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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 DISPOSAL OF 75% EQUITY INTEREST IN DAOXIAN CENTURY CONCORD AND DAOXIAN JINGTANG AND PROVISION OF GUARANTEES

THE DISPOSAL

On 22 April 2019, (i) Yongzhou Jiepai Concord entered into the Daoxian Century Concord SPA with Suzhou RECO, pursuant to which Yongzhou Jiepai Concord, as the vendor, agreed to sell and Suzhou RECO, as the purchaser, agreed to acquire 75% equity interest in Daoxian Century Concord, at the consideration of RMB117,643,000 (equivalent to approximately HK\$137,642,310), payable by Suzhou RECO in accordance with the terms and conditions of the Daoxian Century Concord SPA; (ii) Yongzhou Jiepai Concord entered into the Daoxian Jingtang SPA with Suzhou RECO, pursuant to which Yongzhou Jiepai Concord, as the vendor, agreed to sell and Suzhou RECO, as the purchaser, agreed to acquire 75% equity interest in Daoxian Jingtang, at the consideration of RMB108,665,000 (equivalent to approximately HK\$127,138,050), payable by Suzhou RECO in accordance with the terms and conditions of the Daoxian Jingtang SPA; and (iii) Yongzhou Jiepai Concord entered into the Equity Transfer Agreement with RECO (Concord), pursuant to which Yongzhou Jiepai Concord, as the vendor, agreed to sell and RECO (Concord), as the purchaser, agreed to acquire the entire equity interest in Suzhou RECO and certain debts at the aggregate consideration of RMB226,308,000 (equivalent to approximately HK\$264,780,360), payable by RECO (Concord) in accordance with the terms and conditions of the Equity Transfer Agreement.

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Disposal exceed(s) 5% but less than 25%, the Disposal and the transactions contemplated therein shall constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

* *For identification purposes only*

PROVISION OF GUARANTEES

On 22 April 2019, (i) Century Concord, Suzhou RECO, Daoxian Century Concord and Yongzhou Jiepai Concord entered into the Shenzhangtang Guarantee Agreement, pursuant to which Century Concord agreed to continue to provide the joint liability guarantee for Daoxian Century Concord to the Shenzhangtang Lessor and Daoxian Century Concord shall in return pay guarantee fee to Century Concord; and (ii) Century Concord, Suzhou RECO, Daoxian Jingtang and Yongzhou Jiepai Concord entered into the Jingtang Guarantee Agreement, pursuant to which Century Concord agreed to continue to provide the joint liability guarantee for Daoxian Jingtang to the Jingtang Lessor and Daoxian Jingtang shall in return pay guarantee fee to Century Concord.

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the provision of guarantees, in aggregate, exceed(s) 5% but less than 25%, the provision of guarantees and the transactions contemplated therein shall constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

THE DISPOSAL

(1) Daoxian Century Concord SPA

On 22 April 2019, Yongzhou Jiepai Concord entered into the Daoxian Century Concord SPA with Suzhou RECO, pursuant to which Yongzhou Jiepai Concord, as the vendor, has agreed to sell and Suzhou RECO, as the purchaser, has agreed to acquire 75% equity interest in Daoxian Century Concord, at the consideration of RMB117,643,000 (equivalent to approximately HK\$137,642,310), payable by Suzhou RECO in accordance with the terms and conditions of the Daoxian Century Concord SPA.

Details of the principal terms of the Daoxian Century Concord SPA are set out below.

Date

22 April 2019

Parties

- (1) Yongzhou Jiepai Concord, as vendor; and
- (2) Suzhou RECO, as purchaser

Assets to be disposed of

Pursuant to the Daoxian Century Concord SPA, Yongzhou Jiepai Concord agreed to sell, and Suzhou RECO agreed to acquire 75% equity interest in Daoxian Century Concord.

As at the date of this announcement and immediately before completion of the equity transfer, Daoxian Century Concord is owned as to 100% by Yongzhou Jiepai Concord, which is a wholly-owned subsidiary of the Company. The financial results of Daoxian Century Concord are consolidated with the financial results of the Group.

