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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 15 November 2019, Yilan Century Concord (as lessee), Tianjin Century Concord (as supplier) and CITIC Financial Leasing (as purchaser and lessor) entered into the Finance Lease Arrangement, pursuant to which (i) CITIC Financial Leasing agreed to purchase the Equipment from Tianjin Century Concord, at the consideration of RMB993,000,000; and (ii) CITIC Financial Leasing agreed to lease the Equipment to Yilan Century Concord for a term of 12 years, to be payable in 48 quarterly instalments, at an estimated total lease payments in the amount of approximately RMB1,429,927,545.

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) 25% but is/are less than 100%, the Finance Lease Arrangement constitutes 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 23 December 2019.

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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 Heilongjiang 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	15 November 2019
Parties to the agreement	Purchaser and lessor: CITIC Financial Leasing; Lessee: Yilan Century Concord; and Supplier: Tianjin Century Concord
Subject assets	The Equipment
Consideration payable by the lessor to the supplier	CITIC Financial Leasing shall fully pay RMB993,000,000 upon satisfaction of the following conditions: (i) the first instalment of no more than 30% of the consideration (i.e. RMB297,900,000) is payable upon the commencement of the projects; the second instalment of no more than 20% of the consideration (i.e. RMB198,600,000) is payable upon the completion of the grid connection at the project site; the third instalment of no more than 40% of the consideration (i.e. RMB397,200,000) is payable upon the arrival of half of the wind turbines at the project site and the completion of the foundation pouring of the projects; and the balance of the consideration is payable upon the completion of the installation of all wind turbines;

- (ii) the Sale and Purchase Agreement, the Finance Lease Agreement and the relevant ancillary documents and agreements have been duly executed and effective;
- (iii) Yilan Century Concord has obtained all internal and external approvals required for the finance leasing transactions under the Finance Lease Agreement;
- (iv) 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;
- (v) 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;
- (vi) CITIC Financial Leasing has received the security deposit (if any), handling fee (if any) and leasing cost (if any) from Yilan Century Concord;
- (vii) the representations and warranties made by Yilan Century Concord under the Sale and Purchase Agreement and the Finance Lease Agreement are true, accurate and not misleading;
- (viii) after signing the Finance Lease Agreement, the national fiscal and taxation, financial policies or the regulatory measures imposed by the PRC government for the financial industry have not changed significantly and the market financing costs have not increased significantly; and
- (ix) other conditions as required by CITIC Financial Leasing have been satisfied.

Basis of the Consideration

The consideration payable by CITIC Financial Leasing is determined after arm's length negotiations with reference to the purchase price payable by Tianjin Century Concord 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	15 November 2019
Parties to the agreement	Lessor: CITIC Financial Leasing; and Lessee: Yilan Century Concord
Period of the lease term	12 years (commencing from 30 December 2019)
Total lease amount payable by the lessee to the lessor	RMB1,429,927,545, being the total sum of the lease cost of RMB993,000,000 (which is consistent with the consideration payable by CITIC Financial Leasing in respect of the Equipment) and the estimated aggregate interest of approximately RMB436,927,545, which are payable in 48 quarterly instalments.
Lease interest and adjustment	The estimated aggregate interest is approximately RMB436,927,545. Interest (which forms part of the total lease amount) is calculated at the rate of 5.177% after value added tax, which is subject to adjustment 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	RMB34,755,000, among which, RMB24,825,000 is payable to CITIC Financial Leasing by Yilan Century Concord before the commencement of the lease term of the Finance Lease Agreement, and the remaining is payable to CITIC Financial Leasing by Yilan Century Concord at the same time as the settlement of the fourth instalment of the lease payment payable by Yilan Century Concord to CITIC Financial Leasing pursuant to the Finance Lease Agreement.
Basis to determine the lease payment	The lease amount was agreed between CITIC Financial Leasing and Yilan Century Concord with reference to the consideration payable by CITIC 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 CITIC Financial Leasing throughout the lease term. Upon the end of the lease term, provided that Yilan Century Concord has fulfilled all of its obligations under the Finance Lease Agreement, Yilan Century Concord will buy back the Equipment at a nominal consideration of RMB1.

