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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 22 December 2020, the Seller, the Lessee and the Financier agreed on the Finance Lease Arrangement by way of entering into the following agreements:

- (a) the Financier, the Seller and the Lessee entered in the Sale and Purchase Agreement, pursuant to which the Financier shall purchase the Equipment from the Seller at a purchase price of RMB270.66 million for the purposes of leasing the Equipment to the Lessee; and
- (b) the Lessee and the Financier entered into the Finance Lease Agreement, pursuant to which the Lessee shall lease the Equipment from the Financier for the Lease Period in consideration of the Lessee paying to the Financier the quarterly Lease Payments.

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 22 December 2020, the Seller, the Lessee and the Financier agreed on the Finance Lease Arrangement by way of entering into the following agreements. Details of the Finance Lease Arrangement are set out below.

Sale and Purchase Agreement

Date: 22 December 2020

Parties:

- (i) the Financier as the purchaser;
- (ii) the Seller as the seller; and
- (iii) the Lessee to undertake to assist in the completion of the Sale and Purchase Agreement.

Subject asset: The Equipment, which shall be purchased by the Financier from the Seller for the purposes of leasing the Equipment to the Lessee.

Purchase price and completion: The Purchase Price payable by the Financier to the Seller for the purchase of the Equipment shall be RMB270.66 million (approximately HK\$320.31 million), which was determined after arm's length negotiation between the Seller, the Lessee and the Financier with reference to the market value of the Equipment. The Purchase Price shall be paid in four instalments.

The first instalment of the Purchase Price shall be 30% of the Purchase Price, which is approximately RMB81.20 million (approximately HK\$96.09 million), payable after the fulfilment of the following conditions (the “**First Instalment Conditions**”):

- (a) the Finance Lease Agreement becoming effective, and there being no breaches of the Finance Lease Agreement by the Lessee;
- (b) the relevant instalments of the security deposit and the handling fee as specified in the Finance Lease Agreement having been received by the Financier;
- (c) all the security documents as mentioned below (the “**Security Documents**”) having been duly executed by the Lessee and certain subsidiaries of the Company as specified in the Finance Lease Agreement securing the due performance by the Lessee of all its obligations under the Finance Lease Agreement;
- (d) the Lessee having provided to the Financier the proof of its own fund of not less than RMB22 million in aggregate;

- (e) there being no circumstances which affect the performance of the Finance Lease Agreement or the consummation of the transactions contemplated thereunder; and
- (f) all other conditions or relevant procedures as required by the Financier or the Sale and Purchase Agreement having been satisfied or completed.

The first instalment of the Purchase Price is expected to be paid on or before 30 December 2020. If the First Instalment Conditions have not been fulfilled by 13 June 2021, the Financier shall have the right to terminate the Sale and Purchase Agreement without any liability.

The second instalment of the Purchase Price shall be 20% of the Purchase Price, which is approximately RMB54.13 million (approximately HK\$64.06 million), payable after the fulfilment of the following conditions:

- (a) the first instalment of the Purchase Price having been paid;
- (b) the Seller and the Lessee having issued to the Financier a notice to request the payment of the second instalment of the Purchase Price;
- (c) the Lessee having provided to the Financier the proof of its own fund of not less than RMB38 million in aggregate; and
- (d) the Lessee having provided to the Financier copies of the main contract for the construction and installation engineering works for the Power Plant.

The second instalment of the Purchase Price is expected to be paid around April 2021.

The third instalment of the Purchase Price shall be 40% of the Purchase Price, which is approximately RMB108.26 million (approximately HK\$128.12 million), payable after the fulfilment of the following conditions:

- (a) the second instalment of the Purchase Price having been paid;
- (b) the Seller and the Lessee having issued to the Financier a notice to request the payment of the third instalment of the Purchase Price;
- (c) the Lessee having provided to the Financier the proof of its own fund of not less than RMB70 million in aggregate; and

- (d) the Lessee having provided to the Financier evidences of payment of the land lease payment of RMB5.20 million.

The third instalment of the Purchase Price is expected to be paid around June 2021.

The last instalment of the Purchase Price shall be 10% of the Purchase Price, which is approximately RMB27.07 million (approximately HK\$32.04 million), payable after the fulfilment of the following conditions:

- (a) the third instalment of the Purchase Price having been paid;
- (b) the Seller and the Lessee having issued to the Financier a notice to request the payment of the last instalment of the Purchase Price;
- (c) the Lessee having provided to the Financier the proof of its own fund of not less than RMB78 million in aggregate; and
- (d) all other conditions or relevant procedures as required by the Financier or the Sale and Purchase Agreement having been satisfied or completed.

The last instalment of the Purchase Price is expected to be paid around October 2021.

Finance Lease Agreement

Date: 22 December 2020

Parties: (i) the Financier as the lessor; and
(iii) the Lessee as the lessee.

Subject asset: The Equipment, which shall be leased from the Financier by the Lessee.

Lease term: The Lease Period, being the period commencing from the date of the payment of the first instalment of the Purchase Price by the Financier and ending on the 10th anniversary of the day of payment of the last instalment of the Purchase Price by the Financier.