Consideration

The consideration of RMB117,643,000 (equivalent to approximately HK\$137,642,310), subject to adjustments, shall be payable by Suzhou RECO in cash in the following manner:

- (a) 85% of the consideration, as the first installment, shall be paid into the designated account of Yongzhou Jiepai Concord (the “**Account**”) on the day when the registration and filing of the equity transfer of Daoxian Century Concord with the relevant Administration for Industry and Commerce is completed;
- (b) 7.5% of the consideration (subject to adjustments), as the second installment, shall be paid into the Account within ten (10) business days upon the Shenzhangtang Project is approved to be included as the eighth batch (or any later batch) in the Catalogue; and
- (c) the remaining balance of the consideration (subject to adjustments), as the third installment, shall be paid into the Account within ten (10) business days upon the occurrence of any of the following situations:
 - (i) Daoxian Century Concord has obtained the first subsidy pursuant to the Catalogue;
 - (ii) revenue can be actually generated through the trading of renewable energy green power certificate(s) or other similar interests by Daoxian Century Concord, and such revenue enables Daoxian Century Concord to achieve basic feed-in tariffs of RMB0.61/kWh (including value-added tax) for twelve (12) consecutive months in respect of the revenue from the on-grid electricity power per kilowatt hour (“**kWh**”) of the Shenzhangtang Plant;
 - (iii) revenue can be generated through the trading of renewable energy green power certificate(s) or other similar interests by Daoxian Century Concord (subject to the terms of the shareholders’ agreement in relation to Daoxian Century Concord), and such revenue enables Daoxian Century Concord to achieve basic feed-in tariffs of RMB0.61/kWh (including value-added tax) for twelve (12) consecutive months in respect of revenue from the on-grid electricity power per kWh of the Shenzhangtang Plant;

- (iv) if, as a result of any changes in laws, regulations, rules or policies of the PRC at the end of the third (3rd) year from the date of completion, the renewable energy tariff subsidy policy applicable to the Shenzhangtang Plant under the Daoxian Century Concord SPA is no longer be implemented, and the aforesaid situations (ii) and (iii) have not occurred; or
- (v) if the aforesaid four situations have not occurred within three (3) years from the date of completion, then Yongzhou Jiepai Concord will have the following options: (A) at the end of the third (3rd) year from the date of completion, Yongzhou Jiepai Concord has the right to request Suzhou RECO to settle the balance of the consideration (subject to adjustments); or (B) to continue waiting until any one of the aforesaid four situations shall occur, provided that Yongzhou Jiepai Concord shall inform Suzhou RECO of the option it takes by way of a 10 working days' prior notice in writing.

The consideration for the transfer of 75% equity interest of Daoxian Century Concord was determined after arm's length negotiations between the parties to the Daoxian Century Concord SPA, taking into account, among other things, (i) the prevailing market value of 75% equity interest of Daoxian Century Concord; and (ii) the unaudited net asset value of Daoxian Century Concord of RMB120,019,000 (equivalent to approximately HK\$140,422,230) as at 31 March 2019.

Conditions precedent

Completion of the transfer of 75% equity interest of Daoxian Century Concord to Suzhou RECO is subject to and conditional upon the fulfilment of the conditions precedent set out in the Daoxian Century Concord SPA, among others:

- (a) all permission, registration and filing under the PRC laws in relation to the transfer of 75% equity interest of Daoxian Century Concord have been obtained and completed;
- (b) the consent from the Shenzhangtang Lessor to release the share pledge registration in relation to the 75% equity interest of Daoxian Century Concord has been provided by Yongzhou Jiepai Concord;
- (c) the transaction documents in relation to the transfer of 75% equity interest of Daoxian Century Concord (including the Daoxian Century Concord SPA, shareholders' agreement and asset management agreement) have been duly executed by the parties thereto;
- (d) each of the warranties given by Yongzhou Jiepai Concord in the Daoxian Century Concord SPA being true and accurate as at the date of completion;
- (e) there has no occurrence of any incident which will have a material adverse effect on Daoxian Century Concord and the Shenzhangtang Plant; and

(f) Yongzhou Jiepai Concord has procured Daoxian Century Concord to execute the environmental property asset agreement* (環境屬性資產協議) with Suzhou RECO.

In the event that the conditions precedent cannot be fulfilled or waived on or before 30 August 2019 (or any other date as agreed by the parties to the Daoxian Century Concord SPA in writing), either party can terminate the Daoxian Century Concord SPA by serving a written notice on the other party, which will be effective immediately. Without prejudice to the obligations of any party against the other party in relation to breach of any terms of the Daoxian Century Concord SPA prior to the termination and except otherwise stated in the Daoxian Century Concord SPA, the parties thereto shall be released from all obligations thereunder.

