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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 Board is pleased to announce that after trading hour on 2 December 2020, the Lessee and the Financier entered into the Finance Lease Agreement, pursuant to which the Financier shall purchase the Equipment from the Lessee at a purchase price of RMB630 million, and the Lessee shall lease the Equipment back from the Financier for a term of 12 years in consideration of the Lessee paying to the Financier the 48 quarterly Lease Payments during the term of the lease.

As the highest Applicable Percentage Ratio in respect of the Finance Lease Arrangement exceeds 5% but is less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is thus subject to the notification and publication requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that after trading hour on 2 December 2020, the Lessee agreed with the Financier on the Finance Lease Arrangement. Details of the Finance Lease Arrangement are set out below.

Finance Lease Agreement

Date: 2 December 2020

Parties: (i) the Financier as the purchaser and the lessor; and
(ii) the Lessee as the seller and the lessee.

Subject assets: The Equipment, which shall be purchased by the Financier from the Lessee.

Purchase price and completion:

The Purchase Price payable by the Financier to the Lessee for the purchase of the Equipment shall be RMB630 million (approximately HK\$741.18 million), which was determined after arm's length negotiation between the Lessee and the Financier with reference to the book value of the Equipment. The Purchase Price shall be payable within 10 business days after the fulfilment of the following conditions:

- (a) at the time of payment of the Purchase Price, there being no breaches of any provisions of the Finance Lease Agreement and any other agreements entered into between the Lessee and the Financier (or its affiliates or controller);
- (b) all the security documents as mentioned below (the "**Security Documents**") and other legal documents having become effective and, if required by law, registered with the relevant government authorities;
- (c) the Lessee having delivered all title documents, receipts and other proof of payments in respect of the Equipment and other relevant documents, to the Financier;
- (d) there being no material changes to the fiscal, taxation or financial policy or governmental capital supervision measures in respect of financial institutions nor material increase in market financing cost;
- (e) the ratio of the total investment of the Lessee in the Power Station and the Purchase Price being not less than the ratio acceptable to the Financier; and
- (f) all other conditions or relevant procedures as required by the Finance Lease Agreement having been satisfied or performed.

The purchase price shall be paid on a date to be specified by the Lessee, but no later than 15 November 2021. It is expected that the Purchase Price will be paid on or about 8 December 2020.

Lease term:

12 years commencing from the date of payment of the Purchase Price.

Lease Payments and Interest Rate:

The Lessee shall pay 48 quarterly Lease Payments to the Financier during the term of the lease. The first Lease Payment is expected to be paid on or about 15 February 2021. The total Lease Payments represents the Purchase Price plus interest attributable to the Finance Lease Arrangement to be determined based on the following applicable interest rate.

The applicable interest rate is a floating interest rate equal to the relevant loan prime rate for a period longer than 5 years announced by the The People's Bank of China or its designated institute (中國人民銀行或其指定發佈人公佈的5年期以上貸款市場報價利率) (“LPR”) plus 0.70%. The relevant LPR for the first Lease Payment shall be the latest LPR announced before the payment of the Purchase Price. As at 15 November 2020, the latest announced LPR was 4.65%, which would give rise to an applicable interest rate of 5.35% if such LPR of 4.65% was the relevant LPR. The relevant LPR for each of the remaining Lease Payment will be the latest LPR announced in the quarter immediately preceding the date of payment of each Lease Payment. Assuming the applicable interest rate was 5.35% throughout the lease term, the total Lease Payments would be approximately RMB888.86 million (approximately HK\$1,045.72 million).

The Lease Payments and the applicable interest rate were determined after arm's length negotiation between the Lessee and the Financier with reference to the prevailing market cost of equipment finance lease.

