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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 18 June 2019 (after trading hours), Yongzhou Baimangying (as lessee), Haotai New Energy (as supplier) and Everbright Financial Leasing (as purchaser and lessor) entered into the Finance Lease Arrangement, pursuant to which (i) Everbright Financial Leasing has agreed to purchase the Equipment from Haotai New Energy, at the consideration of RMB216,490,830 (equivalent to approximately HK\$244,634,638); and (ii) Everbright Financial Leasing has agreed to lease the Equipment to Yongzhou Baimangying for a term of nine years, to be payable in 36 quarterly installments, at an estimated total lease payments in the amount of approximately RMB296,613,456 (equivalent to approximately HK\$335,173,205).

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 a wind power project of the Group in Hunan 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 18 June 2019

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

Lessee: Yongzhou Baimangying; and

Supplier: Haotai New Energy

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Everbright 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 RMB216,490,830 (equivalent to approximately HK\$244,634,638), which shall be settled by Everbright Financial Leasing by three installments.

The first installment of approximately RMB108,245,415 is payable upon the completion of the lifting of the first wind turbine.

The second installment of approximately RMB64,947,249 is payable subject to, (i) all the compliance procedures for the wind power project as stipulated under the Finance Lease Agreement have been completed; (ii) the shareholders' loans of RMB50,000,000 and the entrusted loans of RMB40,000,000 have been settled; and (iii) the grid connection of half of the wind turbines has been completed.

The third installment of approximately RMB43,298,166 is payable upon the completion of the grid connection of all the wind turbines has been completed.

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 18 June 2019

Parties to the agreement Lessor: Everbright Financial Leasing; and
Lessee: Yongzhou Baimangying

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Everbright 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 9 years (commencing from around 26 June 2019)

Total lease amount payable by the lessee to the lessor RMB296,613,456 (equivalent to approximately HK\$335,173,205), being the total sum of the lease cost of RMB216,490,830 (which is consistent with the Consideration), the aggregate interest of RMB67,133,176, which are payable in 36 quarterly installments, the handling fee of RMB4,329,817 and the security deposit of RMB8,659,633.

Lease interest and adjustment	Approximately RMB67,133,176 (equivalent to approximately HK\$75,860,489). Interest (which forms part of the total lease amount) is accrued at the rate of 20% above the benchmark interest rate for the corresponding RMB loans as promulgated by the People’s Bank of China, which is subject to adjustment with reference to such benchmark interest from time to time.
Handling fee payable by the lessee to the lessor	RMB4,329,817 (equivalent to approximately HK\$4,892,693), which is paid to Everbright Financial Leasing by Yongzhou Baimangying before the commencement of the lease term of the Finance Lease Agreement.
Security deposit payable by the lessee to the lessor	RMB8,659,633 (equivalent to approximately HK\$9,785,385), which is paid to Everbright Financial Leasing by Yongzhou Baimangying on or around 25 June 2019.
Basis to determine the lease payment	The lease amount is agreed between Everbright Financial Leasing and Yongzhou Baimangying with reference to the Consideration paid by Everbright 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 Everbright Financial Leasing throughout the lease term. Upon the end of the lease term, provided that Yongzhou Baimangying has fulfilled all of its obligations under the Finance Lease Agreement, Yongzhou Baimangying will purchase back the Equipment at a nominal consideration of RMB1,000 (equivalent to approximately HK\$1,130).

(iii) Security Agreements

In order to secure Yongzhou Baimangying’s obligations under the Finance Lease Agreement, the following security documents have also been executed on 18 June 2019 (after trading hours):

Guarantee Agreement	Century Concord and Everbright Financial Leasing entered into a guarantee agreement in favour of Everbright Financial Leasing (the “ Guarantee Agreement ”), pursuant to which Century Concord agreed to provide irrevocable joint liability guarantees for all the debts of Yongzhou Baimangying under the Finance Lease Agreement.
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Equity Pledge Agreement	Yongzhou Jiepai Concord entered into a pledge agreement in favour of Everbright Financial Leasing (the “ Equity Pledge Agreement ”), pursuant to which Yongzhou Jiepai Concord agreed to pledge all its equity interest in Yongzhou Baimangying to Everbright Financial Leasing, to secure the obligations of Yongzhou Baimangying under the Finance Lease Agreement.
Designated Account Agreement	Everbright Financial Leasing, Yongzhou Baimangying and China Everbright Bank (Chenzhou Suxian Branch)* (光大銀行郴州市蘇仙支行) entered into a designated account agreement (the “ Designated Account Agreement ”), pursuant to which a designated account (the “ Designated Account ”) has been set up and the receivable in electricity fee of Yongzhou Baimangying should be deposited into the Designated Account, the fund of which should be given priority for fulfilling Yongzhou Baimangying’s obligations under the Finance Lease Agreement.
Electricity Fee Pledge Agreement	Yongzhou Baimangying entered into a pledge agreement in favour of Everbright Financial Leasing (the “ Electricity Fee Pledge Agreement ”), pursuant to which Yongzhou Jiepai Concord agreed to pledge its gains from the receivable in electricity fee to Everbright Financial Leasing, to secure the obligations of Yongzhou Baimangying 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 were agreed after arm’s length negotiations among the relevant parties. 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 Company and the shareholders of the Company as a whole.

INFORMATION OF THE PARTIES TO THE FINANCE LEASE ARRANGEMENT

Everbright Financial Leasing

Everbright 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, Everbright 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 Yongzhou Baimangying

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.

Yongzhou Baimangying 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
“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 Everbright Financial Leasing to Haotai New Energy, which amounted to RMB216,490,830 (equivalent to approximately HK\$244,634,638)
“Director(s)”	the director(s) of the Company

“Equipment”	certain machinery and equipment for the Group’s operation of a wind power project in Hunan Province, the PRC as stipulated under the Finance Lease Agreement
“Everbright Financial Leasing”	Everbright Financial Leasing Co. Ltd.* (光大金融租賃股份有限公司), 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 Agreement
“Finance Lease Agreement”	the finance lease agreement entered into between Yongzhou Baimangying and Everbright Financial Leasing on 18 June 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
“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
“Sale and Purchase Agreement”	the sale and purchase agreement entered into among Everbright Financial Leasing, Haotai New Energy and Yongzhou Baimangying on 18 June 2019, pursuant to which Everbright Financial Leasing agreed to purchase the Equipment from Haotai New Energy to fulfill Everbright Financial Leasing’s obligations under the Finance Lease Agreement

“Security Agreements”	the security agreements, including the Guarantee Agreement, the Equity Pledge Agreement, the Designated Account Agreement and Electricity Fee Pledge Agreement to secure Yongzhou Baimangying’s obligations 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 Baimangying”	Yongzhou Baimangying Century Concord Wind Power Co., Ltd.* (永州白芒營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, which is the lessee under the Finance Lease Agreement
“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, 18 June 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 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*