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## **Concord New Energy Group Limited**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 182)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF EQUITY INTERESTS IN YULIN SOLAR POWER**

On 30 November 2016, the Group has entered into Disposal Agreement with Tianjin Clean Energy pursuant to which Century Concord, as the vendor, has agreed to sell and Tianjin Clean Energy, as the purchaser, has agreed to acquire the entire share capital of the Yulin Solar Power, at the Consideration of RMB320,950,314.19 (equivalent to HK\$365,883,358.18), payable by the Purchaser in accordance with the terms and conditions of the Disposal Agreement.

As one or more of the applicable percentage ratio (as defined in the Listing Rules) for the Disposal is more than 5% and all of such ratios are less than 25%, the Disposal and the transactions contemplated therein constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

#### **THE DISPOSAL AGREEMENT**

On 30 November 2016, the Group has entered into Disposal Agreement with Tianjin Clean Energy pursuant to which Century Concord, as the vendor, has agreed to sell and Tianjin Clean Energy, as the purchaser, has agreed to acquire the entire share capital of the Yulin Solar Power, at the Consideration of RMB320,950,314.19 (equivalent to HK\$365,883,358.18), subject to adjustment payable by the Purchaser in accordance with the terms and conditions of the Disposal Agreement. The principal terms of the Disposal Agreement are summarized of the follows:

**Date:** 30 November 2016 (after trading hours)

**Parties:** Tianjin Clean Energy, as purchaser;

Century Concord, as vendor; and

Yulin Solar Power, as project company

## **Assets to be disposed**

The entire share capital of Yulin Solar Power.

## **Consideration**

The Consideration of RMB320,950,314.19 (equivalent to approximately HK\$365,883,358.18), subject to adjustment, shall be payable by Tianjin Clean Energy in cash in the following manner:

- (a) as to RMB261,420,032.55 (equivalent to approximately HK\$298,018,837.11), shall be paid into the two Escrow Accounts within five business days after the Disposal Agreement has become effective and after the Escrow Accounts are set up, and such amount shall be released to Century Concord within five business days upon completion of the Change and the issuance of new business license;
- (b) as to RMB20,000,000 (equivalent to approximately HK\$22,800,000), subject to the certain deduction items as illustrated below, shall be paid on the day after the anniversary of the Change; and
- (c) as to a maximum amount of RMB39,530,281.64 (equivalent to approximately HK\$45,064,521.07), being the amount of any government renewable energy financial subsidies received by Yulin Solar Power that is attributed to period before 15 September 2016. Such amount shall be paid within 3 business days after the receipt of the subsidies.

Tianjin Clean Energy and Century Concord have agreed certain deduction events, upon the occurrence of which certain amounts will be deducted from any of the Consideration according to the specific type of event. Such events includes, among other things, failure to obtain certain license, approval or opinion from relevant government authorities and failure to meet certain warranty requirements.

The Consideration was determined after arm's length negotiations between the parties. In arriving at the Consideration, the Directors have principally considered, among other factors, the unaudited net assets value of the Yulin Solar Power of RMB154,186,000 (equivalent to approximately HK\$175,772,040) as at 31 October 2016.

## **Adjustment Mechanism**

Century Concord has undertaken that the Consideration can be adjusted with reference to the adjustment mechanism (“**Adjustment Mechanism**”):

### *Approved electricity price*

Pursuant to the Disposal Agreement, Century Concord agreed to initiate and proceed with the application for on-grid tariff approval by 30 September 2017 from relevant authorities of RMB0.95/kWh and RMB0.88/kWh for the Phase 1 and the Phase 2 respectively. In this regard, the Consideration shall be adjusted in the following manner:

1. In the event that the Phase 2 obtains on-grid tariff approvals from relevant authorities and should the approved on-grid tariff be RMB0.95/kWh, the Consideration shall be increased by RMB20,000,000, which shall be payable by Tianjin Clean Energy with in 3 business days from the date of obtaining the electricity price approval to Century Concord;
2. in the event that the on-grid tariff approvals from relevant authorities for Phase 1 and Phase 2 are below RMB0.95/kWh and/or RMB0.88/kWh (“**Benchmark**”) respectively, the Consideration shall be adjusted downward by RMB4,000,000 for each cent lower than the Benchmark for each project; and
3. in the event that the on-grid tariff approvals from relevant authorities for Phase 1 and Phase 2 are RMB0.78/kWh or below, adjustments to the Consideration shall be further agreed between Century Concord and Tianjin Clean Energy.

### *Fees paid for project financing*

For the purpose of project financing, Yulin Solar Power paid a commitment fee of RMB4,000,000 and a consultant fee of RMB1,000,000 to Jiuquan Branch of the Industrial and Commercial Bank of China Limited (“**Jiuquan Branch**”). In this regard, the Consideration shall be adjusted in the following manner:

1. in the event that Tianjin Clean Energy requires project financing from Jiuquan Branch, the Consideration shall be increased by RMB5,000,000, which shall be payable by Tianjin Clean Energy within 3 business days from the date of obtaining the project financing from Jiuquan Branch to Century Concord;
2. in the event that Tianjin Clean Energy does not require project financing from Jiuquan Branch, and if Jiuquan Branch refunds any part of the commitment fee and/or consultant fee to Yulin Solar Power, the Consideration shall be increased by the actual amount of fees refunded, which shall be payable by Tianjin Clean Energy within 3 business days from the date of refund to Century Concord.