Completion

Completion shall take place at the registered address of Daoxian Century Concord (or any other place as agreed by the parties to the Daoxian Century Concord SPA in writing) within two (2) business days upon the completion notice is provided by Suzhou RECO and RECO (Concord) to Yongzhou Jiepai Concord, stating that all conditions precedent set out in the Daoxian Century Concord SPA have been fulfilled or waived (as the case may be).

Upon completion of the transaction under the Daoxian Century Concord SPA, Daoxian Century Concord will be held as to 75% by Suzhou RECO and 25% by Yongzhou Jiepai Concord.

Upon completion of the transaction under the Daoxian Century Concord SPA, Beijing Concord will provide management, administration, operation and maintenance services in respect of the Shenzhangtang Project to Daoxian Century Concord for a term of three (3) years upon the Shenzhangtang Completion Date (the term and any extended term can be extended by two (2) years by a written notice given by Daoxian Century Concord to Beijing Concord), at an annual service fee of RMB4,500,000, which will be raised by 3% annually during the term.

(2) Daoxian Jingtang SPA

On 22 April 2019, Yongzhou Jiepai Concord entered into the Daoxian Jingtang SPA with Suzhou RECO, pursuant to which Yongzhou Jiepai Concord, as the vendor, has agreed to sell and Suzhou RECO, as the purchaser, has agreed to acquire 75% equity interest in Daoxian Jingtang, at the consideration of RMB108,665,000 (equivalent to approximately HK\$127,138,050), payable by Suzhou RECO in accordance with the terms and conditions of the Daoxian Jingtang SPA.

Details of the principal terms of the Daoxian Jingtang SPA are set out below.

Date

22 April 2019

Parties

- (1) Yongzhou Jiepai Concord, as vendor; and
- (2) Suzhou RECO, as purchaser

Assets to be disposed of

Pursuant to the Daoxian Jingtang SPA, Yongzhou Jiepai Concord agreed to sell, and Suzhou RECO agreed to acquire 75% equity interest in Daoxian Jingtang.

As at the date of this announcement and immediately before completion of the equity transfer, Daoxian Jingtang is owned as to 100% by Yongzhou Jiepai Concord, which is a wholly-owned subsidiary of the Company. The financial results of Daoxian Jingtang are consolidated with the financial results of the Group.

Consideration

The consideration of RMB108,665,000 (equivalent to approximately HK\$127,138,050), subject to adjustments, shall be payable by Suzhou RECO in cash in the following manner:

- (a) 85% of the consideration, as the first installment, shall be paid into the Account on the day when the registration and filing of the equity transfer of Daoxian Jingtang with the relevant Administration for Industry and Commerce is completed;
- (b) 7.5% of the consideration (subject to adjustments), as the second installment, shall be paid into the Account within ten (10) business days upon the Jingtang Project is approved to be included as the eighth batch (or any later batch) in the Catalogue; and
- (c) the remaining balance of the consideration (subject to adjustments), as the third installment, shall be paid into the Account within ten (10) business days upon the occurrence of any of the following situations:
 - (i) Daoxian Jingtang has obtained the first subsidy pursuant to the Catalogue;

- (ii) revenue can be actually generated through the trading of renewable energy green power certificate(s) or other similar interests by Daoxian Jingtang, and such revenue enables Daoxian Jingtang to achieve basic feed-in tariffs of RMB0.6/kWh (including value-added tax) for twelve (12) consecutive months in respect of the revenue from the on-grid electricity power per kWh of the Jingtang Plant;
- (iii) revenue can be generated through the trading of renewable energy green power certificate(s) or other similar interests by Daoxian Jingtang (subject to the terms of the shareholders' agreement in relation to Daoxian Jingtang), and such revenue enables Daoxian Jingtang to achieve basic feed-in tariffs of RMB0.6/kWh (including value-added tax) for twelve (12) consecutive months in respect of revenue from the on-grid electricity power per kWh of the Jingtang Plant;
- (iv) if as a result of any changes in laws, regulations, rules or policies of the PRC at the end of the third (3rd) year from the date of completion, the renewable energy tariff subsidy policy applicable to the Jingtang Plant under the Daoxian Jingtang SPA is no longer be implemented, and the aforesaid situations (ii) and (iii) have not occurred; or
- (v) if the aforesaid four situations have not occurred within three (3) years from the date of completion, then Yongzhou Jiepai Concord will have the following options: (A) at the end of the third (3rd) year from the date of completion, Yongzhou Jiepai Concord has the right to request Suzhou RECO to settle the balance of the consideration (subject to adjustments); or (B) to continue waiting until any one of the aforesaid four situations shall occur, provided that Yongzhou Jiepai Concord shall inform Suzhou RECO of the option it takes by way of a 10 working days' prior notice in writing.

