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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

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The Company is pleased to announce that on 17 December 2019, Bozhou Century Concord (as lessee), Tianjin Century Concord (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 Tianjin Century Concord, at the consideration of RMB442,614,000; and (ii) Everbright Financial Leasing agreed to lease the Equipment to Bozhou Century Concord for a term of 11 years, to be payable in 44 quarterly instalments, at an estimated total lease payments in the amount of approximately RMB619,887,258.

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 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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* *For identification purposes only*

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 Anhui 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 December 2019
Parties to the agreement	Purchaser and lessor: Everbright Financial Leasing; Lessee: Bozhou Century Concord; and Supplier: Tianjin Century Concord
Subject assets	The Equipment
Consideration payable by the lessor to the supplier	RMB442,614,000, which shall be fully settled by Everbright Financial Leasing upon obtaining the payment receipt by Everbright Financial Leasing evidencing that not less than RMB340,000,000 has been paid by Tianjin Century Concord to Envision Energy Co., Ltd.* (遠景能源有限公司), the manufacturer of the Equipment, in respect of the purchase price of the Equipment.
Basis of the consideration	The consideration payable by Everbright 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	17 December 2019
Parties to the agreement	Lessor: Everbright Financial Leasing; and Lessee: Bozhou Century Concord
Period of the lease term	11 years (commencing from 25 December 2019)

Total lease amount payable by the lessee to the lessor	RMB619,887,258, being the total sum of the lease cost of RMB442,614,000 (which is consistent with the consideration payable by Everbright Financial Leasing in respect of the Equipment) and the estimated aggregate interest of approximately RMB177,273,258, which are payable in 44 quarterly instalments.
Lease interest and adjustment	The estimated aggregate interest is approximately RMB177,273,258. Interest (which forms part of the total lease amount) is calculated at the rate of 5.204% 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 4.8%.
Handling fee payable by the lessee to the lessor	RMB8,852,280, which is payable to Everbright Financial Leasing by Bozhou Century Concord before the commencement of the lease term of the Finance Lease Agreement.
Security deposit payable by the lessee to the lessor	RMB13,278,420, which is payable to Everbright Financial Leasing by Bozhou Century Concord before the commencement of the lease term of the Finance Lease Agreement.
Basis to determine the lease payment	The lease amount was agreed between Everbright Financial Leasing and Bozhou Century Concord with reference to the consideration payable 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 Bozhou Century Concord has fulfilled all of its obligations under the Finance Lease Agreement, Bozhou Century Concord will buy back the Equipment at a nominal consideration of RMB1,000.

(iii) The Security Agreements

In order to secure Bozhou Century Concord's obligations under the Finance Lease Agreement, the following security documents were also executed on 17 December 2019:

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 Bozhou Century Concord under the Finance Lease Agreement.
Equity pledge agreement	Beijing Bainian Yihao entered into an equity pledge agreement in favour of Everbright Financial Leasing, pursuant to which Beijing Bainian Yihao agreed to pledge all its equity interest in Bozhou Century Concord to Everbright Financial Leasing, to secure the obligations of Bozhou Century Concord under the Finance Lease Agreement.
Electricity fee pledge agreement	Bozhou Century Concord entered into an electricity fee pledge agreement in favour of Everbright Financial Leasing, pursuant to which Bozhou Century Concord 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, Bozhou Century Concord and China Everbright Bank (Hefei Branch)* (中國光大銀行股份有限公司合肥分行) entered into a designated account agreement, pursuant to which a designated account (the “ Designated Account ”) will be set up and the receivables in electricity fee of Bozhou Century Concord should be deposited into the Designated Account, the fund of which should be given priority for fulfilling the obligations of Bozhou 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

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, China Investment Corporation (中國投資有限責任公司), are third parties independent of the Company and its connected persons (as defined under the Listing Rules). China Investment Corporation (中國投資有限責任公司) is a centrally-administered state-owned enterprise of the PRC, with the approval of the State Council of the PRC.

The Company and Bozhou 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.

Bozhou Century Concord is a wholly-owned subsidiary of the Company and is principally engaged in the operation of wind and solar 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.

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 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:

“Beijing Bainian Yihao”	Beijing Bainian Yihao New Energy Technology Development Co., Ltd.* (北京百年億豪新能源技術開發有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Bozhou Century Concord”	Bozhou Century Concord Solar Power Co., Ltd.* (亳州市協合太陽能發電有限公司), 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
“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 Anhui 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 Arrangement
“Finance Lease Agreement”	the finance lease agreement entered into between Bozhou Century Concord and Everbright Financial Leasing on 17 December 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 Bozhou Century Concord (as lessee), Everbright Financial Leasing (as purchaser and lessor) and Tianjin Century Concord (as supplier) on 17 December 2019, pursuant to which Everbright Financial Leasing agreed to purchase the Equipment from Tianjin Century Concord 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 the obligations of Bozhou Century Concord under the Finance Lease Arrangement, as described in the sub-section 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

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

Hong Kong, 17 December 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 an 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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