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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 Company is pleased to announce that on 17 October 2019 (after trading hours), Xiangyang Yulong (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 agreed to purchase the Equipment from Haotai New Energy, at the consideration of RMB392,600,000 (equivalent to approximately HK\$435,786,000); and (ii) Everbright Financial Leasing agreed to lease the Equipment to Xiangyang Yulong for a term of ten years, to be payable in 40 quarterly instalments, at an estimated total lease payments in the amount of approximately RMB544,957,717 (equivalent to approximately HK\$604,903,066).

LISTING RULES IMPLICATIONS

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

* *For identification purposes only*

Reference is made to the announcement of the Company dated 18 June 2019 in relation to the June Finance Lease Arrangement. As the transactions contemplated under the Finance Lease Arrangement and the June Finance Lease Arrangement are conducted within a 12-month period, the transactions shall be aggregated under Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the transactions contemplated under the Finance Lease Arrangement and the June Finance Lease Arrangement exceed(s) 25% but is/are less than 100%, the transactions under the Finance Lease Arrangement and the June Finance Lease Arrangement in aggregate constitute a major transaction of the Company and is thus subject to the reporting, announcement, 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 others, 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 the notice of the special general meeting is expected to be despatched to the shareholders of the Company on or before 25 November 2019.

FINANCE LEASE ARRANGEMENT

The Company is pleased to announce that on 17 October 2019 (after trading hours), Xiangyang Yulong (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 agreed to purchase the Equipment from Haotai New Energy, at the consideration of RMB392,600,000 (equivalent to approximately HK\$435,786,000); and (ii) Everbright Financial Leasing agreed to lease the Equipment to Xiangyang Yulong for a term of ten years, to be payable in 40 quarterly instalments, at an estimated total lease payments in the amount of approximately RMB544,957,717 (equivalent to approximately HK\$604,903,066).

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 Hubei 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	17 October 2019
Parties to the agreement	Purchaser and lessor: Everbright Financial Leasing; Lessee: Xiangyang Yulong; and Supplier: Haotai New Energy
Subject assets	The Equipment
Consideration payable by the lessor to the supplier	<p>RMB392,600,000 (equivalent to approximately HK\$435,786,000), which shall be settled by Everbright Financial Leasing by four instalments.</p> <p>The first instalment of no more than 75% of the consideration (i.e. RMB294,450,000) is payable upon the arrival of the first wind turbine at the project site.</p> <p>The second instalment of no more than 10% of the consideration (i.e. RMB39,260,000) is payable upon the completion of the grid connection of the first wind turbine.</p> <p>The third instalment of no more than 10% of the consideration (i.e. RMB39,260,000) is payable upon the arrival of not less than 16 wind turbines at the project site.</p> <p>The balance of the consideration is payable upon the completion of the grid connection of all wind turbines.</p>
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	17 October 2019
Parties to the agreement	Lessor: Everbright Financial Leasing; and Lessee: Xiangyang Yulong
Period of the lease term	10 years (commencing from middle of December 2019)
Total lease amount payable by the lessee to the lessor	RMB544,957,717 (equivalent to approximately HK\$604,903,066), being the total sum of the lease cost of RMB392,600,000 (which is consistent with the consideration payable by Everbright Financial Leasing in respect of the Equipment), the estimated aggregate interest of RMB129,390,617, which are payable in 40 quarterly instalments, the handling fee of RMB11,189,100 and the security deposit of RMB11,778,000.
Lease interest and adjustment	The estimated aggregate interest is approximately RMB129,390,617 (equivalent to approximately HK\$143,623,585). Interest (which forms part of the total lease amount) is calculated at a floating rate and shall be adjusted with reference to the benchmark interest rate for RMB loans with a maturity of above 5 years as promulgated by the People's Bank of China from time to time (the " Benchmark Interest Rate ") plus a premium. The Benchmark Interest Rate as at the date of this announcement was 4.85%.
Handling fee payable by the lessee to the lessor	RMB11,189,100 (equivalent to approximately HK\$12,419,901), which is paid to Everbright Financial Leasing by Xiangyang Yulong before the commencement of the lease term of the Finance Lease Agreement.
Security deposit payable by the lessee to the lessor	RMB11,778,000 (equivalent to approximately HK\$13,073,580), which is paid to Everbright Financial Leasing by Xiangyang Yulong before the commencement of the lease term of the Finance Lease Agreement.