The consideration for the transfer of 75% equity interest of Daoxian Jingtang was determined after arm's length negotiations between the parties to the Daoxian Jingtang SPA, taking into account, among other things, (i) the prevailing market value of 75% equity interest of Daoxian Jingtang; and (ii) the unaudited net asset value of Daoxian Jingtang of RMB100,134,000 (equivalent to approximately HK\$117,156,780) as at 31 March 2019.

Conditions precedent

Completion of the transfer of 75% equity interest of Daoxian Jingtang to Suzhou RECO is subject to and conditional upon the fulfilment of the conditions precedent set out in the Daoxian Jingtang SPA, among others:

- (a) all permission, registration and filing under the PRC laws in relation to the transfer of 75% equity interest of Daoxian Jingtang have been obtained and completed;

- (b) the consent from the Jingtang Lessor to release the share pledge registration in relation to the 75% equity interest of Daoxian Jingtang has been provided by Yongzhou Jiepai Concord;
- (c) the transaction documents in relation to the transfer of 75% equity interest of Daoxian Jingtang (including the Daoxian Jingtang SPA, shareholders' agreement and asset management agreement) have been duly executed by parties thereto;
- (d) each of the warranties given by Yongzhou Jiepai Concord in the Daoxian Jingtang SPA being true and accurate as at the date of completion;
- (e) there has no occurrence of any incident which will have a material adverse effect on Daoxian Jingtang and the Jingtang Plant; and
- (f) Yongzhou Jiepai Concord has procured Daoxian Jingtang to execute the environmental property asset agreement* (環境屬性資產協議) with Suzhou RECO.

In the event that the conditions precedent cannot be fulfilled or waived on or before 30 August 2019 (or any other date as agreed by the parties to the Daoxian Jingtang SPA in writing), either party can terminate the Daoxian Jingtang SPA by serving a written notice on the other party, which will be effective immediately. Without prejudice to the obligations of any party against the other party in relation to breach of any terms of the Daoxian Jingtang SPA prior to the termination and except otherwise stated in the Daoxian Jingtang SPA, the parties thereto shall be released from all obligations thereunder.

Completion

Completion shall take place at the registered address of Daoxian Jingtang (or any other place as agreed by the parties to the Daoxian Jingtang SPA in writing) within seven (7) business days upon the completion notice is provided by Suzhou RECO and RECO (Concord) to Yongzhou Jiepai Concord, stating that all conditions precedent set out in the Daoxian Jingtang SPA have been fulfilled or waived (as the case may be).

Upon completion of the transaction under the Daoxian Jingtang SPA, Daoxian Jingtang will be held as to 75% by Suzhou RECO and 25% by Yongzhou Jiepai Concord.

Upon completion of the transaction under the Daoxian Jingtang SPA, Beijing Concord will provide management, administration, operation and maintenance services in respect of the Jingtang Project to Daoxian Jingtang for a term of three (3) years upon the Jingtang Completion Date (the term and any extended term can be extended by two (2) years by a written notice given by Daoxian Jingtang to Beijing Concord), at an annual service fee of RMB4,500,000, which will be raised by 3% annually during the term.

(3) Equity Transfer Agreement

On 22 April 2019, Yongzhou Jiepai Concord entered into the Equity Transfer Agreement with RECO (Concord), pursuant to which Yongzhou Jiepai Concord, as the vendor, agreed to sell and RECO (Concord), as the purchaser, agreed to acquire the entire equity interest in Suzhou RECO and certain debts at the aggregate consideration of RMB226,308,000 (equivalent to approximately HK\$264,780,360) (comprising the consideration for acquiring the entire equity interest in Suzhou RECO of RMB192,362,000 and the total amount of the debts to be taken up by RECO (Concord) of RMB33,946,000), payable by RECO (Concord) in accordance with the terms and conditions of the Equity Transfer Agreement.

Date

22 April 2019

Parties

- (1) Yongzhou Jiepai Concord, as vendor; and
- (2) RECO (Concord), as purchaser

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, RECO (Concord) and its ultimate beneficial owner(s) are third parties independent to the Company and its connected persons (as defined under the Listing Rules).

Assets to be disposed of

Pursuant to the Equity Transfer Agreement, Yongzhou Jiepai Concord agreed to sell and RECO (Concord) agreed to acquire 100% equity interest in Suzhou RECO.

