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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 Company is pleased to announce that on 10 July 2019 (after trading hours), Jilin Century Concord (as lessee), Haotai New Energy (as supplier) and CITIC Financial Leasing (as purchaser and lessor) entered into the Finance Lease Arrangement, pursuant to which (i) CITIC Financial Leasing has agreed to purchase the Equipment from Haotai New Energy, at the Consideration of RMB383,490,000 (equivalent to approximately HK\$433,343,700); and (ii) CITIC Financial Leasing has agreed to lease the Equipment to Jilin Century Concord for a term of 12 years, to be payable in 48 quarterly installments, at an estimated total lease payments in the amount of approximately RMB580,378,718 (equivalent to approximately HK\$655,827,951).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the transaction contemplated under the Finance Lease Arrangement exceed(s) 5% but is/are less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Company and is thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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All Equipment under the Finance Lease Arrangement are/will be used by the Group for the operation of the wind power projects of the Group in Jilin Province, the PRC.

(i) The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are set out below:

Date of agreement 10 July 2019

Parties to the agreement Purchaser and lessor: CITIC Financial Leasing;

Lessee: Jilin Century Concord; and

Supplier: Haotai New Energy

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, CITIC Financial Leasing and its ultimate beneficial owner(s) are third parties independent to the Company and its connected persons (as defined under the Listing Rules).

Subject assets The Equipment

Consideration payable
by the lessor to the
supplier CITIC Financial Leasing shall fully pay RMB383,490,000 (equivalent to approximately HK\$433,343,700) upon satisfaction of the following, among others, conditions:—

(i) the Sale and Purchase Agreement, the Finance Lease Agreement and the relevant ancillary documents and agreements have been duly executed and effective;

- (ii) Jilin Century Concord has obtained all internal and external approvals required for the finance leasing transactions under the Finance Lease Agreement;
- (iii) relevant guarantors under the Finance Lease Arrangement have obtained the approvals/authorisations for the provisions of guarantees from internal and external authorised institutions, as required by CITIC Financial Leasing;
- (iv) the Security Agreements and the relevant ancillary documents have been duly executed and effective, and the filings and registration procedures at the relevant authorities have been completed;
- (v) CITIC Financial Leasing has received the security deposit (if any), handling fee (if any) and leasing cost (if any) from Jilin Century Concord; and
- (vi) the representations and warranties made by Jilin Century Concord under the Sale and Purchase Agreement and the Finance Lease Agreement are true, accurate and not misleading.

Basis of the
Consideration

The Consideration is determined after arm's length negotiations with reference to the purchase price payable by Haotai New Energy to the original supplier(s) of the Equipment.

(ii) The Finance Lease Agreement

The principal terms of the Finance Lease Agreement are set out below:

Date of agreement 10 July 2019

Parties to the agreement Lessor: CITIC Financial Leasing; and

Lessee: Jilin Century Concord

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, CITIC Financial Leasing and its ultimate beneficial owner(s) are third parties independent to the Company and its connected persons (as defined under the Listing Rules).

Period of the lease term	12 years (commencing from late July 2019)
Total lease amount payable by the lessee to the lessor	RMB580,378,718 (equivalent to approximately HK\$655,827,951), being the total sum of the lease cost of RMB383,490,000 (which is consistent with the Consideration), the aggregate interest of approximately RMB193,053,818, which are payable in 48 quarterly installments and the handling fee of RMB3,834,900.
Lease interest and adjustment	Approximately RMB193,053,818 (equivalent to approximately HK\$218,150,814). Interest (which forms part of the total lease amount) is at the rate of 5.7455% after value added tax, which is subject to adjustment with reference to the benchmark interest rate for RMB five-year or above loans as promulgated by the People's Bank of China from time to time.
Handling fee payable by the lessee to the lessor	RMB3,834,900 (equivalent to approximately HK\$4,333,437), which is paid to CITIC Financial Leasing by Jilin Century Concord before the commencement of the lease term of the Finance Lease Agreement.
Basis to determine the lease payment	The lease amount is agreed between CITIC Financial Leasing and Jilin Century Concord with reference to the Consideration paid by CITIC Financial Leasing in respect of the Equipment and the prevailing market interest rate of comparable equipment finance leases.
Lessee to purchase back the Equipment	The legal ownership of the Equipment will be rested in CITIC Financial Leasing throughout the lease term. Upon the end of the lease term, provided that Jilin Century Concord has fulfilled all of its obligations under the Finance Lease Agreement, Jilin Century Concord will purchase back the Equipment at a nominal consideration of RMB1 (equivalent to approximately HK\$1.13).

