Sale and Purchase Agreement”	an agreement entered into among the Lessor, Supplier and Lessee dated 23 March 2017 pursuant to which the Supplier agreed to supply the Equipment to the Lessor to fulfill the Lessor’s obligations under the Finance Lease Agreement
“Share Pledge Agreement”	the agreement entered into between Century Concord and the Lessor on 23 March 2017 pursuant to which Century Concord has agreed to pledge all its equity interest in the Lessee in favour of the Lessor as described in the section headed “Other Agreements” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplier”/ “Tianjin Century”	Tianjin Century Concord Huaxing Wind Power Equipment Co., Ltd.* (天津協合華興風電裝備有限公司), a wholly-owned subsidiary of the Company

For illustration purpose of this announcement, the exchange rate of RMB1=HK\$1.1276.

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

Hong Kong, 23 March 2017

As at the date of this announcement, the Board comprises Mr. Liu Shunxing (Chairman), Mr. Yang Zhifeng and Ms. Liu Jianhong (Co-Vice Chairperson), Mr. Yu Weizhou (Chief Executive Officer) and Mr. Gui Kai and Mr. Niu Wenhui (Chief Financial Officer)(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).

* For identification purposes only