

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 AND CONNECTED TRANSACTIONS FINANCE LEASE ARRANGEMENTS

FINANCE LEASE ARRANGEMENTS

The Board is pleased to announce that after trading hour on 29 September 2021:

1. the Seller, the Lessee and the Financier agreed on the Finance Lease Arrangement I by way of entering into the following agreements:
 - (a) the Seller, the Lessee and the Financier entered into the Supply Agreement, pursuant to which the Financier shall purchase the Equipment from the Seller at a purchase price of approximately RMB369.92 million for the purposes of leasing the Equipment to the Lessee; and
 - (b) the Lessee and the Financier entered into the Finance Lease Agreement I, pursuant to which the Lessee shall lease the Equipment from the Financier for the Finance Period I in consideration of the Lessee paying to the Financier the quarterly Lease Payments; and
2. the Lessee and the Financier agreed on the Finance Lease Arrangement II by way of entering into the Finance Lease Agreement II, pursuant to which:
 - (a) the Financier shall purchase the Auxiliary Facilities from the Lessee at the Purchase Price II, which is not more than RMB70 million, for the purposes of leasing the Auxiliary Facilities to the Lessee; and
 - (b) the Lessee shall lease the Auxiliary Facilities from the Financier for the Finance Period II in consideration of the Lessee paying to the Financier the quarterly Lease Payments.

LISTING RULES IMPLICATIONS

As at the date of the announcement, Huadian Fuxin indirectly holds an approximately 10.5% of the entire issued ordinary share capital of the Company and is a connected person of the Company. Huadian Corporation indirectly holds a 100% interest in Huadian Fuxin and approximately 80.0% interest in the Financier. Hence, the Financier is a connected person of the Company. The highest Applicable Percentage Ratio for the Finance Lease Arrangements on an aggregate basis exceeds 5% but is less than 25%. Hence, the Finance Lease Arrangements constitute discloseable and connected transactions for the Company subject to the notification and publication requirements under Chapter 14 of the Listing Rules, and the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all independent non-executive Directors, has been formed to advise the Independent Shareholders on the fairness and reasonableness of the terms of the Finance Lease Arrangements. Maxa Capital Limited has been appointed as an independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders on the same. A circular containing, among other things, details of the Finance Lease Arrangements, a letter from the Independent Board Committee and a letter from Maxa Capital Limited, both advising on the terms of the Finance Lease Arrangements, and a notice of the SGM is expected to be despatched to the Shareholders on or before 10 November 2021 to allow sufficient time to prepare the necessary information for inclusion in the circular.

The Board is pleased to announce that after trading hour on 29 September 2021, (i) the Seller, the Lessee and the Financier agreed on the Finance Lease Arrangement I and (ii) the Lessee and the Financier agreed on the Finance Lease Arrangement II, by way of entering into the following agreements. Details of the Finance Lease Arrangements are set out below.

FINANCE LEASE ARRANGEMENT I

Supply Agreement

Date:	29 September 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 Supply Agreement.
Subject asset:	The Equipment, which shall be purchased by the Financier from the Seller.

Purchase price and completion: The Purchase Price I payable by the Financier to the Seller for the purchase of the Equipment shall be approximately RMB369.92 million (approximately HK\$445.69 million), which was determined after arm's length negotiation between the Lessee and the Financier with reference to the market value of the Equipment. As at the date of this Announcement, the Equipment has not been fully acquired by the Seller. The original acquisition cost of the Equipment to the Group is expected to be approximately RMB365.08 million.

The Purchase Price I to be paid to the Seller (being the total amount to be borrowed by the Lessee under the Finance Lease Arrangement I) is equal to the original purchase price of the Equipment plus the management costs of the Seller 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 I is expected to be paid by 3 instalments (comprising 1st instalment of approximately RMB221.95 million, 2nd instalment of approximately RMB110.98 million and 3rd instalment of approximately RMB36.99 million). Each instalment of the Purchase Price I shall be payable after the fulfilment of the following conditions:

- (a) the Finance Lease Agreement I having been executed by all parties thereto;
- (b) all the security documents relating to the Finance Lease Agreement I (the "**Security Documents**") having been executed and all the relevant procedures for the Security Documents having been completed;
- (c) the Financier having received all governmental approvals in relation to the Project;
- (d) the Financier having received the consultancy fee and security deposit for the Finance Lease Arrangement I;

- (e) there being no breaches of any provisions of the Supply Agreement and the Finance Lease Agreement I by the Seller or the Lessee;
- (f) there being no material adverse change to the Lessee, the Seller, the guarantor and the Equipment;
- (g) all representating and warranties made by the Lessee and the Seller under the Supply Agreement and the Finance Lease Agreement I being true, complete and not materially misleading;
- (h) there being no material changes to the fiscal and financial policies, and the market financing cost not having been increased significantly;
- (i) the fund having been contributed by the shareholder of the Lessee in respect of the Project being not less than 20% of the total investment of the Project; and
- (j) all other conditions or relevant procedures as required by the Financier or the Supply Agreement having been satisfied or performed.