Immediately before the completion of the equity transfer, each of Daoxian Century Concord and Daoxian Jingtang will be owned as to 75% and 25% by Suzhou RECO and Yongzhou Jiepai Concord, respectively.

Consideration

The aggregate consideration of RMB226,308,000 (equivalent to approximately HK\$264,780,360), subject to adjustments, shall be payable by RECO (Concord) in cash as follows: (a) 85% of the consideration shall be paid into the Account within two (2) business days upon the date of completion; and (b) 15% of the consideration being the debts shall be taken up by RECO (Concord) in accordance with the terms of the Equity Transfer Agreement.

Conditions Precedent

Completion of the transfer of the entire equity interest of Suzhou RECO to RECO (Concord) is subject to and conditional upon the fulfilment of the following conditions precedent:

- (a) the conditions precedent under the Daoxian Century Concord SPA and the Daoxian Jingtang SPA have been fulfilled or waived (as the case may be) by RECO (Concord) thereunder;
- (b) all permission, registration and filing under the PRC laws in relation to the transfer of the entire equity interest of Suzhou RECO have been obtained and completed;
- (c) Yongzhou Jiepai Concord has obtained the permission of the State Administration of Foreign Exchange of the PRC to open a specific account in a bank in the PRC to accept the consideration under the Disposal;
- (d) the transactions under the Daoxian Century Concord SPA and the Daoxian Jingtang SPA have been completed respectively and the first instalment of the consideration thereunder have been paid by Suzhou RECO to Yongzhou Jiepai Concord; and
- (e) RECO (Concord) and/or its limited partner(s) (if applicable) has obtained written permission(s) required for the completion of the Disposal from Taiwan governmental authorities under the laws of Taiwan.

In the event that the above conditions precedent cannot be fulfilled or waived on or before 30 August 2019 (or any other date as agreed by the parties to the Equity Transfer Agreement in writing), either party can terminate the Equity Transfer Agreement by serving a written notice on the other party, which will be effective immediately. Without prejudice to the obligations of any party against the other party in relation to breach of any terms of the Equity Transfer Agreement prior to the termination and except otherwise stated in the Equity Transfer Agreement, the parties thereto shall be released from all obligations thereunder.

Completion

Completion shall take place at the registered address of Suzhou RECO (or any other place as agreed by the parties to the Equity Transfer Agreement in writing) within two (2) business days upon the completion notice is provided by RECO (Concord) to Yongzhou Jiepai Concord, stating that all conditions precedent set out in the Equity Transfer Agreement have been fulfilled or waived (as the case may be).

Upon completion of the Disposal, each of Daoxian Century Concord and Daoxian Jingtang will be held as to 75% by RECO (Concord) through Suzhou RECO and 25% by Yongzhou Jiepai Concord, respectively. Daoxian Century Concord and Daoxian Jingtang will cease to be subsidiaries of the Company and their financial results will not be consolidated with the financial results of the Group.

Information of Daoxian Century Concord and Shenzhangtang Plant

Daoxian Century Concord is a company established in the PRC with limited liability. It is principally engaged in the development and operation of the Shenzhangtang Plant. As at the date of this announcement, Daoxian Century Concord is owned as to 100% by Yongzhou Jiepai Concord and is an indirectly wholly-owned subsidiary of the Company.

The Shenzhangtang Project has been permitted by the Development and Reform Commission of Daoxian, Hunan Province on 30 December 2015, and started generating grid-connected wind power from July 2018. The scale of the Shenzhangtang Plant is 48MW.

Financial Information of Daoxian Century Concord

Set out below is the unaudited financial information of Daoxian Century Concord for the two years ended 31 December 2018 prepared according to the PRC accounting standards:

	For the year ended	
	31 December	
	2018	2017
	RMB	RMB
Net profit/(loss) before tax	5,627,000	0
Net profit/(loss) after tax	5,627,000	0

The total assets, total liabilities of Daoxian Century Concord as at 31 December 2018 and net assets of Daoxian Century Concord as at 31 March 2019 were approximately RMB402,611,000, RMB331,985,000 and RMB120,019,000, respectively.

Information of Daoxian Jingtang and Jingtang Plant

Daoxian Jingtang is a company established in the PRC with limited liability. It is principally engaged in the development and operation of the Jingtang Plant. As at the date of this announcement, Daoxian Jingtang is owned as to 100% by Yongzhou Jiepai Concord and is an indirectly wholly-owned subsidiary of the Company.

The Jingtang Project has been permitted by the Development and Reform Commission of Daoxian, Hunan Province on 23 November 2016. The scale of the Jingtang Plant is 48MW.

