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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 ARRANGEMENTS

The Board is pleased to announce that after trading hour on 30 September 2020, the Lessees agreed with the Financier on the Finance Lease Arrangements by way of entering into the following agreements on the aforesaid date:

- (a) the Lessee I and the Financier entered into the Finance Lease Agreement I, pursuant to which the Financier shall purchase the Equipment I from the Lessee I at a purchase price of RMB320 million, and the Lessee I shall lease the Equipment I back from the Financier for a term of 10 years in consideration of the Lessee I paying to the Financier the 120 monthly Lease Payments during the term of the lease; and
- (b) the Lessee II and the Financier entered into the Finance Lease Agreement II, pursuant to which the Financier shall purchase the Equipment II from the Lessee II at a purchase price of RMB270 million, and the Lessee II shall lease the Equipment II back from the Financier for a term of 10 years in consideration of the Lessee II paying to the Financier the 120 monthly Lease Payments during the term of the lease.

As the highest Applicable Percentage Ratio in respect of the Finance Lease Arrangements as a whole exceeds 5% but is less than 25%, the Finance Lease Arrangements as a whole constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are 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 30 September 2020, the Lessees agreed with the Financier on the Finance Lease Arrangements. Details of the Finance Lease Arrangements are set out below.

Finance Lease Agreement I

Date: 30 September 2020

Parties: The Financier as the purchaser and the lessor; and
the Lessee I as the seller and the lessee.

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

Purchase price and completion: The purchase price payable by the Financier to the Lessee I for the purchase of the Equipment I shall be RMB320 million (approximately HK\$363.64 million), which was determined after arm's length negotiation between the Lessee I and the Financier with reference to the book value of the Equipment I. The purchase price shall be payable after the fulfilment of the following conditions:

- (a) there being no breaches of any provisions of the Finance Lease Agreement I and any other subsisting agreements entered into between the Lessee I and the Financier;
- (b) all the security documents as mentioned below (the "**Security Documents I**") having been executed by the Lessees and certain subsidiaries of the Company, and having been registered with the relevant government authorities; and
- (c) all other conditions or relevant procedures as required by the Finance Lease Agreement I having been satisfied or performed.

The purchase price shall be paid within 10 working days after the fulfillment of the above conditions.

Lease term: 10 years commencing from the date of payment of the purchase price for the Equipment I.

Lease Payments and Interest Rate:	<p>The Lessee I shall pay 120 monthly Lease Payments to the Financier during the term of the lease. The first Lease Payment is expected to be paid on or about 15 November 2020. The total Lease Payments represents the purchase price paid by the Financier for the purchase of the Equipment I plus interest attributable to the transactions contemplated under the Finance Lease Agreement I to be determined based on the following applicable interest rate.</p> <p>The applicable interest rate is a floating interest rate initially equal to the 5-year loan prime rate (“LPR”) published on 22 June 2020 (which was 4.65%) by the National Interbank Funding Center authorised by the People’s Bank of China plus 0.45% giving rise to a total of 5.1%. The applicable interest rate will be adjusted on the first day of each calendar year, which will, after adjustment, equal to the LPR published on that date plus 0.45%. Assuming the applicable interest rate was 5.1% throughout the lease term, the total Lease Payments would be approximately RMB410.5 million (approximately HK\$466.48 million).</p> <p>The Lease Payments and the applicable interest rate were determined after arm’s length negotiation between the Lessee I and the Financier with reference to the prevailing market cost of equipment finance lease.</p>
Security deposit:	<p>To secure the due performance of the Lessee I’s payment obligations under the Finance Lease Agreement I, a security deposit of RMB9.6 million (approximately HK\$10.91 million) shall be paid by the Lessee I to the Financier on the date of the payment of the purchase price for the Equipment I.</p>
Security Documents I:	<p>As security and guarantee for the due performance of all the Lessee I’s obligations under the Finance Lease Agreement I, the Lessee I 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) (“CCWP”), the Lessee II, Hebei Youhua New Energy Development Co., Ltd.* (河北優華新能源開發有限公司) (“Hebei Youhua”) and Yongzhou Jiepai Century Concord Wind Power Co., Ltd.* (永州界牌協合風力發電有限公司) (“Yongzhou Jiepai”)) shall, in favour of the Financier, execute the Security Documents I consisting of guarantees, mortgages and pledges for the mortgage and pledge of the Equipment I, other assets and the land owned by the Lessee I relating to the Project I, receivables arising from the operation of the Project I and the Project II and the equity interest in the Lessees. The Security Documents I and the Finance Lease Agreement I have no material adverse effect on the operation and management of the Group’s businesses.</p>

Buyback Option: Upon the end of the lease term, the Lessee I has the option to buy back the Equipment I from the Financier at a consideration of RMB100.

Finance Lease Agreement II

Date: 30 September 2020

Parties: The Financier as the purchaser and the lessor; and
the Lessee II as the seller and the lessee.