It is expected that the 1st instalment, 2nd instalment and 3rd instalment of the Purchase Price I will be paid around 15 December 2021, 15 January 2022 and April 2022 respectively.

Finance Lease Agreement I

Date: 29 September 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 I: A period of 144 months commencing from the date of payment of first instalment of the Purchase Price I

Lease payments and interest rate:

The Lessee shall pay quarterly Lease Payments to the Financier during the Finance Period I. The total Lease Payments represents the Purchase Price I paid by the Financier for the purchase of the Equipment plus interest attributable to the Finance Lease Arrangement I to be determined based on the following applicable interest rate.

The applicable interest rate is a floating interest rate equal to the higher of (i) 5.15% and (ii) the relevant over-5-year LPR plus 0.5%. The relevant LPR for the first Lease Payment is the LPR announced on 20 August 2021, being 4.65%, which gives rise to an applicable interest rate of 5.15% for the first Lease Payment. The applicable interest rate will be adjusted annually on 1st January in each calendar year, which will, after adjustment, equal to the higher of (i) 5.15% and (ii) the latest LPR announced before the relevant 1st January plus 0.5%. Assuming the applicable interest rate was 5.15% throughout the Finance Period I, the total Lease Payments would be approximately RMB508.63 million (approximately HK\$612.81 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 I, the Lessee and certain wholly-owned subsidiaries of the Company (namely Century Concord Wind Power and Gansu Huasheng) shall, in favour of the Financier, execute the security documents (the "**Security Documents**") consisting of (i) the guarantees given by the Company and Century Concord Wind Power respectively; (ii) the mortgages given by the Lessee in respect of Equipment, the Auxiliary Facilities and the land use rights in respect of the land on which the Power Plant is situated respectively; (iii) the pledge given by Gansu Huasheng in respect of its entire shareholding interest in the Lessee; and (iv) the pledge given by the Lessee in respect of its electricity incomes arising from the operation of the Power Plant.

The Finance Lease Agreement I and the Security Documents have no material adverse effect on the operation and management of the Group's businesses.

Consultancy fee:	The Lessee shall pay to the Financier a consultancy fee of approximately RMB7.40 million, representing 2% of the Purchase Price I, which shall be paid before the payment of the Purchase Price I.
Security deposit:	To secure the due performance of the Lessee's obligations under the Finance Lease Agreement I, a security deposit equal to 3% of each instalment payment of the Purchase Price I shall be paid by the Lessee to the Financier before the payment of such instalment of the Purchase Price I. The total amount of the security deposit is approximately RMB11.10 million.
Buyback option:	Upon the expiry of the Finance Period I, the Lessee has the option to buy back the Equipment from the Financier at a consideration of RMB1.

FINANCE LEASE ARRANGEMENT II

Finance Lease Agreement II

Date:	29 September 2021
Parties:	(i) the Financier as the purchaser and the lessor; and (ii) the Lessee as the seller and the lessee.
Subject asset:	The Auxiliary Facilities, which shall be purchased by the Financier from the Lessee for the purposes of leasing the Auxiliary Facilities back to the Lessee from the Financier.
Purchase price:	The Purchase Price II payable by the Financier to the Lessee for the purchase of the Auxiliary Facilities is an amount equal to the lower of (i) 80% of the total investment of the Project minus the Purchase Price I; and (ii) RMB70 million (approximately HK\$84.34 million), which was determined after arm's length negotiation between the Lessee and the Financier with reference to the total original sub-contract prices for the acquisition and construction of the Auxiliary Facilities and the amount of financing needs required by the Group. The total investment of the Project will be determined in accordance with the Project completion report made by an engineering consulting firm, which is an independent third party. As at the date of this Announcement, the Auxiliary Facilities have been partially acquired and constructed by the Lessee. The total original sub-contract purchase prices of the Auxiliary Facilities, representing the original acquisition cost to the Group, is approximately RMB70.51 million.

