

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 Board is pleased to announce that after trading hour on 11 May 2021, the Seller, the Lessee and the Financier agreed on the Finance Lease Arrangement by way of entering into the following agreements:

- (a) the Seller, the Lessee and the Financier entered into the Sale and Purchase Agreement, pursuant to which the Financier shall purchase the Equipment from the Seller at a purchase price of approximately RMB205.8 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 Finance Period in consideration of the Lessee paying to the Financier the quarterly Lease Payments.

LISTING RULES IMPLICATIONS

As the highest Applicable Percentage Ratio for the Finance Lease Arrangement exceeds 5% but is less than 25%, the entering into the Finance Lease Arrangement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and publication requirements under Chapter 14 of the Listing Rules. As the Previous Finance Lease Arrangements were conducted within a 12-month period before the date of the Finance Lease Agreement, the Aggregated Transactions shall be aggregated under Chapter 14 of the Listing Rules resulting in a highest Applicable Percentage Ratio on an aggregated basis exceeds 5% but is less than 25%, the Aggregated Transactions on an aggregated basis also constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Board is pleased to announce that after trading hour on 11 May 2021, 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.

FINANCE LEASE ARRANGEMENT

Sale and Purchase Agreement

Date: 11 May 2021

Parties:

- (i) the Financier as the purchaser;
- (ii) the Seller as the seller; and
- (iii) the Lessee to undertake certain rights and obligations for the transactions contemplated under 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 from the Financier.

Purchase price: The Purchase Price payable by the Financier to the Seller for the purchase of the Equipment shall be approximately RMB205.8 million (approximately HK\$245 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 and the amount of financing needs required by the Group under the Finance Lease Arrangement. As at the date of this announcement, the Equipment has not been fully acquired by the Lessee.

The Purchase Price to be paid to the Seller (being the total amount to be borrowed by the Group under the Finance Lease Arrangement) is equal to the original purchase price of the Equipment plus the management costs of the Group attributable to the Equipment. The original purchase price of the Equipment is in line with its market value, which is determined based on the Group's experience in acquiring comparable equipment accumulated in the past years and in monitoring the market value of comparable equipment, which includes reviewing quotations obtained from suppliers of comparable equipment who are independent third parties.

The Purchase Price shall be paid by three instalments.

The first instalment of the Purchase Price shall be RMB150 million (the “**First Instalment**”), payable after the fulfilment of the following conditions (the “**First Instalment Conditions**”):

- (a) there being no breaches of the Finance Lease Agreement by the Lessee;
- (b) the first instalment payment of the security deposit 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 and all the relevant procedures for the Security Documents having been completed;
- (d) the Lessee having insured the construction and installation engineering works for the Power Plant with the Financier being named as the first beneficiary of such insurance;
- (e) the Lessee having provided to the Financier the proof of its own fund of not less than RMB37.5 million in aggregate;
- (f) there being no circumstances which affect the performance of the Finance Lease Agreement or the consummation of the transactions contemplated thereunder; and
- (g) all other conditions or relevant procedures as required by the Sale and Purchase Agreement having been satisfied or completed.

It is expected that the First Instalment will be paid on or around 17 May 2021. If the First Instalment Conditions have not been fulfilled by 29 October 2021, the Financier shall have the right to terminate the Sale and Purchase Agreement.

The second instalment of the Purchase Price shall be RMB35 million (the “**Second Instalment**”), payable after the fulfillment of the following conditions:

- (a) the First Instalment having been paid;
- (b) the Lessee having provided to the Financier the proof of its own fund of not less than RMB46.25 million in aggregate;

- (c) the Lessee having provided to the Financier copies of the main contract for the construction and installation engineering works for the Power Plant;
- (d) the Financier having received the confirmation of acceptance from the Lessee in respect of certain turbines of the Equipment; and
- (e) the second instalment payment of the security deposit as specified in the Finance Lease Agreement having been received by the Financier.

It is expected that the Second Instalment will be paid around the end of September 2021.

