

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

FINANCE LEASE ARRANGEMENT

The Company is pleased to announce that on 13 June 2019 (after trading hours), Yongzhou Hongtang (as supplier and lessee) and Bank of Beijing Financial (as purchaser and lessor) entered into the Finance Lease Arrangement for a term of five years (which can be extended for a further term of three years), pursuant to which (i) Bank of Beijing Financial agreed to purchase the Equipment from Yongzhou Hongtang at the consideration of RMB240,000,000 (equivalent to approximately HK\$271,200,000); and (ii) Bank of Beijing Financial agreed to lease the Equipment to Yongzhou Hongtang for a term of 60 months, at an estimated total lease payments in the amount of approximately RMB294,167,688 (equivalent to approximately HK\$332,409,487).

On 13 June 2019, Bank of Beijing Financial and Yongzhou Hongtang also entered into (i) the Asset Management Services Agreement, pursuant to which Bank of Beijing Financial agreed to provide the asset management services to Yongzhou Hongtang, in return of which Yongzhou Hongtang shall pay the service fee of RMB1,410,000 to Bank of Beijing Financial; and (ii) the Economic Consultation Services Agreement, pursuant to which Bank of Beijing Financial agreed to provide the economic consultation services to Yongzhou Hongtang, in return of which Yongzhou Hongtang shall pay the service fee of RMB990,000 to Bank of Beijing Financial.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the transaction contemplated under the Finance Lease Arrangement exceed(s) 5% but is/are less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Company and is thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

* For identification purposes only

FINANCE LEASE ARRANGEMENT

The Company is pleased to announce that on 13 June 2019 (after trading hours), Yongzhou Hongtang (as supplier and lessee) and Bank of Beijing Financial (as purchaser and lessor) entered into the Finance Lease Arrangement for a term of five years (which can be extended for a further term of three years), pursuant to which (i) Bank of Beijing Financial has agreed to purchase the Equipment from Yongzhou Hongtang at the consideration of RMB240,000,000 (equivalent to approximately HK\$271,200,000); and (ii) Bank of Beijing Financial agreed to lease the Equipment to Yongzhou Hongtang for a term of 60 months, at an estimated total lease payments in the amount of approximately RMB294,167,688 (equivalent to approximately HK\$332,409,487).

All Equipment under the Finance Lease Arrangement are/will be used by the Group for the operation of a wind power project of the Group in Hunan Province, the PRC.

(i) Finance Lease Agreement

The principal terms of the Finance Lease Agreement are set out below:

Date of agreement 13 June 2019

Parties to the agreement Purchaser and lessor: Bank of Beijing Financial; and
Supplier and lessee: Yongzhou Hongtang

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

Subject assets The Equipment

Consideration payable by the lessor to the lessee Bank of Beijing Financial shall pay RMB240,000,000 (equivalent to approximately HK\$271,200,000) into the designated account of Yongzhou Hongtang within 10 business days upon satisfaction of the following, among others, conditions:—

- (i) the Finance Lease Agreement has been duly executed and effective, and Bank of Beijing Financial has obtained the executed version of other legal documents related to the Finance Lease Agreement;

- (ii) Yongzhou Hongtang has provided Bank of Beijing Financial with a guarantee that is satisfied to Bank of Beijing Financial;
- (iii) Yongzhou Hongtang has provided Bank of Beijing Financial with relevant documents required by Bank of Beijing Financial, such as legal ownership title certificate and copies of the original purchase documents of the Equipment;
- (iv) Yongzhou Hongtang has completed the purchase of the insurance for the Equipment as the sole/first beneficiary and provided the original of the insurance contract and insurance policy to Bank of Beijing Financial; and
- (v) the execution of the Security Agreements and the relevant ancillary documents and the completion of the filings and registration procedures at the relevant authorities.

Basis of the Consideration

The Consideration is determined after arm's length negotiations with reference to the purchase price payable by Yongzhou Hongtang to the original supplier(s) of the Equipment.

Period of the lease term 60 months (commencing from the middle of June 2019)

As confirmed by the Board, Yongzhou Hongtang has the right to extend the lease term for a further three years with Bank of Beijing Financial.

Total lease amount payable by the lessee to the lessor

RMB294,167,688 (equivalent to approximately HK\$332,409,487), being the total sum of the lease cost of RMB240,000,000 (which is consistent with the Consideration) and the aggregate interest of approximately RMB49,367,688, which are payable in 60 monthly installments, the security deposit of RMB2,400,000, the asset management service fee of RMB1,410,000 and the economic consultation service fee of RMB990,000.