The Purchase Price II shall be payable within 15 working days after the fulfilment of the following conditions:

- (a) all the Security Documents relating to the Finance Lease Agreement II having been executed and all the relevant procedures for the Security Documents having been completed;
- (b) the Financier having received from the Lessee all the governmental approval documents in relation to the Project;
- (c) the Financier having received the relevant consultancy fees and the security deposits under the Finance Lease Arrangement II;
- (d) there being no breaches of any provisions of the Finance Lease Agreement II by the Lessee;
- (e) there being no material adverse change to the Lessee, the guarantor and the Auxiliary Facilities;
- (f) there being no material changes to the fiscal and financial policies, and the market financing cost not having been increased significantly;
- (g) the full capacity of the Power Plant having been connected to the electricity grid;
- (h) the fund having been contributed by the shareholder of the Lessee in respect of the Project being not less than 20% of the total investment of the Project; and
- (i) all other conditions or relevant procedures as required by the Financier or the Finance Lease Agreement II having been satisfied or performed.

It is expected that the Purchase Price II will be paid around the end of March 2022.

Finance Period II:	A period of 96 months commencing from the date of the payment of the Purchase Price II.
Lease payments and interest rate:	<p>The Lessee shall pay quarterly Lease Payments to the Financier during the Finance Period II. The total Lease Payments represents the Purchase Price II paid by the Financier for the purchase of the Auxiliary Facilities plus interest attributable to the Finance Lease Arrangement II to be determined based on the following applicable interest rate.</p> <p>The applicable interest rate is a floating interest rate equal to the higher of (i) 5.15% and (ii) the relevant over-5-year LPR plus 0.5%. The relevant LPR for the first Lease Payment is the LPR announced on 20 August 2021, being 4.65%, which gives rise to an applicable interest rate of 5.15% for the first Lease Payment. The applicable interest rate will be adjusted annually on 1st January in each calendar year, which will, after adjustment, equal to the higher of (i) 5.15% and (ii) the latest LPR announced before the relevant 1st January plus 0.5%. Assuming the Purchase Price II being RMB70 million and the applicable interest rate was 5.15% throughout the Finance Period II, the total Lease Payments would be approximately RMB87.72 million (approximately HK\$105.69 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 buildings and auxiliary facilities finance lease.</p>
Security documents:	<p>As security for the due performance of all the Lessee's obligations under the Finance Lease Agreement II, the Lessee, the Company, Century Concord Wind Power and Gansu Huasheng shall, in favour of the Financier, execute the Security Documents mentioned above under the paragraph headed "Finance Lease Agreement I – Security documents" in this announcement.</p> <p>The Finance Lease Agreement II and the Security Documents have no material adverse effect on the operation and management of the Group's businesses.</p>
Consultancy fee:	The Lessee shall pay to the Financier a consultancy fee of 2% of the Purchase Price II, which shall be paid before the payment of the Purchase Price II and will, if the Purchase Price II being RMB70 million, be RMB1.4 million.

Security deposit: An amount equal to 4.5% of the Purchase Price II (which will be RMB3.15 million if the Purchase Price II is RMB70 million), shall be paid by the Lessee to the Financier before payment of the Purchase Price II as deposit to secure the due performance of the Lessee's obligations under the Finance Lease Agreement II.

Buyback option: Upon the expiry of the Finance Period II, the Lessee has the option to buy back the Auxiliary Facilities from the Financier at a consideration of RMB1.

CONDITION PRECEDENT

Each of the Finance Lease Arrangements shall not take effect until the obtaining of the approvals by the Independent Shareholders at the SGM. If the Independent Shareholders do not approve any Finance Lease Arrangement at the SGM, such Finance Lease Arrangement will not have any legal effect.

REASONS FOR AND BENEFIT OF THE FINANCE LEASE ARRANGEMENTS

The entering into the Finance Lease Arrangements 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, buildings and auxiliary facilities as required for its operations. The Directors (excluding Mr. Wang Feng, who is a Director nominated by Huadian Fuxin abstained from voting at the meeting of the Board due to conflict of interest, and the independent non-executive Directors who will give their opinion in the circular after considering the recommendations of the independent financial adviser) consider that the terms of the Finance Lease Arrangements 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 Arrangements will not give rise to any disposal gain or loss to be recorded by the Group.

INTENDED USE OF PROCEEDS

It is expected that the Company will generate a total net disposal proceeds under the Finance Lease Agreements of an amount no more than RMB431.12 million (approximately HK\$519.42), which will be used for the construction of the Power Plant.

INFORMATION OF THE PARTIES TO THE FINANCE LEASE ARRANGEMENTS

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 finance leasing. Insofar as the Company is aware, the Financier is ultimately owned as to approximately 85% by SASAC, among which 80% is held by Huadian Corporation (which is in turn wholly owned by SASAC).