### *Fees paid to the Afforestation Committee Office in Yulin City*

Yulin Solar Power paid an aggregate amount of RMB13,026,000 to the Afforestation Committee office in Yulin City in the PRC in 2015 and 2016 as security deposits and advance payment for the

vegetation recovery project (the “**Prepayment**”). In this regard, the Consideration shall be adjusted in the following manner:

1. in the event that the amount of the Prepayment after the refund of the security deposits, exceeds the actual expenses incurred for the vegetation restoration project, the Consideration shall be increased by the actual difference, which shall be payable by Tianjin Clean Energy within 3 business days from the date of the refund of security deposits to Century Concord; and
2. in the event that the amount of the Prepayment after the refund of the security deposits is less than the actual expenses incurred for the vegetation restoration project, the Consideration shall be decreased by the actual difference, which shall be deducted from the Consideration or otherwise, reimbursed by Century Concord within 3 business days from the date Tianjin Clean Energy provides relevant evidential proof which is confirmed by Century Concord.

### **INFORMATION ON THE TIANJING CLEAN ENERGY**

The principal business activity of Tianjin Clean Energy is investment holding. Tianjin Clean Energy is an indirect wholly owned subsidiary of BECE (Stock Code:1250), a company listed on the main board of the Stock Exchange and principally engaged in the investment, development, construction, operation and management of photovoltaic power plants, photovoltaic power-related businesses and wind power-related businesses and the design, printing and sale of cigarette packages in the PRC.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Tianjin Clean Energy, BECE and their ultimate beneficial owner(s) are Independent Third Parties.

### **INFORMATION ON YULIN SOLAR POWER**

The Yulin Solar Power, a wholly owned subsidiary of the Company, is a company incorporated in the PRC with limited liability. The Yulin Solar Power is principally engaged in investment, development and operation of the Yulin Solar Farm Project.

The Yulin Solar Farm Project was in the process of construction and development in 2014 and 2015 and no profit or loss was recognized by Yulin Solar Power for the year ended 31 December 2014 and 2015.

As at 31 October 2016, the unaudited net and total assets of Yulin Solar Power were approximately RMB154,186,000 (equivalent to approximately HK\$175,772,040) and RMB 802,373,000 (equivalent to approximately HK\$914,705,220) respectively.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

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 Group has adopted a “build and sell” strategy whereby the Group builds power plants and disposes of its interests in the power plants upon completion or operation of the power plants. The Directors consider that the “build and sell” strategy allows the Group to fully leverage on its strengths of solar power development and power plant construction so as to attain a more reasonable return on its investments.

Based on the consideration payable by Tianjin Clean Energy to the Company under the Disposal Agreement, it is estimated that the Company will recognize a gain of approximately RMB194,349,692 (equivalent to approximately HK\$221,558,649), which is calculated by reference to the amount of consideration as set out above and the unaudited net asset value of the Yulin Solar Power as at 31 October 2016 as set out above.

Following the completion of the Disposal, Yulin Solar Power will cease to be a subsidiary of the Company. The net proceeds from the Disposal of approximately HK\$221,558,649 will be used as general working capital of the Group.

The Directors consider the terms of the Disposal Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

## **IMPLICATIONS OF THE LISTING RULES**

As one or more of the applicable percentage ratio (as defined in the Listing Rules) for the Disposal is more than 5% and all of such ratios are less than 25%, the Disposal and the transactions contemplated therein constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

## **DEFINITIONS**

“BECE”	Beijing Enterprises Clean Energy Group Limited (Stock Code: 1250), a company incorporated in the Cayman Islands with limited liability, the 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 limited liability company incorporated in the PRC and a wholly owned subsidiary of the Company

“Change”	the completion of the change in shareholders of Yulin Solar Power in Yulin Administration for Industry and Commerce to Tianjin Clean Energy
“Company”	Concord New Energy Group Limited (Stock Code: 182), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Consideration”	The consideration of RMB320,950,314.19 (equivalent to approximately HK\$365,883,358.18, subject to adjustment, payable by Tianjin Clean Energy to Century Concord under the Disposal Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the entire share capital of Yulin Solar Power to Tianjin Clean Energy pursuant to the Disposal Agreement
“Disposal Agreement”	the share sale and purchase agreement dated 30 November 2016 entered between Century Concord and Tianjin Clean Energy in relation to the Disposal
“Escrow Account(s)”	two jointly-held bank accounts in the respective names of Tianjin Clean Energy and Century Concord as set up in accordance with the Disposal Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	Megawatt (1,000,000 watts), the commonly used unit of power in quantifying the electricity generation
“Tianjin Clean Energy”	Tianjin Clean Energy Investment Company Limited*(天津富歡企業管理諮詢有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of BECE

“Phase 1”	the solar farm plant with filing record of 陝發改新能源[2015] 296號 with a capacity of 50MW
“Phase 2”	the solar farm plant with filing record of 陝發改新能源[2015] 1838號 with a capacity of 50MW
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it by the Listing Rules
“Yulin Solar Power”	Yulin Century Concord Solar Power Co., Ltd* (榆林協合太陽能發電有限公司), a limited liability company incorporated in the PRC and a wholly owned subsidiary of the Company
“Yulin Solar Farm Project”	design, construction, fabrication, equipping, delivery, installation, commissioning and placing into operation of Phase 1 and Phase 2 located in Yulin, Shaanxi Province, the PRC

*The translation of RMB into HK\$ is based on the exchange rate of RMB1.00 to HK\$1.14, and are provided for information purposes only.*

By order of the Board  
**CONCORD NEW ENERGY GROUP LIMITED**  
**Liu Shunxing**  
*Chairman*

30 November 2016, Hong Kong

*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 (All of above are also executive Directors), Mr. Gao Fuchun (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 purpose only*