Financial Information of Daoxian Jingtang

Set out below is the unaudited financial information of Daoxian Jingtang for the two years ended 31 December 2018 prepared according to the PRC accounting standards:

	For the year ended	
	31 December	
	2018	2017
	RMB	RMB
Net profit/(loss) before tax	4,564,000	0
Net profit/(loss) after tax	4,564,000	0

The total assets, total liabilities of Daoxian Jingtang as at 31 December 2018 and net assets of Daoxian Jingtang as at 31 March 2019 were approximately RMB573,955,000, RMB251,014,000 and RMB100,134,000, respectively.

Information of the Parties to the Disposal

The Company and Yongzhou Jiepai 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.

Yongzhou Jiepai Concord is an indirectly wholly-owned subsidiary of the Company, and is principally engaged in wind power plant investment and operation in the PRC.

Suzhou RECO

Suzhou RECO is a limited liability company established in the PRC and a wholly-owned subsidiary of Yongzhou Jiepai Concord as at the date of this announcement. It is principally engaged in investment holding in new energy industry.

RECO (Concord)

RECO (Concord) is a company incorporated in Hong Kong with limited liability, and is principally engaged in investment holding. RECO (Concord) is a wholly-owned subsidiary of an approximately US\$300 million equity investment fund dedicated to renewable sector investments in China, managed by DWS Investments Hong Kong Limited, a subsidiary of DWS. Listed in the Frankfurt Stock Exchange, DWS is one of the world's leading asset managers with EUR 662 billion of assets under management (as of 31 December 2018) and over 3,400 employees globally. The equity investment fund is the first investment fund launched in China by a non-energy company and members of its supply chain, looking for the investment opportunities in the renewable energy sector, so as to help address climate change and increase the use of renewable energy within its supply chain.

Reason for and Benefit of the Disposal

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 wind power development and power plant construction so as to attain a more reasonable return on its investments, achieve the Group's cash flow return, reduce the debt ratio to support the Company's subsequent healthy and rapid development. Meanwhile, cooperation with the equity investment fund as mentioned above will help promote energy cleanliness, which enables the Company to realise its social responsibility.

The Directors consider the terms of the Disposal Agreements 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.

FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

It is expected that the Company would recognize an unaudited accounting gain of approximately RMB61,193,000 after the Disposal, being the difference between the consideration of RMB226,308,000 and the aggregate of 75% of the net asset value of Daoxian Century Concord and Daoxian Jingtang as at 31 March 2019 of approximately RMB165,115,000.

The Directors expect that the net proceeds from the Disposal, after deducting the expenses directly attributable thereto, will be approximately RMB226,208,000, which will be used for general corporate and working capital purposes and capital expenditure requirements of the Group.

Listing Rules Implications

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Disposal exceed(s) 5% but less than 25%, the Disposal and the transactions contemplated therein shall constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

PROVISIONS OF GUARANTEES

(1) Shenzhangtang Guarantee Agreement

Reference is made to the announcement of the Company dated 29 September 2017 in relation to the discloseable transaction concerning the Shenzhangtang Finance Lease Arrangement. Under the Shenzhangtang Finance Lease Arrangement, Century Concord agreed to provide an irrevocable joint and several liability guarantee for Daoxian Century Concord to the Shenzhangtang Lessor.

On 22 April 2019, Century Concord, Suzhou RECO, Daoxian Century Concord and Yongzhou Jiepai Concord entered into the Shenzhangtang Guarantee Agreement, pursuant to which Century Concord agreed to continue to provide the joint liability guarantee for Daoxian Century Concord to the Shenzhangtang Lessor and Daoxian Century Concord shall in return pay guarantee fee to Century Concord.

Details of the principal terms of the Shenzhangtang Guarantee Agreement are set out below.

Date: 22 April 2019

Parties:

- (1) Century Concord;
- (2) Suzhou RECO;
- (3) Daoxian Century Concord; and
- (4) Yongzhou Jiepai Concord

Guarantee obligations: Pursuant to clause 10.4 of the Daoxian Century Concord SPA, Century Concord shall provide guarantee for Daoxian Century Concord of its obligation under the Shenzhangtang Finance Lease Arrangement, whereas Daoxian Century Concord shall pay the guarantee fee to Century Concord.