Basis to determine the lease payment The lease amount is agreed between Everbright Financial Leasing and Xiangyang Yulong 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 buy 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 Xiangyang Yulong has fulfilled all of its obligations under the Finance Lease Agreement, Xiangyang Yulong will buy back the Equipment at a nominal consideration of RMB1,000 (equivalent to approximately HK\$1,110).

(iii) Security Agreements

In order to secure Xiangyang Yulong's obligations under the Finance Lease Agreement, the following security documents were also executed on 17 October 2019 (after trading hours):

Guarantee agreement Century Concord and Everbright Financial Leasing entered into a guarantee agreement in favour of Everbright Financial Leasing, pursuant to which Century Concord agreed to provide irrevocable joint liability guarantees for all the debts of Xiangyang Yulong under the Finance Lease Agreement.

Equity pledge agreement Yongzhou Jiepai entered into an equity pledge agreement in favour of Everbright Financial Leasing, pursuant to which Yongzhou Jiepai agreed to pledge all its equity interest in Xiangyang Yulong to Everbright Financial Leasing, to secure the obligations of Xiangyang Yulong under the Finance Lease Agreement.

Electricity fee pledge agreement Xiangyang Yulong entered into an electricity fee pledge agreement in favour of Everbright Financial Leasing, pursuant to which Xiangyang Yulong agreed to pledge its receivables in electricity fee to Everbright Financial Leasing, to secure its obligations under the Finance Lease Agreement.

Designated account agreement

Everbright Financial Leasing, Xiangyang Yulong and China Everbright Bank (Xiangyang Branch) entered into a designated account agreement, pursuant to which a designated account (the “**Designated Account**”) has been set up and the receivable in electricity fee of Xiangyang Yulong should be deposited into the Designated Account, the fund of which should be given priority for fulfilling Xiangyang Yulong’s obligations 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

Everbright Financial Leasing

Everbright Financial Leasing is a company established in the PRC and 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 Xiangyang Yulong

The Company is a company incorporated in Bermuda with limited liability and its shares are 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.

Xiangyang Yulong 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 transactions contemplated under the Finance Lease Arrangement exceed(s) 5% but less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Company and thus is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 18 June 2019 in relation to the June Finance Lease Arrangement. As the transactions contemplated under the Finance Lease Arrangement and the June Finance Lease Arrangement are conducted within a 12-month period, the transactions shall be aggregated under Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the transactions contemplated under the Finance Lease Arrangement and the June Finance Lease Arrangement exceed(s) 25% but is/are less than 100%, the transactions under the Finance Lease Arrangement and the June Finance Lease Arrangement in aggregate constitute a major transaction of the Company and is thus subject to the reporting, announcement, 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 others, 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 the notice of the special general meeting is expected to be despatched to the shareholders of the Company on or before 25 November 2019.

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
“Director(s)”	the director(s) of the Company
“Equipment”	certain machinery and equipment for the Group’s operation of a wind power project in Hubei 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 Xiangyang Yulong and Everbright Financial Leasing dated 17 October 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

“June Finance Lease Arrangement”	the transaction contemplated under the finance lease arrangement among Yongzhou Baimangying Century Concord Wind Power Co., Ltd. * (永州百芒營協合風力發電有限公司) (as lessee), Haotai New Energy (as supplier) and Everbright Financial Leasing (as purchaser and lessor) pursuant to the finance lease agreement and the sale and purchase agreement both dated 18 June 2019, and other underlying security agreements entered between the Group and Everbright Financial Leasing on the same day, as detailed in the announcement of the Company dated 18 June 2019
“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 Xiangyang Yulong (as lessee), Everbright Financial Leasing (as purchaser and lessor) and Haotai New Energy (as supplier) on 17 October 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 electricity fee pledge agreement and the designated account agreement to secure Xiangyang Yulong’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
“Xiangyang Yulong”	Xiangyang Yulong Wind Power Co., Ltd.* (襄陽峪龍風力發電有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Yongzhou Jiepei”	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

This announcement contains translations between RMB and HK\$ at RMB1.00 = HK\$1.11. 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, 17 October 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).

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