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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)

MAJOR TRANSACTION
FINANCE LEASE ARRANGEMENT

FINANCE LEASE ARRANGEMENT

The Board is pleased to announce that after trading hours on 25 March 2021, the Lessee and the Financier agreed on the Finance Lease Arrangement by way of entering into the Finance Lease Agreement, pursuant to which (i) the Financier shall purchase the Equipment from the Lessee at a purchase price of RMB180 million for the purposes of leasing the Equipment back to the Lessee; and (ii) the Lessee shall lease the Equipment from the Financier for the Lease Period in consideration of the Lessee paying to the Financier the monthly Lease Payments.

LISTING RULES IMPLICATIONS

As the highest Applicable Percentage Ratio for the Finance Lease Arrangement on a standalone basis exceeds 5% but is less than 25%, the entering into the Finance Lease Arrangement on a standalone basis constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As the transactions contemplated under the September 2020 Finance Lease Arrangements and the March 2021 Finance Lease Arrangement (the “**Previous Finance Lease Arrangements**”) are conducted within a 12-month period before the date of the Finance Lease Agreement, the transactions contemplated under the Previous Finance Lease Arrangements and the Finance Lease Arrangement (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 25% but is less than 100%, the Aggregated Transactions on an aggregated basis constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and are thus subject to the notification, publication, circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

A special general meeting will be convened by the Company to consider and, if thought fit, approve the Finance Lease Arrangement by the shareholders of the Company.

A circular containing, among other things, details of the Finance Lease Arrangement, the financial information of the Group and other information as required to be disclosed under the Listing Rules and a notice of special general meeting is expected to be despatched to the shareholders of the Company on or before 23 April 2021 to allow sufficient time to prepare the necessary information for inclusion in the circular.

The Board is pleased to announce that after trading hours on 25 March 2021, the Lessee and the Financier agreed on the Finance Lease Arrangement by way of entering into the Finance Lease Agreement.

FINANCE LEASE ARRANGEMENT

Finance Lease Agreement

Date: 25 March 2021

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

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

Purchase price and completion: The Purchase Price payable by the Financier to the Lessee for the purchase of the Equipment shall be RMB180 million (approximately HK\$214.3 million), which was determined after arm's length negotiation between the Lessee and the Financier with reference to the book value of the Equipment and the amount of financing needs required by the Group under the Finance Lease Arrangement.

The Purchase Price shall be payable after the fulfilment of the following conditions:

- (a) the Financier having received from the Lessee documents that demonstrate the title to the Equipment belongs to the Financier;
- (b) there being no breach by the Lessee of the Finance Lease Agreement and any other existing contracts between the Lessee and 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 Equipment with the Financier being named as the first beneficiary of such insurance;
- (e) all the outstanding loans owned by the Lessee and Yongzhou Qiaotoupu, having been fully settled, and the pledge on the electricity income of the Lessee having been released; and
- (f) all other conditions or relevant procedures as required by the Finance Lease Agreement having been satisfied or completed.

The Purchase Price is expected to be paid around the end of May 2021.

Lease term: The Lease Period, being a 10-year period commencing from the date of the payment of the Purchase Price by the Financier.

Lease payments and interest rate: The Lessee shall pay monthly Lease Payments to the Financier during the Lease Period. The total Lease Payments represents the Purchase Price plus interest attributable to the Purchase Price under 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 5-year LPR plus 0.55%. The relevant LPR for the first Lease Payment is the LPR announced on 20 January 2021, being 4.65%, which gives rise to an applicable interest rate of 5.20% for the first Lease Payment. The applicable interest rate will be adjusted annually on the first monthly Lease Payment in each calendar year, which will, after adjustment, equal to the latest LPR plus 0.55%. Assuming the applicable interest rate was 5.20% throughout the Lease Period, the total Lease Payments would be approximately RMB232.1 million (approximately HK\$276.3 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 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, Yongzhou Jiepai and Yongzhou Qiaotoupu) shall, in favour of the Financier, execute the Security Documents consisting of the guarantees, and the pledges on (i) the land parcels where the booster station and the 13 units of wind turbines of the Power Plant are situated, (ii) the entire equity interest in the Lessee and Yongzhou Qiaotoupu, (iii) the electricity income arising from the operation of the Power Plant and the power plant of Yongzhou Qiaotoupu, and (iv) the Equipment. 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 RMB5.4 million (approximately HK\$6.4 million) to the Financier, which shall be paid on the date of the payment of the Purchase Price by the Financier.
- Buyback option:** Upon the expiry of the Lease 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. For the Finance Lease Arrangement, the book value of the Equipment as at 28 February 2021 is approximately RMB194.5 million (approximately HK\$231.5 million). 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. Under the Finance Lease Arrangement, the Company will generate total disposal proceeds of RMB180 million, which will be used for the general working capital of the Group.