(iii) The Security Agreements

In order to secure Jilin Century Concord's obligations under the Finance Lease Agreement, the following security documents have also been executed on 10 July 2019 (after trading hours):

- Guarantee Agreement I The Company, CITIC Financial Leasing and Jilin Century Concord have entered into a guarantee agreement in favour of CITIC Financial Leasing (the “**Guarantee Agreement I**”), pursuant to which the Company has agreed to provide irrevocable joint liability guarantees for all the debts of Jilin Century Concord under the Finance Lease Agreement.
- Guarantee Agreement II Century Concord, CITIC Financial Leasing and Jilin Century Concord have entered into a guarantee agreement in favour of CITIC Financial Leasing (the “**Guarantee Agreement II**”), pursuant to which Century Concord agreed to provide irrevocable joint liability guarantees for all the debts of Jilin Century Concord under the Finance Lease Agreement.
- Equity Pledge Agreement Yongzhou Jiepai Concord has entered into an equity pledge agreement in favour of CITIC Financial Leasing (the “**Equity Pledge Agreement**”), pursuant to which Yongzhou Jiepai Concord agreed to pledge all its equity interest in Jilin Century Concord to CITIC Financial Leasing, to secure the obligations of Jilin Century Concord under the Finance Lease Agreement.
- Equipment Mortgage Agreement Jilin Century Concord has entered into an equipment mortgage agreement in favour of CITIC Financial Leasing (the “**Equipment Mortgage Agreement**”), pursuant to which, upon CITIC Financial Leasing's authorisation, Jilin Century Concord has agreed to mortgage the Equipment to CITIC Financial Leasing and complete the registration procedure, to secure its obligations under the Finance Lease Agreement.
- Electricity Fee Pledge Agreement Jilin Century Concord has entered into an electricity fee pledge agreement in favour of CITIC Financial Leasing (the “**Electricity Fee Pledge Agreement**”), pursuant to which Jilin Century Concord has agreed to pledge its receivables in electricity fee to CITIC Financial Leasing, to secure its obligations under the Finance Lease Agreement.

Designated Account Agreement I	CITIC Financial Leasing, Jilin Century Concord and China CITIC Bank (Headquarter)* (中信銀行股份有限公司總行) have entered into a designated account agreement (the “ Designated Account Agreement I ”), pursuant to which a designated account (the “ Designated Account I ”) will be set up and the Consideration will be paid by CITIC Financial Leasing into the Designated Account I, which will be utilized, among other things, by Jilin Century Concord to pay the Consideration to Haotai New Energy as entrusted by CITIC Financial Leasing pursuant to the Finance Lease Agreement and the Sale and Purchase Agreement.
Designated Account Agreement II	CITIC Financial Leasing, Jilin Century Concord and China CITIC Bank (Headquarter)* (中信銀行股份有限公司總行) have entered into a designated account agreement (the “ Designated Account Agreement II ”), pursuant to which a designated account (the “ Designated Account II ”) will be set up and the receivables in electricity fee of Jilin Century Concord should be deposited into the Designated Account II, the fund of which should be given priority for fulfilling the obligations of Jilin Century Concord under the Finance Lease Agreement.