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| Lease Payments and Interest Rate: | <p>The Lessee shall pay quarterly Lease Payments to the Financier during the Lease Period. The total Lease Payments represents the Purchase Price plus interest attributable to each instalment of the Purchase Price under the Finance Lease Arrangement to be determined based on the following applicable interest rate in respect of each quarter for which a Lease Payment is made (the “Lease Payment Period”).</p> <p>The applicable interest rate is a floating interest rate equal to the Relevant Interest Rate. The Relevant Interest Rate for the first Lease Payment shall be 5.80%. If there is any adjustment in the Relevant Interest Rate announced in any Lease Payment Period, the said adjusted Relevant Interest Rate shall be used as the applicable interest rate for the future Lease Payment Periods. Assuming the Relevant Interest Rate was 5.80% throughout the Lease Period, the total Lease Payments (inclusive of tax) would be approximately RMB364.70 million (approximately HK\$431.60 million).</p> <p>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.</p> |
| Security Documents: | <p>As security for the due performance of all the Lessee’s obligations under the Finance Lease Agreement, the Lessee 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 Guangzhou Juhe New Energy Technology Co., Ltd.* (廣州聚合新能源科技有限公司)) shall, in favour of the Financier, execute the Security Documents consisting of the guarantee in favour of the Financier, and the pledge for the equity interest in the Lessee and electricity income and subsidies arising from the operation of the Power Plant. The Finance Lease Agreement and the Security Documents have no material adverse effect on the operation and management of the Group’s businesses.</p> |
| Security Deposit and Handling Fee: | <p>The Lessee shall pay a security deposit of approximately RMB5.41 million (approximately HK\$6.40 million) in aggregate to the Financier to secure the due performance of the Lessee’s obligation under the Finance Lease Agreement, each instalment of which shall be paid before the payment of each instalment of the Purchase Price. The Lessee shall also pay a sum of RMB5.41 million (approximately HK\$6.40 million) in aggregate to Financier as handling fee for the Finance Lease Agreement, which shall be paid by a total of 16 instalments during a three year period commencing from the payment of each instalment of the Purchase Price.</p> |
| Buyback Option: | <p>Upon the end of the Lease Period, the Lessee has the option to buy back the Equipment from the Financier at a consideration of RMB100.</p> |

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 allows 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 Seller is a wholly-owned subsidiary of the Company and is principally engaged in the trading of equipment for wind power and photovoltaic power energy in the PRC.

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

The Financier is a company established in the PRC, which is principally engaged in the business of equipment finance leasing. Insofar as the Company is aware, the Financier is ultimately beneficially owned as to 60% by the State-owned Assets Supervision and Administration Commission of the PRC and as to 40% by China Resources Pharmaceutical Group Limited* (華潤醫藥集團有限公司), a company listed on the Stock Exchange (Stock code: 3320). To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Financier and its ultimate beneficial owners 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:

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| “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 Plant as stipulated under the Finance Lease Agreement; |
| “Finance Lease Agreement” | the finance lease agreement entered into between the Lessee and the Financier on 22 December 2020 for the lease of the Equipment to the Lessee from the Financier; |
| “Finance Lease Arrangement” | the transactions contemplated under the Sale and Purchase Agreement and the Finance Lease Agreement; |
| “Financier” | China Resources Financial Leasing Co., Ltd.* (華潤融資租賃有限公司), 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; |

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| “Lease Period” | the period commencing from the date of the payment of the first instalment of the Purchase Price by the Financier and ending on the 10th anniversary of the day of payment of the last instalment of the Purchase Price by the Financier; |
| “Lessee” | Huilai County Century Concord Photovoltaic Power Co., Ltd.* (惠來縣協合光伏發電有限公司), 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 Plant” | Huilai County 100MW Fishing and Photovoltaic Complementary Photovoltaic Power Plant*(惠來縣100MW漁光互補光伏發電項目) situated in Huilai County, Jieyang City, Guangdong Province, the PRC (中國廣東省揭陽市惠來縣), 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; |
| “Relevant Interest Rate” | the loan benchmark interest rate (貸款基準利率) for a period longer than 5 years announced by The People’s Bank of China (中國人民銀行). Provided That the Financier has the right to use the loan prime rate (貸款市場報價利率) (“LPR”) in substitution of the loan benchmark interest rate (貸款基準利率) for the purposes of determining all future Relevant Interest Rate after such substitution, and in such case, all future Relevant Interest Rate shall be equal to the LPR plus the Fixed Basis Point. The “Fixed Basis Point” is equal to 5.8% minus the LPR as at the time of such substitution; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “Sale and Purchase Agreement” | the sale and purchase agreement entered into between the Financier, the Seller and the Lessee on 22 December 2020 for the sale of the Equipment from the Seller to the Financier; |

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| “Seller” | Haotai New Energy Equipment Co., Ltd.*(浩泰新能源裝備有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company; |
| “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=RMB0.845 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, 22 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*