Lease interest and adjustment

Approximately RMB49,367,688 (equivalent to approximately HK\$55,785,487). Interest (which forms part of the total lease amount) is accrued at the rate of 19.4% above the benchmark interest rate for RMB five-year or above loans as promulgated by the People's Bank of China, which is subject to adjustment with reference to such benchmark interest from time to time.

Security deposit payable by the lessee to the lessor RMB2,400,000 (equivalent to approximately HK\$2,712,000), which is paid to Bank of Beijing Financial by Yongzhou Hongtang on or before the date on which the Consideration is settled by Bank of Beijing Financial.

The security deposit shall be kept until the debt has been fully paid up under the Finance Lease Agreement. The outstanding security deposit shall be returned (without interest) to Yongzhou Hongtang within seven days upon the termination of the Finance Lease Agreement.

Basis to determine the lease payment The lease amount is agreed between Bank of Beijing Financial and Yongzhou Hongtang with reference to the Consideration paid by Bank of Beijing Financial in respect of the Equipment and the prevailing market interest rate of comparable equipment finance leases.

Lessee to purchase back the Equipment The legal ownership of the Equipment will be rested in Bank of Beijing Financial throughout the lease term. Upon the end of the lease term, provided that Yongzhou Hongtang has fulfilled all of its obligations under the Finance Lease Agreement, Yongzhou Hongtang will purchase back the Equipment at a nominal consideration of RMB100 (equivalent to approximately HK\$113).

(ii) Asset Management Services Agreement

On 13 June 2019, Bank of Beijing Financial and Yongzhou Hongtang entered into the Asset Management Services Agreement, pursuant to which Bank of Beijing Financial has agreed to provide the asset management services to Yongzhou Hongtang, including but not limited to financial consultation services; finance lease consultation services; assets operation consultation services; industry information consultation services and professional research consultation services, etc., for a period from 19 June 2019 to 18 June 2027, in return of which Yongzhou Hongtang shall fully pay the service fee at total amount of RMB1,410,000 to Bank of Beijing Financial before 19 June 2019.

(iii) Economic Consultation Services Agreement

On 13 June 2019, Bank of Beijing Financial and Yongzhou Hongtang entered into the Economic Consultation Services Agreement, pursuant to which Bank of Beijing Financial agreed to provide the economic consultation services to Yongzhou Hongtang, including but not limited to due diligence services, industry market information analysis, financing planning and capital operation strategies, financial management diagnostics and solutions, business models and business management advice, for a period from 19 June 2019 to 18 June 2027, in return of which Yongzhou Hongtang shall fully pay the service fee of RMB990,000 to Bank of Beijing Financial before 19 June 2019.

(iv) Facility Agreement and Security Agreements

Facility Agreement

On 13 June 2019, Bank of Beijing Financial and Yongzhou Hongtang entered into a facility agreement (the “**Facility Agreement**”), pursuant to which Bank of Beijing Financial agreed to grant a revolving loan facility at an accumulated maximum amount of RMB330,000,000 to Yongzhou Hongtang for the purpose of the finance lease of the Equipment. The initial loan facility at an amount of RMB240,000,000 will be granted for a term of five years and the second loan facility at a maximum amount of RMB90,000,000 will be granted for a further term of three years upon the satisfaction of agreed conditions for the continuation of the finance lease of the Equipment.

Security Agreements

In order to secure Yongzhou Hongtang’s obligations under the Facility Agreement and the Finance Lease Agreement, the following security documents have also been executed on 13 June 2019 (after trading hours):

Guarantee Agreement Century Concord and Bank of Beijing Financial entered into a guarantee agreement in favour of Bank of Beijing Financial (the “**Guarantee Agreement**”), pursuant to which Century Concord agreed to provide irrevocable joint liability guarantees for all the debts of Yongzhou Hongtang under the Facility Agreement and the Finance Lease Agreement.

Equity Interest Pledge Agreement Yongzhou Jiepai Concord entered into a pledge agreement in favour of Bank of Beijing Financial (the “**Equity Interest Pledge Agreement**”), pursuant to which Yongzhou Jiepai Concord agreed to pledge all its equity interest in Yongzhou Hongtang to Bank of Beijing Financial, to secure the obligations of Yongzhou Hongtang under the Facility Agreement and the Finance Lease Agreement.