If Daoxian Century Concord fails to perform its obligation to the Shenzhangtang Lessor under the Shenzhangtang Finance Lease Arrangement, causing Century Concord to perform its guarantee obligation, the amount paid by Century Concord to the Shenzhangtang Lessor for such guarantee obligation shall be regarded as the principal amount of a loan provided to Daoxian Century Concord, which shall bear an interest at the rate of 12% compound interest per annum accrued from the date of performance of the guarantee obligation.

As at the date of this announcement, the debt balance of Daoxian Century Concord under the Shenzhangtang Finance Lease Arrangement was approximately RMB250,768,000.

Calculation of the guarantee fee:

- (a) The first batch guarantee fee (covering the entire year from the Shenzhangtang Completion Date) shall be 2% of the guaranteed debt balance at the end of the month before the Shenzhangtang Completion Date;
- (b) The subsequent batches of guarantee fee (covering the entire year after each anniversary date of the Shenzhangtang Completion Date) shall be 2% of the guaranteed debt balance at the end of the month before the each of such anniversary date; and
- (c) If the actual time of the guarantee obligation provided is less than an entire year after each anniversary date of the Shenzhangtang Completion Date, the guarantee fee shall be reduced proportionally.

(2) Jingtang Guarantee Agreement

Reference is made to the announcement of the Company dated 23 August 2018 in relation to the discloseable transaction concerning the Jingtang Finance Lease Arrangement. Under the Jingtang Finance Lease Arrangement, Century Concord agreed to provide an irrevocable joint and several liability guarantee for Daoxian Jingtang to the Jingtang Lessor.

On 22 April 2019, Century Concord, Suzhou RECO, Daoxian Jingtang and Yongzhou Jiepai Concord entered into the Jingtang Guarantee Agreement, pursuant to which Century Concord agreed to continue to provide the joint liability guarantee for Daoxian Jingtang to the Jingtang Lessor and Daoxian Jingtang shall in return pay guarantee fee to Century Concord.

Details of the principal terms of the Jingtang Guarantee Agreement are set out below.

Date: 22 April 2019

Parties:

- (1) Century Concord;
- (2) Suzhou RECO;
- (3) Daoxian Jingtang; and
- (4) Yongzhou Jiepai Concord

Guarantee obligations: Pursuant to clause 10.4 of the Daoxian Jingtang SPA, Century Concord shall provide guarantee for Daoxian Jingtang of its obligation under the Jingtang Finance Lease Arrangement, whereas Daoxian Jingtang shall pay the guarantee fee to Century Concord.

If Daoxian Jingtang fails to perform its obligation to the Jingtang Lessor under the Jingtang Finance Lease Arrangement, causing Century Concord to perform its guarantee obligation, the amount paid by Century Concord to the Jingtang Lessor for such guarantee obligation shall be regarded as the principal amount of a loan provided to Daoxian Jingtang, which shall bear an interest at the rate of 12% compound interest per annum accrued from the date of performance of the guarantee obligation.

As at the date of this announcement, the debt balance of Daoxian Jingtang under the Jingtang Finance Lease Arrangement was approximately RMB230,340,000.

**Calculation of the
guarantee fee:**

- (d) The first batch guarantee fee (covering the entire year from the Jingtang Completion Date) shall be 2% of the guaranteed debt balance at the end of the month before the Jingtang Completion Date.
- (e) The subsequent batches of guarantee fee (covering the entire year after each anniversary date of the Shenzhangtang Completion Date) shall be 2% of the guaranteed debt balance at the end of the month before the each of such anniversary date.
- (f) If the actual time of the guarantee obligation provided is less than an entire year after each anniversary date of the Jingtang Completion Date, the guarantee fee shall be reduced proportionally.

Reasons for and Benefit of the Provision of Guarantees

The entering into of the Shenzhangtang Guarantee Agreement and the Jingtang Guarantee Agreement is a condition precedent under each of the Shenzhangtang Finance Lease Arrangement and the Jingtang Finance Lease Arrangement. Upon completion of the Disposal, each of Daoxian Century Concord and Daoxian Jingtang will still be held as to 25% by the Group. Under the terms of the Shenzhangtang Guarantee Agreement and the Jingtang Guarantee Agreement, the Group will receive the guarantee fees in return, which will be contributed to the revenue and profit of the Group.

In view of the above, the Directors consider the terms of the provision of guarantees 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.