REASONS FOR AND BENEFIT OF THE FINANCE LEASE ARRANGEMENT

The entering into of the Finance Lease Arrangement is in the ordinary and usual course of business of the Group. The Directors are of the view that under the Finance Lease Arrangement, the Group will obtain financial resources and gain access to certain equipment as required for its operations. The terms under the Finance Lease Arrangement have been agreed after arm’s length negotiation among the relevant parties. The Directors consider the terms of the Finance Lease Arrangement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION OF THE PARTIES TO THE FINANCE LEASE AGREEMENT

CITIC Financial Leasing

CITIC Financial Leasing is a company established in the PRC which is principally engaged in the business of finance leasing. To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, CITIC Financial Leasing and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

The Company and Jilin Century Concord

The Company is a company incorporated in Bermuda with limited liability and its shares have been listed on the Main Board of the Stock Exchange. 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.

Jilin Century Concord is a wholly-owned subsidiary of the Company, and is principally engaged in the operation of wind power generation projects in the PRC.

Haotai New Energy

Haotai New Energy is a wholly-owned subsidiary of the Company, and is principally engaged in the trading of equipment for wind power and new energy.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the transaction contemplated under the Finance Lease Arrangement exceed(s) 5% but is/are less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Company and is thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Century Concord”	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
“CITIC Financial Leasing”	CITIC Financial Leasing Co. Ltd.* (中信金融租賃有限公司), a company established in the PRC with limited liability and a third party independent of the Company and its connected persons (as defined under the Listing Rules), which is the purchaser and lessor under the Finance Lease Arrangement
“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

“Consideration”	the consideration for purchasing the Equipment payable by CITIC Financial Leasing to Haotai New Energy, which amounted to RMB383,490,000 (equivalent to approximately HK\$433,343,700)
“Director(s)”	the director(s) of the Company
“Equipment”	certain machinery and equipment for the Group’s operation of the wind power projects in Jilin Province, the PRC as stipulated under the Finance Lease Agreement
“Finance Lease Agreement”	the finance lease agreement entered into between Jilin Century Concord and CITIC Financial Leasing on 10 July 2019, including all ancillary agreements attached thereto in respect of the purchase and lease of the Equipment, as described in the sub-section headed “Finance Lease Arrangement — (ii) The Finance Lease Agreement” in this announcement
“Finance Lease Arrangement”	the transactions contemplated under the Sale and Purchase Agreement, the Finance Lease Agreement and the Security Agreements
“Group”	the Company and its subsidiaries
“Haotai New Energy”	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, which is the supplier under the Sale and Purchase Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Jilin Century Concord”	Jilin Century Concord Wind Power Investment Co., Ltd.* (吉林協合風力發電投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company, which is the lessee under the Finance Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Security Agreements”	the security agreements, including the Guarantee Agreement I, the Guarantee Agreement II, the Equity Pledge Agreement, the Equipment Mortgage Agreement, the Electricity Fee Pledge Agreement, the Designated Account Agreement I and the Designated Account Agreement II, to secure the obligations of Jilin Century Concord under the Finance Lease Arrangement, as described in the sub-section headed “Finance Lease Arrangement — (iii) Security Agreements” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yongzhou Jiepei Concord”	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, a wholly-owned subsidiary of the Company and is principally engaged in wind power generation projects

This announcement contains translations between RMB and HK\$ at RMB1.00 = HK\$1.13. The translations are not representations that RMB and HK\$ amounts could actually be converted at such rate, if at all.

For and on behalf of
Concord New Energy Group Limited
Liu Shunxing
Chairman

Hong Kong, 10 July 2019

As at the date of this announcement, the Board comprises Mr. Liu Shunxing (Chairman), Ms. Liu Jianhong (Vice Chairperson), Mr. Yu Weizhou (Chief Executive Officer), Mr. Niu Wenhui, Mr. Gui Kai and Dr. Shang Li (all of above are executive Directors), Mr. Wang Feng (who is a nonexecutive 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*