LISTING RULES IMPLICATIONS

As at the date of the announcement, Huadian Fuxin indirectly holds an approximately 10.5% of the entire issued ordinary share capital of the Company and is a connected person of the Company. Huadian Corporation indirectly holds a 100% interest in Huadian Fuxin and approximately 80.0% interest in the Financier. Hence, the Financier is a connected person of the Company. The highest Applicable Percentage Ratio for the Finance Lease Arrangements on an aggregate basis exceeds 5% but is less than 25%. Hence, the Finance Lease Arrangements constitute disclosedable and connected transactions for the Company subject to the notification and publication requirements under Chapter 14 of the Listing Rules, and the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all independent non-executive Directors, has been formed to advise the Independent Shareholders on the fairness and reasonableness of the terms of the Finance Lease Arrangements. Maxa Capital Limited has been appointed as an independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders on the same. A circular containing, among other things, details of the Finance Lease Arrangements, a letter from the Independent Board Committee and a letter from Maxa Capital Limited, both advising on the terms of the Finance Lease Arrangements, and a notice of the SGM is expected to be despatched to the Shareholders on or before 10 November 2021 to allow sufficient time to prepare the necessary information for inclusion in the circular.

DEFINITIONS

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

- | | |
|--|--|
| “Applicable Percentage Ratio”,
“connected person”
and “subsidiary” | have the meanings ascribed to them under the Listing Rules; |
| “Auxiliary Facilities” | certain installations, constructions, foundations and auxiliary facilities for the operation of the Power Plant to be purchased by the Financier from the Lessee under the Finance Lease Agreement II; |
| “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 Seller under the Supply Agreement;
“Finance Lease Agreement I”	the finance lease agreement between the Lessee and the Financier dated 29 September 2021 for the leasing of the Equipment to the Lessee from the Financier;
“Finance Lease Agreement II”	the finance lease agreement between the Lessee and the Financier dated 29 September 2021 for the sale of the Auxiliary Facilities by the Lessee to the Financier and the leasing of the Auxiliary Facilities back to the Lessee from the Financier;
“Finance Lease Arrangement I”	the transactions contemplated under the Supply Agreement and the Finance Lease Agreement I;
“Finance Lease Arrangement II”	the transactions contemplated under the Finance Lease Agreement II;
“Finance Lease Arrangements”	the Finance Lease Arrangement I and the Finance Lease Arrangement II;
“Finance Period I”	the 144-month period, in which the Lessee shall lease the Equipment from the Financier;

“Finance Period II”	the 96-month period, in which the Lessee shall lease the Auxiliary Facilities from the Financier;
“Financier”	Huadian Finance Lease Co., Ltd.* (華電融資租賃有限公司), a company established in the PRC with limited liability;
“Group”	the Company and its subsidiaries;
“Gansu Huasheng”	Gansu Huasheng New Energy Science and Technology Co., Ltd.* (甘肅華盛新能源科技有限公司), a company established in the PRC with limited liability and wholly-owned subsidiary of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Huadian Fuxin”	Huadian Fuxin Energy Corporation Limited* (華電福新能源有限公司), a company established in the PRC with limited liability;
“Huadian Corporation”	China Huadian Corporation Ltd.* (中國華電集團有限公司), a company established in the PRC with limited liability;
“Independent Board Committee”	the committee of the Board comprising all the independent non-executive Directors;
“Independent Shareholders”	Shareholders other than those who are required by the Listing Rules to abstain from voting on the resolutions approving the Finance Lease Arrangements;
“Lease Payment(s)”	the quarterly payment(s) payable by the Lessee to the Financier under the Finance Lease Agreement I during the Finance Period I or under the Finance Lease Agreement II during the Finance Period II in consideration of the Financier leasing the Equipment or the Auxiliary Facilities to the Lessee respectively;
“Lessee”	Guazhou Taihe Wind Power Co., Ltd.* (瓜州泰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 100MW power plant project, being phase I of the 200MW wind power plant, situated in Jiuquan City, Gansu Province, the PRC (中國甘肅省酒泉市);
“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;
“Project”	the project undertaken by the Lessee in respect of the Equipment and the Auxiliary Facilities;
“Purchase Price I”	the purchase price payable to the Seller by the Financier for the purchase of the Equipment;
“Purchase Price II”	the purchase price payable to the Lessee by the Financier for the purchase of the Auxiliary Facilities;
“RMB”	Renminbi, the lawful currency of the PRC;
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council* (國務院國有資產監督管理委員會);
“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;
“SGM”	the special general meeting of the Company to be convened to seek the approvals of the Independent Shareholders for the Finance Lease Arrangements;
“Shareholder(s)”	holder(s) of the ordinary shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Supply Agreement” the supply agreement between the Seller, the Lessee and the Financier dated 29 September 2021 for the purchase of the Equipment from the Seller by the Financier; 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, 29 September 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*