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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

FINANCE LEASE ARRANGEMENT

The Board is pleased to announce that after trading hour on 22 July 2021, the Lessee and the Financier entered into the Finance Lease Agreement, pursuant to which the Financier shall purchase the Equipment from the Lessee at a purchase price of RMB310 million for the purposes of leasing the Equipment back to the Lessee, and the Lessee shall lease the Equipment back from the Financier for the Finance 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 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 Board is pleased to announce that after trading hour on 22 July 2021, the Lessee and the Financier agreed on the Finance Lease Arrangement by way of entering into the Finance Lease Agreement.

FINANCE LEASE AGREEMENT

Date: 22 July 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 from the Financier.

Purchase price: The Purchase Price payable by the Financier to the Lessee for the purchase of the Equipment shall be RMB310 million (approximately HK\$373.49 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. As at the date of this announcement, the Equipment has been fully acquired by the Lessee.

The Purchase Price shall be paid on the 10th working days after the fulfilment of the following conditions:

- (a) the Security Documents having been delivered to the Financier, and all the certification and registration procedures for the Security Documents with relevant governmental authorities having been completed;
- (b) the Equipment having been insured according to the requirements of the Finance Lease Agreement;
- (c) all subsisting loans of the Lessee having been fully repaid; and
- (d) all other conditions or relevant procedures as required by the Finance Lease Agreement having been satisfied or completed.

It is expected that the Purchase Price will be paid in or before early August 2021.

Finance Period: A period of 120 months commencing from the date of payment of the Purchase Price.

- Lease payments and interest rate: The Lessee shall pay monthly 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 month for which a Lease Payment is made.
- 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 22 March 2021, being 4.65%, which gives rise to an applicable interest rate of 5.2% for the first Lease Payment. The applicable interest rate will be adjusted on 1st January every year, and will, after adjustment, equal to the LPR as at the date of such adjustment plus 0.55%. Assuming the applicable interest rate was 5.2% throughout the Finance Period, the total Lease Payments would be approximately RMB399.53 million (approximately HK\$481.36 million).
- The Lease Payments, the applicable interest rate and the security deposit were determined after arm's length negotiation between the Lessee and the Financier with reference to the prevailing overall market cost of equipment finance lease.
- Security document: 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 and Yongzhou Qiaotoupu) shall, in favour of the Financier, execute the security documents (the "**Security Documents**") consisting of (i) the guarantees given by Century Concord Wind Power and Yongzhou Qiaotoupu respectively; (ii) the mortgage given by the Lessee in respect of the entire assets of the Power Plant and the land on which the Power Plant is situated, and (iii) the pledge given by the Lessee and Yongzhou Qiaotoupu respectively in respect of their respective electricity incomes arising from the operation of the Power Plant and the power plant of Yongzhou Qiaotoupu. The Finance Lease Agreement and the Security Documents have no material adverse effect on the operation and management of the Group's business.
- Security deposit: To secure the due performance of the Lessee's obligations under the Finance Lease Agreement, the Lessee shall pay to the Financier a security deposit of RMB9.3 million (approximately HK\$11.20 million). The security deposit shall be paid on the date of payment of the Consideration.
- 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. For the Finance Lease Arrangement, the book value of the Equipment as at 30 December 2020 is approximately RMB268.38 million (approximately HK\$323.35 million). 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 Finance Lease Agreement a total net disposal proceeds of approximately RMB310 million, which will be used as general working capital to finance the business operation and activities of the Group within its ordinary course of business, including the purchase of wind and photovoltaic power equipment.