Listing Rules Implications

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the provision of guarantees, in aggregate, exceed(s) 5% but less than 25%, the provision of guarantees and the transactions contemplated therein shall constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Beijing Concord”	Beijing Concord O&M Wind Power Technology Co., Ltd.* (北京協合運維風電技術有限公司), a limited company established in the PRC, a wholly-owned subsidiary of the Company and is principally engaged in operation and maintenance of wind power plants in the PRC
“Board”	the board of Directors
“business day(s)”	a day on which banks in Hong Kong and PRC are open for normal business (excluding Saturday, Sunday, public holidays in Hong Kong or PRC)
“Catalogue”	the Reusable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄), as published from time to time by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration of the PRC
“Century Concord”	Century Concord Wind Power Investment Co., Ltd. * (協合風電投資有限公司), a limited liability company established 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
“Daoxian Century Concord”	Daoxian Century Concord Wind Power Co., Ltd.* (道縣協合風力發電有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement

“Daoxian Century Concord SPA”	the sale and purchase agreement entered into between Yongzhou Jiepai Concord and Suzhou RECO on 22 April 2019, pursuant to which Yongzhou Jiepai Concord agreed to sell and Suzhou RECO agreed to acquire 75% equity interest in Daoxian Century Concord
“Daoxian Jingtang”	Daoxian Jingtang Century Concord Wind Power Co., Ltd.* (道縣井塘協合風力發電有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement
“Daoxian Jingtang SPA”	the sale and purchase agreement entered into between Yongzhou Jiepai Concord and Suzhou RECO on 22 April 2019, pursuant to which Yongzhou Jiepai Concord agreed to sell and Suzhou RECO agreed to acquire 75% equity interest in Daoxian Jingtang
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of 75% equity interest in each of Daoxian Century Concord and Daoxian Jingtang to RECO (Concord) pursuant to the Disposal Agreements
“Disposal Agreements”	collectively, the Daoxian Century Concord SPA, the Daoxian Jingtang SPA and the Equity Transfer Agreement
“DWS”	DWS Group GmbH & Co. KGaA, a company incorporated in Germany
“Equity Transfer Agreement”	the equity transfer agreement entered into between Yongzhou Jiepai Concord and RECO (Concord) on 22 April 2019, pursuant to which RECO (Concord) agreed to purchase the entire equity interest of Suzhou RECO
“Group”	the Company and its subsidiaries
“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
“Jingtang Completion Date”	the date of completion of transfer of 75% equity interest of Daoxian Jingtang

“Jingtang Finance Lease Arrangement	the finance lease arrangement in relation to the Jingtang Plant
“Jingtang Guarantee Agreement”	the guarantee agreement dated 22 April 2019 entered into among Century Concord, Suzhou RECO, Daoxian Jingtang and Yongzhou Jiepai Concord, pursuant to which Century Concord agreed to provide the joint liability guarantee to Daoxian Jingtang
“Jingtang Lessor”	the lessor under the finance lease arrangement in relation to the Jingtang Plant
“Jingtang Plant”	Jingtang wind power plant (井塘風電場), which is developed and operated by Daoxian Jingtang and located at Jingtang, Daoxian, Hunan Province, the PRC
“Jingtang Project”	the project of operation and maintenance of the Jingtang Plant
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (which for the purpose of this announcement excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China)
“RECO (Concord)”	RECO (Concord) HK Limited, a company incorporated in Hong Kong with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Shenzhangtang Completion Date”	the date of completion of transfer of 75% equity interest of Daoxian Century Concord
“Shenzhangtang Finance Lease Arrangement”	the finance lease arrangement in relation to the Shenzhangtang Plant
“Shenzhangtang Guarantee Agreement”	the guarantee agreement dated 22 April 2019 entered into among Century Concord, Suzhou RECO, Daoxian Century Concord and Yongzhou Jiepai Concord, pursuant to which Century Concord agreed to provide the joint liability guarantee to Daoxian Century Concord
“Shenzhangtang Lessor”	the lessor under the finance lease arrangement in relation to the Shenzhangtang Plant

“Shenzhangtang Plant”	Shenzhangtang wind power plant (審章塘風電場), which is developed and operated by Daoxian Century Concord and located at Shenzhangtang, Daoxian, Hunan Province, the PRC
“Shenzhangtang Project”	the project of operation and maintenance of the Shenzhangtang Plant
“Suzhou RECO”	Suzhou RECO New Energy Equity Investment Co., Ltd.* (蘇州瑞科新能股權投資有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of Yongzhou Jiepai Concord as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yongzhou Jiepai Concord”	Yongzhou Jiepai 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

This announcement contains translations between RMB and HK\$ at RMB1.00 = HK\$1.17. 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, 22 April 2019

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 executive Directors), Mr. Wang Feng (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