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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 ARRANGEMENTS

The Board is pleased to announce that after trading hour on 11 September 2020, the Lessee agreed with the Financier on the Finance Lease Arrangements by way of entering into the following agreements on the aforesaid date:

- (a) (i) the Supplier as supplier, the Lessee as original purchaser and the Financier as new purchaser entered into the Transfer Agreement, pursuant to which the Financier shall, in substitution of the Lessee, purchase the Equipment I from the Supplier at a purchase price of approximately RMB41.10 million; and (ii) the Financier and the Lessee entered into the Finance Lease Agreement I, pursuant to which the Financier shall lease the Equipment I to the Lessee for a term of 3 years in consideration of the Lessee paying to the Financier the total Lease Payments of approximately RMB46.74 million payable by 12 quarterly Lease Payments commencing on 15 December 2020;
- (b) the Lessee and the Financier entered into the Finance Lease Agreement II, pursuant to which the Financier shall purchase the Equipment II from the Lessee at a purchase price of approximately RMB61.90 million, and the Financier shall lease back the Equipment II to the Lessee for a term of 3 years in consideration of the Lessee paying to the Financier the total Lease Payments of approximately RMB70.85 million payable by 12 quarterly Lease Payments commencing on 15 December 2020; and

(c) the Lessee and the Financier entered into the Finance Lease Agreement III, pursuant to which the Financier shall purchase the Equipment III from the Lessee at a purchase price of RMB202 million, and the Financier shall lease back the Equipment III to the Lessee for a term of 3 years in consideration of the Lessee paying to the Financier the total Lease Payments of approximately RMB231.18 million payable by 12 quarterly Lease Payments commencing on 15 December 2020.

As the highest Applicable Percentage Ratio in respect of the Finance Lease Arrangements as a whole exceeds 5% but is less than 25%, the Finance Lease Arrangements as a whole constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are thus subject to the notification and publication requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that after trading hour on 11 September 2020, the Lessee (a wholly owned subsidiary of the Company) agreed with the Financier on the Finance Lease Arrangements. Details of the Finance Lease Arrangements are set out below.

FINANCE LEASE ARRANGEMENTS

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

Transfer Agreement

Date: 11 September 2020

Parties: the Financier as the new purchaser;
the Lessee as the original purchaser; and
the Supplier as supplier of the Equipment I.

Subject matter: The Lessee has agreed to transfer and the Financier has agreed to assume certain rights and obligations of the Lessee under the Sale and Purchase Agreement, pursuant to which the Financier shall, in substitution of the Lessee, purchase the Equipment I from the Supplier.

Purchase price and completion:

The purchase price payable by the Financier to the Supplier for the purchase of the Equipment I shall be approximately RMB41.10 million (approximately HK\$46.70 million), which was determined after arm's length negotiation amongst the parties with reference to the total purchase prices payable by the Supplier to the original suppliers of the Equipment I. The purchase price shall be payable after the fulfilment of the following conditions:

- (a) there being no material breaches of any provisions of the Transfer Agreement and Finance Lease Agreement I by the Lessee;
- (b) there being no material adverse change to the financial position of the Lessee since the date of the Transfer Agreement;
- (c) the conditions precedent for the payment of the second instalment of the purchase price by the Financier under the Finance Lease Agreement III as mentioned below remaining fulfilled;
- (d) the Financier having obtained a report from a supervisory company acceptable to it confirming that the Project having a grid-connected capacity of not less than 47.55 MW on or before 31 December 2020; and
- (e) all other conditions or relevant procedures as required by the Transfer Agreement having been satisfied or completed.

The purchase price is expected to be paid on or before 20 September 2020. The Equipment I is expected to be delivered to the Lessee on or before 31 December 2020.

Finance Lease Agreement I

- Date: 11 September 2020
- Parties: the Financier as lessor; and
the Lessee as lessee.
- Lease term: 3 years commencing from the date of payment of the purchase price for the Equipment I
- Lease Payments: The Lessee shall pay 12 quarterly Lease Payments to the Financier amounting to approximately RMB46.74 million (approximately HK\$53.11 million) in aggregate commencing on 15 December 2020. The total Lease Payments represents the purchase price paid by the Financier for the purchase of the Equipment I plus interest attributable to the transactions contemplated by the Transfer Agreement and the Finance Lease Agreement I. The amount of the Lease Payments are determined after arm's length negotiation between the Lessee and the Financier with reference to the prevailing market cost of equipment finance lease.
- Handling fee: An amount of RMB0.48 million shall be paid by the Lessee to the Financier on or before 15 September 2020 as handling fee for the transactions contemplated under the Transfer Agreement and the Finance Lease Agreement I.
- Security deposit: An amount of approximately RMB1.64 million (approximately HK\$1.86 million) shall be paid by the Lessee to the Financier as deposit to secure the due performance of the Lessee's payment obligations under the Finance Lease Agreement I, which shall be paid before the Financier has paid the purchase price for the Equipment I.
- Buyback Option: Upon the end of the lease term, the Lessee has the option to buy back the Equipment I from the Financier at a consideration of RMB10,000.

Finance Lease Agreement II

Date: 11 September 2020

Parties: the Financier as purchaser and lessor; and
the Lessee as seller and lessee.

Subject assets: the Equipment II, which shall be purchased by the Financier from the Lessee.