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 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 owned as to approximately 64.51% by Bank of Beijing Co., Ltd. (北京銀行股份有限公司), a company listed on the Shanghai Stock Exchange (Stock code: 601169).

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.

LISTING RULES IMPLICATIONS

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As the Previous Finance Lease Arrangements are 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 25% but is less than 100%, the Aggregated Transactions on an aggregated basis constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and are thus subject to the notification, publication, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A special general meeting will be convened by the Company to consider and, if thought fit, approve the Finance Lease Arrangement by the shareholders of the Company. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no shareholder of the Company has a material interest in the transactions contemplated under Finance Lease Arrangement and is required to abstain from voting on the relevant resolution(s) at the special general meeting of the Company.

A circular containing, among other things, details of the Finance Lease Arrangement, the financial information of the Group and other information as required to be disclosed under the Listing Rules and a notice of special general meeting is expected to be despatched to the shareholders of the Company on or before 23 April 2021 to allow sufficient time to prepare the necessary information for inclusion in the circular.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall 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;
“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;
“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 25 March 2021 for the sale by the Lessee of the Equipment to the Financier and the leasing of the Equipment to the Lessee from the Financier;
“Finance Lease Arrangement”	the transactions contemplated under the Finance Lease Agreement;
“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 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;

“Lease Period”	the 10-year period commencing from the date of the payment of the Purchase Price by the Financier;
“Lessee”	Feixi Century Concord Wind Power Co., Ltd.* (肥西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;
“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 transactions contemplated under the finance lease agreement entered into between Yongzhou Qiaotoupu and the Financier on 19 March 2021 for the sale of certain machinery and equipment for the Group’s operation of the the 48MW wind power plant situated in Qiaotoupu, Tuojiang Town, Jianghua Yao Autonomous County, Yongzhou City, Hunan Province, the PRC to the Financier and the lease of the aforesaid equipment back from the Financier, as detailed in the announcement of the Company dated 19 March 2021;
“MW”	megawatt;
“Power Plant”	the 26MW wind power plant situated in Feixi Lianhua Mountain, Feixi County, Hefei City, Anhui Province, the PRC (中國安徽省合肥市肥西縣肥西蓮花山), 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;
“September 2020 Finance Lease Arrangements”	(i) the transactions contemplated under the finance lease agreement entered into between Kangbao Century Concord Xuwulin Wind Power Co., Ltd.* (康保協合徐五林風力發電有限公司) and the Financier on 30 September 2020 for the sale of certain machinery and equipment for the Group’s operation of the 48MW wind power plant in Kangbao County, Zhangjiakou City, Hebei Province, the PRC to the Financier and the lease of the aforesaid equipment back from the Financier, as detailed in the announcement of the Company dated 30 September 2020; and

- (ii) the transactions contemplated under the finance lease agreement entered into between Yongzhou Hongtang Century Concord Wind Power Co., Ltd.* (永州洪塘協合風力發電有限公司) and the Financier on 30 September 2020 for the sale of 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 to the Financier and the lease of the aforesaid equipment back from the Financier, as detailed in the announcement of the Company dated 30 September 2020;

“Shareholder(s)”	holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Yongzhou Jiepai”	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 and a wholly-owned subsidiary of the Company;
“Yongzhou Qiaotoupu”	Yongzhou Qiaotoupu Century Concord Wind Power Co., Ltd.* (永州橋頭鋪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; 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, 25 March 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 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