Electricity Fee Pledge Agreement	Yongzhou Jiepai Concord entered into a pledge agreement in favour of Bank of Beijing Financial (the “ Electricity Fee Pledge Agreement ”), pursuant to which Yongzhou Jiepai Concord agreed to pledge its gains from the receivable in electricity fee to Bank of Beijing Financial, to secure the obligations of Yongzhou Hongtang under the Facility Agreement and the Finance Lease Agreement.
Mortgage Agreement	Yongzhou Hongtang entered into a mortgage agreement in favour of Bank of Beijing Financial (the “ Mortgage Agreement ”), pursuant to which, upon Bank of Beijing Financial’s authorisation, Yongzhou Hongtang agreed to mortgage the Equipment to Bank of Beijing Financial and complete the registration procedure, to secure its obligations under the Facility Agreement and the Finance Lease Agreement.

REASONS FOR AND BENEFIT OF THE FINANCE LEASE ARRANGEMENT

The entering into of the Finance Lease Arrangement is in the ordinary and usual course of business of the Group. The Directors are of the view that under the Finance Lease Arrangement, the Group will obtain financial resources and gain access to certain equipment as required for its operations. The terms under the Finance Lease Arrangement were agreed after arm’s length negotiations among the relevant parties. 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 Company and the shareholders of the Company as a whole.

INFORMATION OF THE PARTIES TO THE FINANCE LEASE AGREEMENT

Bank of Beijing Financial

Bank of Beijing Financial is a company established in the PRC 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, Bank of Beijing Financial and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

The Company and Yongzhou Hongtang

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

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the transaction contemplated under the Finance Lease Arrangement exceed(s) 5% but is/are less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Company and is thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Asset Management Services Agreement”	the asset management services agreement entered into between Bank of Beijing Financial and Yongzhou Hongtang on 13 June 2019, pursuant to which Bank of Beijing Financial agreed to provide the asset management services to Yongzhou Hongtang
“Bank of Beijing Financial”	Bank of Beijing Financial Leasing Company* (北銀金融租賃有限公司), a company established in the PRC with limited liability and a third party independent of the Company and its connected persons (as defined under the Listing Rules), which is the purchaser and lessor under the Finance Lease Agreement
“Board”	the board of Directors
“Century Concord”	Century Concord Wind Power Investment Co., Ltd (協合風電投資有限公司), a company established in the PRC with limited liability 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
“Consideration”	the consideration for purchasing the Equipment payable by Bank of Beijing Financial to Yongzhou Hongtang, which amounted to RMB240,000,000 (equivalent to approximately HK\$271,200,000)
“Director(s)”	the director(s) of the Company

“Economic Consultation Services Agreement”	the economic consultation services agreement entered into between Bank of Beijing Financial and Yongzhou Hongtang on 13 June 2019, pursuant to which Bank of Beijing Financial has agreed to provide the economic consultation services to Yongzhou Hongtang
“Equipment”	certain machinery and equipment for the Group’s operation of a wind power project in Hunan Province, the PRC as stipulated under the Finance Lease Agreement
“Finance Lease Agreement”	the finance lease agreement entered into between Yongzhou Hongtang and Bank of Beijing Financial on 13 June 2019, including all ancillary agreements attached thereto in respect of the purchase and lease of the Equipment, as described in the sub-section headed “Finance Lease Arrangement - Finance Lease Agreement” in this announcement
“Finance Lease Arrangement”	the transactions contemplated under the Finance Lease Agreement, the Asset Management Services Agreement, the Economic Consultation Services Agreement, the Facility Agreement and the Security Agreements
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Security Agreements”	the security agreements, including the Guarantee Agreement, the Equity Interest Pledge Agreement, the Electricity Fee Pledge Agreement and the Mortgage Agreement to secure Yongzhou Hongtang’s obligations under the Facility Agreement and the Finance Lease Agreement, as described in the sub-section headed “Finance Lease Arrangement — (iv) Facility Agreement and Security Agreements — Security Agreements” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

- “Yongzhou Hongtang” 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, which is the supplier and lessee under the Finance Lease Agreement
- “Yongzhou Jiepei Concord” Yongzhou Jiepai Century 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\$1.13. 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, 13 June 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).