The last instalment of the Purchase Price shall be approximately RMB20.8 million (the “**Last Instalment**”), payable after the fulfilment of the following conditions:

- (a) the Second Instalment having been paid;
- (b) the Lessee having provided to the Financier the proof of its own fund of not less than RMB51.44 million in aggregate;
- (c) the Lessee having insured the Equipment against all risks with the Financier being named as the first beneficiary of such insurance;
- (d) the Power Plant having been fully connected to the power grid;
- (e) the Financier having received from the Lessee the executed sale and purchase contract for electricity generated from the Power Plant and the executed grid-connected scheduling agreement for the Power Plant;
- (f) the Financier and the Lessee having executed the agreement for the electricity income supervised bank account and having completed the necessary procedures thereunder; and
- (g) the third instalment payment of the security deposit as specified in the Finance Lease Agreement having been received by the Financier.

It is expected that the Last Instalment will be paid around the end of November 2021.

Finance Lease Agreement

Date:	11 May 2021
Parties:	(i) the Financier as the lessor; and (ii) the Lessee as the lessee.
Subject asset:	The Equipment, which shall be leased from the Financier by the Lessee.
Finance Period:	A period of 3 years commencing from the date of payment of the first instalment of the Purchase Price.
Lease payments and interest rate:	<p>The Lessee shall pay quarterly Lease Payments to the Financier during the Finance Period. The total Lease Payments represents the Purchase Price paid by the Financier for the purchase of the Equipment plus interest attributable to 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.</p> <p>The applicable interest rate is a floating interest rate equal to the relevant 5-year LPR plus 1%. The relevant LPR for the first Lease Payment is the LPR announced on 20 April 2021, being 4.65%, which gives rise to an applicable interest rate of 5.65% for the first Lease Payment. The applicable interest rate will be adjusted every 12 months on the first quarterly Lease Payment in every 12-month period of the Finance Period, which will, after adjustment, equal to the LPR in the month before such quarterly Lease Payment plus 1%. Assuming the applicable interest rate was 5.65% throughout the Finance Period, the total Lease Payments would be approximately RMB234.9 million (approximately HK\$279.6 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:	As security 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 and Beijing Heting) shall, in favour of the Financier, execute the Security Documents consisting of the guarantees and the pledges on (i) the equity interest in the Lessee and (ii) receivables 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.

- Security deposit: To secure the due performance of the Lessee's obligations under the Finance Lease Agreement, the Lessee shall pay a security deposit of approximately RMB4.1 million (approximately HK\$4.9 million) in aggregate to the Financier, which shall be paid by three instalments. Each instalment of the security deposit shall be paid before the payment of each instalment of the Purchase Price.
- Handling fee: The Lessee shall pay to the Financier a handling fee of approximately RMB1.5 million (approximately HK\$1.8 million) in aggregate to the Financier, which shall be paid by three instalments during the Lease Period. Each instalment of the handling fee shall be paid within a 12-month period after the payment of each instalment of the Purchase Price.
- Buyback option: Upon the expiry of the Finance Period, the Lessee has the option to buy back the Equipment from the Financier at a consideration of RMB100.

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. 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.

INTENDED USE OF PROCEEDS

The Company will generate from the Sale and Purchase Agreement a total net disposal proceeds of approximately RMB204.3 million, which will be used for the acquisition of the Equipment.

INFORMATION OF THE PARTIES TO THE FINANCE LEASE AGREEMENT

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 Seller is a wholly-owned subsidiary of the Company and is principally engaged in the trading of equipment for wind and 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, as at the date of the announcement, 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 owner(s) are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