PREVIOUS FINANCE LEASE ARRANGEMENTS

On 25 March 2021, Feixi Century Concord Wind Power Co., Ltd.* (肥西協合風力發電有限公司), a wholly-owned subsidiary of the Company, as the seller and the lessee, and the Financier entered into the finance lease arrangement for the sale of certain machinery and equipment to the Financier at a purchase price of approximately RMB180 million and lease of the aforesaid machinery and equipment back from the Financier, as detailed in the announcement of the Company dated 25 March 2021. On 19 March 2021, Yongzhou Qiaotoupu, as the seller and the lessee, and the Financier entered into the finance lease arrangement for the sale of certain machinery and equipment to the Financier at a purchase price of approximately RMB300 million and lease of the aforesaid machinery and equipment back from the Financier, as detailed in the announcement of the Company dated 19 March 2021. On 30 September 2020, Kangbao Century Concord Xuwulin Wind Power Co., Ltd.* (康保協合徐五林風力發電有限公司), a former wholly-owned subsidiary of the Company, and Yongzhou Hongtang Century Concord Wind Power Co., Ltd.* (永州洪塘協合風力發電有限公司), a wholly-owned subsidiary of the Company, as the sellers and the lessees, and the Financier entered into the finance lease arrangements for the sale of certain machinery and equipment to the Financier at a purchase price of approximately RMB320 million and RMB270 million respectively and lease by them of the aforesaid machinery and equipment back from the Financier, as detailed in the announcement of the Company dated 30 September 2020.

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 and investment 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 this Announcement, the Financier is indirectly owned as to approximately 64.52% 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), approximately 12.59% by Liu Changqing (劉長青), approximately 9.05% by Wen Jianming (聞健明), approximately 7.32% by Wen Zhe (聞哲), approximately 3.12% by Liu Changjing (劉長江) and approximately 3.40% by several shareholders respectively.

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

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 Previous Finance Lease Arrangements by themselves exceeded 25% but was less than 75%, the entering into the Previous Finance Lease Arrangements constituted a major transaction for the Company and was thus subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Previous Finance Lease Arrangements were conducted within a 12-month period before the date of the Finance Lease Agreement. If the Aggregated Transactions were required to be aggregated under Chapter 14 of the Listing Rules, it would have resulted in a highest Applicable Percentage Ratio on an aggregated basis exceeding 25% but less than 75%, and the Aggregated Transactions on an aggregated basis would have constituted a major transaction for the Company under Chapter 14 of the Listing Rules. The Company has already complied with the major transaction requirements under the Listing Rules in respect of the Previous Finance Lease Arrangements by way of despatching a circular to the Shareholders on 23 April 2021 and obtaining the approval of the Shareholders at the special general meeting of the Company on 10 May 2021. Hence, the Finance Lease Arrangement is not required to be reclassified by aggregating with the Previous Finance Arrangements, and still constitutes a discloseable transaction for the Company.

DEFINITIONS

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

“Aggregated Transactions”	the transactions contemplated under the Previous Finance Lease Arrangements and the Finance Lease Arrangement;
“Applicable Percentage Ratio”, “connected person(s)” and “subsidiary(ies)”	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 to be purchased by the Financier from the Lessee under the Finance Lease Agreement;
“Finance Lease Agreement”	the finance lease agreement entered into between the Lessee and the Financier on 22 July 2021 for the purchase of the Equipment by the Financier from the Lessee and the leasing of the Equipment back to the Lessee from the Financier;
“Finance Lease Arrangement”	the transactions contemplated under the Finance Lease Agreement;
“Finance Period”	the 120-month period, in which the Lessee shall pay Lease Payments to the Financier and shall have the right to use the Equipment;

“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 payment(s) payable by the Lessee to the Financier under the Finance Lease Agreement during the Finance Period in consideration of the Financier leasing the Equipment to the Lessee;
“Lessee”	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;
“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;
“MW”	megawatt;
“Power Plant”	the 48MW wind power plant situated in Yao Autonomous County, Jianghua, Yongzhou City, Hunan Province, the PRC (中國湖南省永州市江華瑤族自治縣);
“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 sale and leaseback transaction described in the paragraph headed “Previous Finance Lease Arrangements” in this announcement;
“Purchase Price”	the purchase price payable to the Lessee by the Financier for the purchase of the Equipment;

“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;
“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, an exchange rate of HK\$1.00 = RMB0.83 has been used for currency translation. Such exchange rate is 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 July 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).

** For identification purposes only*