Security Documents: As security and guarantee for the due performance of all the Lessee's obligations under the Finance Lease Agreement, the Lessee, the Company, and certain wholly-owned subsidiaries of the Company (namely Century Concord Wind Power Investment Co., Ltd.* (協合風電投資有限公司) and Yongzhou Jiepai Century Concord Wind Power Co., Ltd.* (永州界牌協合風力發電有限公司)) shall, in favour of the Financier, execute the Security Documents consisting of guarantees, pledges for the equity interest in the Lessee and electricity income and subsidies arising from the operation of the Power Station, and mortgage of other assets owned by the Lessee. The Security Documents and the Finance Lease Agreement have no material adverse effect on the operation and management of the Group's businesses.

Buyback Option: Upon the end of the lease term, the Lessee has the option to buy back the Equipment from the Financier at a consideration of RMB1.00.

REASONS FOR AND BENEFIT OF THE FINANCE LEASE ARRANGEMENT

The entering into the Finance Lease Arrangement is in the ordinary and usual course of business of the Group, which allow the Group to obtain financial resources and gain access to certain equipment as required for its operations. The Directors consider that the terms of the Finance Lease Arrangement are on normal commercial terms, fair and reasonable and are in the interests of the Shareholders as a whole. It is expected that according to the Hong Kong Financial Reporting Standards, the transactions under the Finance Lease Arrangement will not give rise to any disposal gain or loss to be recorded by the Group.

GENERAL INFORMATION

The Company is an investment holding company. 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.

The Lessee is a wholly-owned subsidiary of the Company and is principally engaged in the operation of wind power generation projects in the PRC.

The Financier is a company established in the PRC, which is principally engaged in the business of finance leasing. Insofar as the Company is aware, the Financier is ultimately owned by China CITIC Bank Corporation Limited* (中信銀行股份有限公司), which is a company listed on the Shanghai Stock Exchange (stock code: 601998) and is in turn ultimately owned as to approximately 65.37% by CITIC Limited* (中國中信股份有限公司). To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Financier and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

As the highest Applicable Percentage Ratio in respect of the Finance Lease Arrangement exceeds 5% but is less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is thus subject to the notification and publication requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Applicable Percentage Ratio”, “connected person” and “subsidiary”	have the meanings ascribed to them under the Listing Rules;
“Board”	board of Directors;
“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;
“Director(s)”	the director(s) of the Company;
“Equipment”	certain machinery and equipment for the operation of the Power Station as stipulated under the Finance Lease Agreement;

“Finance Lease Agreement”	the finance lease agreement entered into between the Lessee and the Financier on 2 December 2020 for the sale of the Equipment to the Financier and the lease of the Equipment back from the Financier;
“Finance Lease Arrangement”	the transactions contemplated under the Finance Lease Agreement;
“Financier”	CITIC Financial Leasing Co., Ltd.* (中信金融租賃有限公司), a company established in the PRC with limited liability;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Lease Payment(s)”	the quarterly lease payment(s) payable by the Lessee to the Financier under the Finance Lease Agreement in consideration of the Financier leasing the Equipment to the Lessee;
“Lessee”	Fuchuan Century Concord Wind Power Co., Ltd.* (富川協合風力發電有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MW”	megawatt;
“Power Station”	the Fuchuan Century Concord 96MW Wind Power Station* (富川協合96兆瓦風力發電站) situated in Fuchuan County, Hezhou City, Guangxi Province, the PRC, which uses the Equipment;
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Purchase Price”	the purchase price payable by the Financier for the purchase of the Equipment;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the shares of the Company;

“Stock Exchange” The Stock Exchange of Hong Kong Limited; and

“%” per cent.

For the purposes of this announcement, the exchange rates of HK\$1.00=RMB0.85 has been used for currency translation. Such exchange rates are for illustration purposes only and does not constitute representations that any amount in HK\$ or RMB has been, could have been or may be converted at such rate.

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

Hong Kong, 2 December 2020

As at the date of this announcement, the Board comprises Mr. Liu Shunxing (Chairman), Ms. Liu Jianhong (Vice Chairperson), Mr. Gui Kai (Chief Executive Officer), Mr. Niu Wenhui, Dr. Shang Li and Mr. Zhai Feng (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*