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

The highest Applicable Percentage Ratio of the March 2021 Finance Lease Arrangement by itself exceeded 5% but was less than 25%, the entering into the March 2021 Finance Lease Arrangement constituted a discloseable transaction for the Company and was thus subject to the notification and publication requirements under Chapter 14 of the Listing Rules. Accordingly, an announcement was made by the Company on 19 March 2021 for the March 2021 Finance Lease Arrangement. The highest Applicable Percentage Ratio of the December 2020 Finance Lease Arrangement by itself exceeded 5% but was less than 25%, the entering into the December 2020 Finance Lease Arrangement constituted a discloseable transaction for the Company and was thus subject to the notification and publication requirements under Chapter 14 of the Listing Rules. Accordingly, an announcement was made by the Company on 22 December 2020 for the December 2020 Finance Lease Arrangement. As the Previous Finance Lease Arrangements were conducted within a 12-month period before the date of the Finance Lease Agreement, the Aggregated Transactions shall be aggregated under Chapter 14 of the Listing Rules resulting in a highest Applicable Percentage Ratio for the Finance Lease Arrangement on an aggregated basis exceeds 5% but is less than 25%, the Aggregated Transactions on an aggregated basis also constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Aggregated Transactions”	the transactions contemplated under the Previous Finance Lease Arrangements and the Finance Lease Arrangement;
“Applicable Percentage Ratio”, “connected person” and “subsidiary”	have the meanings ascribed to them under the Listing Rules;
“Beijing Heting”	Beijing Heting Technology Development Co., Ltd.* (北京合霆科技發展有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Board”	board of Directors;
“Century Concord Wind Power”	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;
“December 2020 Finance Lease Arrangement”	the finance lease arrangement entered into between Huilai County Century Concord Photovoltaic Power Co., Ltd.* (惠來縣協合光伏發電有限公司), a wholly-owned subsidiary of the Company, being the lessee, and the Financier on 22 December 2020 for the sale of certain machinery and equipment to the Financier and lease of the aforesaid machinery and equipment back from the Financier for a total purchase price of approximately HK\$270.66 million, as detailed in the announcement of the Company dated 22 December 2020;
“Director(s)”	the director(s) of the Company;
“Equipment”	certain machinery and equipment for the operation of the Power Plant to be purchased by the Financier from the Seller under the Sale and Purchase Agreement, as stipulated under the Sale and Purchase Agreement;

“Finance Lease Agreement”	the finance lease agreement entered into between the Lessee and the Financier on 11 May 2021 for the leasing 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;
“Finance Period”	the 3-year period, in which the Lessee shall pay Lease Payments to the Financier and shall have the right to use the Equipment;
“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 payment(s) payable by the Lessee to the Financier under the Finance Lease Agreements during the Finance Period in consideration of the Financier leasing the Equipment to the Lessee;
“Lessee”	Kangbao County Juhe Wind Power Co., Ltd.* (康保縣聚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;
“LPR”	the loan prime rate (貸款市場報價利率) announced by the National Interbank Funding Center (全國銀行間同業拆借中心) from time to time;
“March 2021 Finance Lease Arrangement”	the finance lease arrangement entered into between Dachaidan Century Concord Wind Power Co., Ltd.* (大柴旦協合風力發電有限公司), a wholly-owned subsidiary of the Company, being the lessee, and the Financier on 19 March 2021 for the sale of certain machinery and equipment to the Financier and lease of the aforesaid machinery and equipment back from the Financier for a total purchase price of approximately HK\$294.8 million, as detailed in the announcement of the Company dated 19 March 2021;

“MW”	megawatt;
“Power Plant”	the 49MW wind power plant situated in Kangbao County, Zhangjiakou City, Hebei Province, the PRC (中國河北省張家口市康保縣), where the Equipment is situated;
“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;
“Previous Finance Lease Arrangements”	the transactions contemplated under the March 2021 Finance Lease Arrangement and the December 2020 Finance Lease Arrangement;
“Purchase Price”	the purchase price payable to the Seller by the Financier for the purchase of the Equipment;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Seller, the Lessee and the Financier on 11 May 2021 for the purchase of the Equipment from the Seller by the Financier;
“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=RMB0.84 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, 11 May 2021

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, Mr. Zhai Feng and Ms. Shang Jia (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).