(iii) The Security Agreements

In order to secure Yilan Century Concord's obligations under the Finance Lease Agreement, the following security documents were also executed on 15 November 2019:

- Guarantee agreement I** The Company, CITIC Financial Leasing and Yilan Century Concord have entered into a guarantee agreement in favour of CITIC Financial Leasing, pursuant to which the Company agreed to provide irrevocable joint liability guarantees for all the debts of Yilan Century Concord under the Finance Lease Agreement.
- Guarantee agreement II** Century Concord, CITIC Financial Leasing and Yilan Century Concord have entered into a guarantee agreement in favour of CITIC Financial Leasing, pursuant to which Century Concord agreed to provide irrevocable joint liability guarantees for all the debts of Yilan Century Concord under the Finance Lease Agreement.
- Equity pledge agreement** Yongzhou Jiepai entered into an equity pledge agreement in favour of CITIC Financial Leasing, pursuant to which Yongzhou Jiepai agreed to pledge all its equity interest in Yilan Century Concord to CITIC Financial Leasing, to secure the obligations of Yilan Century Concord under the Finance Lease Agreement.
- Equipment mortgage agreement** Yilan Century Concord entered into an equipment mortgage agreement in favour of CITIC Financial Leasing, pursuant to which, upon CITIC Financial Leasing's authorisation, Yilan Century Concord 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** Yilan Century Concord entered into an electricity fee pledge agreement in favour of CITIC Financial Leasing, pursuant to which Yilan Century Concord 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, Yilan Century Concord and China CITIC Bank (Beijing Branch)* (中信銀行股份有限公司北京分行) have entered into a designated account agreement (the "**Designated Account Agreement I**"), pursuant to which a designated account (the "**Designated Account I**") has been set up and the consideration will be paid by CITIC Financial Leasing into the Designated Account I, which will be utilised, among other things, by Yilan Century Concord to pay the consideration to Tianjin Century Concord 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, Yilan Century Concord and China CITIC Bank (Beijing Branch)* (中信銀行股份有限公司北京分行) 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 Yilan Century Concord should be deposited into the Designated Account II, the fund of which should be given priority for fulfilling the obligations of Yilan 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 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 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, CITIC Limited (中國中信股份有限公司), are third parties independent of the Company and its connected persons (as defined under the Listing Rules). CITIC Limited (中國中信股份有限公司) is a centrally-administered state-owned enterprise of the PRC, with the approval of the State Council of the PRC.

The Company and Yilan Century Concord

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.

Yilan 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.

Tianjin Century Concord

Tianjin Century Concord is a wholly-owned subsidiary of the Company and is principally engaged in the trading of equipment for wind power and new energy.

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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 23 December 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
“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
“Director(s)”	the director(s) of the Company
“Equipment”	certain machinery and equipment for the Group’s operation of the wind power projects in Heilongjiang Province, the PRC as stipulated under the Finance Lease Agreement
“Finance Lease Agreement”	the finance lease agreement entered into between Yilan Century Concord and CITIC Financial Leasing on 15 November 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
“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 Yilan Century Concord (as lessee), CITIC Financial Leasing (as purchaser and lessor) and Tianjin Century Concord (as supplier) on 15 November 2019, pursuant to which CITIC Financial Leasing agreed to purchase the Equipment from Tianjin Century Concord to fulfill CITIC Financial Leasing’s obligations under the Finance Lease Agreement

“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 Yilan Century Concord under the Finance Lease Arrangement, as described in the subsection headed “Finance Lease Arrangement — (iii) The Security Agreements” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Century Concord”	Tianjin Century Concord Huaxing Wind Power Equipment Co., Ltd.* (天津協合華興風電裝備有限公司), 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
“Yilan Century Concord”	Yilan County Century Concord Wind Power Co., Ltd.* (依蘭縣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 Jiepai”	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

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

Hong Kong, 15 November 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*