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

Purchase price and completion: The purchase price payable by the Financier to the Lessee II for the purchase of the Equipment II shall be RMB270 million (approximately HK\$306.81 million), which was determined after arm's length negotiation between the Lessee II and the Financier with reference to the book value of the Equipment II. The purchase price shall be payable after the fulfilment of the following conditions:

- (a) there being no breaches of any provisions of the Finance Lease Agreement II and any other subsisting agreements entered into between the Lessee II and the Financier;
- (b) all the security documents as mentioned below (the "**Security Documents II**") having been executed by the Lessees and certain subsidiaries of the Company, and having been registered with the relevant government authorities; and
- (c) all other conditions or relevant procedures as required by the Finance Lease Agreement II having been satisfied or performed.

The purchase price shall be paid within 10 working days after the fulfilment of the above conditions.

Lease term: 10 years commencing from the date of payment of the purchase price for the Equipment II.

Lease Payments and Interest Rate:	<p>The Lessee II shall pay 120 monthly Lease Payments to the Financier during the term of the lease. The first Lease Payment is expected to be paid on or about 15 November 2020. The total Lease Payments represents the purchase price paid by the Financier for the purchase of the Equipment II plus interest attributable to the transactions contemplated under the Finance Lease Agreement II to be determined based on the following applicable interest rate.</p> <p>The applicable interest rate is a floating interest rate initially equal to the LPR published on 22 June 2020 (which was 4.65%) plus 0.15% giving rise to a total of 4.8%. The applicable interest rate will be adjusted on the first day of each calendar year, which will, after adjustment, equal to the LPR published on that date plus 0.15%. Assuming the applicable interest rate was 4.8% throughout the lease term, the total Lease Payments would be approximately RMB341.6 million (approximately HK\$388.18 million).</p> <p>The Lease Payments and the applicable interest rate were determined after arm's length negotiation between the Lessee II and the Financier with reference to the prevailing market cost of equipment finance lease.</p>
Security deposit:	<p>To secure the due performance of the Lessee II's payment obligations under the Finance Lease Agreement II, a security deposit of RMB8.10 million (approximately HK\$9.20 million) shall be paid by the Lessee II to the Financier on the date of payment of the purchase price for the Equipment II.</p>
Security Documents II:	<p>As security and guarantee for the due performance of all the Lessee II's obligations under the Finance Lease Agreement II, the Lessee II and certain wholly-owned subsidiaries of the Company (namely CCWP, the Lessee I, Hebei Youhua and Yongzhou Jiepai) shall, in favour of the Financier, execute the Security Documents II consisting of guarantees, mortgages and pledges for the mortgage and pledge of the Equipment II, other assets owned by the Lessee II relating to the Project II, receivables arising from the operation of the Project I and the Project II, and the equity interest in the Lessees. The Security Documents II and the Finance Lease Agreement II have no material adverse effect on the operation and management of the Group's businesses.</p>
Buyback Option:	<p>Upon the end of the lease term, the Lessee II has the option to buy back the Equipment II from the Financier at a consideration of RMB100.</p>

REASONS FOR AND BENEFIT OF THE FINANCE LEASE ARRANGEMENTS

The entering into the Finance Lease Arrangements 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 Arrangements 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 Arrangements 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.

Each of the Lessees 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. The Financier is ultimately owned by Bank of Beijing Co., Ltd. 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 Arrangements as a whole exceeds 5% but is less than 25%, the Finance Lease Arrangements as a whole constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are 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 I”	certain machinery and equipment for the Group’s operation of the 48MW wind power plant in Kangbao County, Zhangjiakou City, Hebei Province, the PRC as stipulated under the Finance Lease Agreement I;
“Equipment II”	certain machinery and equipment for the Group’s operation of the 48MW wind power plant in Jiepai Township, Yongzhou City, Jianghua Yao Autonomous Region, the PRC as stipulated under the Finance Lease Agreement II;
“Finance Lease Agreement I”	the finance lease agreement entered into between the Lessee I and the Financier on 30 September 2020 for the sale of the Equipment I to the Financier and the lease of the Equipment I back from the Financier;
“Finance Lease Agreement II”	the finance lease agreement entered into between the Lessee II and the Financier on 30 September 2020 for the sale of the Equipment II to the Financier and the lease of the Equipment II back from the Financier;
“Finance Lease Agreements”	the Finance Lease Agreement I and the Finance Lease Agreement II;
“Finance Lease Arrangements”	the transactions contemplated under the Finance Lease Agreements;

“Financier”	Bank of Beijing Financial Leasing Co., Ltd.* (北銀金融租賃有限公司), 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 monthly lease payments payable by the Lessees to the Financier under the Finance Lease Agreements respectively in consideration of the Financier leasing the Equipment I and the Equipment II to the Lessees respectively;
“Lessee I”	Kangbao Century Concord Xuwulin Wind Power Co., Ltd.* (康保協合徐五林風力發電有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Lessee II”	Yongzhou Hongtang Century Concord Wind Power Co., Ltd.* (永州洪塘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;
“Lessees”	the Lessee I and the Lessee II;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MW”	megawatt;
“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;
“Project I”	the wind power project situated in Kangbao County, Zhangjiakou City, Hebei Province, the PRC, for which the Equipment I was installed;
“Project II”	the wind power project situated in Jiepai Township, Yongzhou City, Jianghua Yao Autonomous Region, the PRC, for which the Equipment II was installed;
“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=RMB0.88 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, 30 September 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*