Purchase price and completion: The purchase price payable by the Financier to the Lessee for the purchase of the Equipment II shall be approximately RMB61.90 million (approximately HK\$70.34 million), which was determined after arm's length negotiation between the Lessee and the Financier with reference to the total purchase prices payable by the Lessee to the original supplier(s) of the Equipment II. The purchase price shall be payable after the fulfilment of the following conditions:

- (a) there being no material breaches of any provisions of the Finance Lease Agreement II by the Lessee;
- (b) there being no material adverse change to the financial position of the Lessee since the date of the Finance Lease Agreement II nor occurrence of any circumstances affecting the Lessee's ability to perform its obligations under the Finance Lease Agreement II;
- (c) the conditions precedent for the payment of the second instalment of the purchase price by the Financier under the Finance Lease Agreement III as mentioned below remaining fulfilled;
- (d) the Financier having obtained a report from a supervisory company acceptable to it confirming that the Project having a grid-connected capacity of not less than 47.55 MW on or before 31 December 2020; and
- (e) all other conditions or relevant procedures as required by the Financier or the Finance Lease Agreement II having been satisfied or completed.

The purchase price is expected to be paid on or before 15 October 2020.

- Lease term: 3 years commencing from the date of payment of the purchase price for the Equipment II
- Lease Payments: The Lessee shall pay 12 quarterly Lease Payments to the Financier amounting to approximately RMB70.85 million (approximately HK\$80.51 million) in aggregate commencing on 15 December 2020. The total Lease Payments represents the purchase price paid by the Financier for the purchase of the Equipment II plus interest attributable to the transactions contemplated under the Finance Lease Agreement II. The amount of the Lease Payments are determined after arm's length negotiation between the Lessee and the Financier with reference to the prevailing market cost of equipment finance lease.
- Security deposit: An amount of approximately RMB2.48 million (approximately HK\$2.81 million) shall be paid by the Lessee to the Financier as deposit to secure the due performance of the Lessee's payment obligations under the Finance Lease Agreement II, which shall be paid before the Financier has paid the purchase price for the Equipment II.
- Buyback Option: Upon the end of the lease term, the Lessee has the option to buy back the Equipment II from the Financier at a consideration of RMB10,000.

Finance Lease Agreement III

- Date: 11 September 2020
- Parties: the Financier as purchaser and lessor; and
the Lessee as seller and lessee.
- Subject assets: the Equipment III, which shall be purchased by the Financier from the Lessee.
- Purchase price and completion: The purchase price payable by the Financier to the Lessee for the purchase of the Equipment III shall be RMB202 million (approximately HK\$229.55 million), which was determined after arm's length negotiation between the Lessee and the Financier with reference to the total purchase prices payable by the Lessee to the original supplier(s) of the Equipment III. The purchase price shall be paid by the Financier in two instalments.

The first instalment shall be no more than RMB160 million (approximately HK\$181.82 million) payable after the fulfilment of the following conditions (the “**First Instalment Conditions**”):

- (a) there being no material breaches of any provisions of the Finance Lease Agreement III by the Lessee;
- (b) there being no material adverse change to the financial position of the Lessee since the date of the Finance Lease Agreement III nor occurrence of any circumstances affecting the Lessee’s ability to perform its obligations under the Finance Lease Agreement III;
- (c) all the security documents as mentioned below (the “**Security Documents**”) duly executed by the Lessee, the Company and certain subsidiaries of the Company as specified in the Finance Lease Agreement III securing the due performance by the Lessee of all its obligations under the Finance Lease Agreements having been delivered to the Financier;
- (d) all the insurance policies, leasing agreements and other documents as specified in the Finance Lease Agreement III relating to the Project having been delivered to the Financier to its satisfaction;
- (e) the Financier having obtained a report from a competent institution confirming that the Project having a utilisation hours of not less than 2,188 hours; and
- (f) all other conditions or relevant procedures as required by the Financier or the Finance Lease Agreement III having been satisfied or completed.

The first instalment of the purchase price is expected to be paid on or before 20 September 2020.

The second instalment shall be the balance of the purchase price for the Equipment III payable after the fulfilment of the following conditions:

- (a) the First Instalment Conditions remaining fulfilled;
- (b) the obligations under the Security Documents having been duly performed by the Lessee, the Company and certain of its subsidiaries; and

- (c) all other conditions or relevant procedures as required by the Financier or the Finance Lease Agreement III having been satisfied or completed.

The second instalment of the purchase price is expected to be paid on or before 15 October 2020.

- Lease term: 3 years commencing from the date of payment of the first instalment of the purchase price for the Equipment III
- Lease Payments: The Lessee shall pay 12 quarterly Lease Payments to the Financier amounting to approximately RMB231.18 million (approximately HK\$262.70 million) in aggregate commencing on 15 December 2020. The total Lease Payments represents the purchase price paid by the Financier for the purchase of the Equipment III plus interest attributable to the transactions contemplated under the Finance Lease Agreement III. The amount of the Lease Payments are determined after arm's length negotiation between the Lessee and the Financier with reference to the prevailing market cost of equipment finance lease.
- Security deposit: An amount of RMB8.08 million (approximately HK\$9.18 million) shall be paid by the Lessee to the Financier as deposit to secure the due performance of the Lessee's payment obligations under the Finance Lease Agreement III, which shall be paid before the Financier has paid the first instalment of the purchase price for the Equipment III.
- Security Documents: As security and guarantee for the due performance of all the Lessee's obligations under the Finance Lease Agreements, the Lessee, the Company and certain wholly-owned subsidiaries of the Company (namely Yongzhou Jiepai Century Concord Wind Power Co., Ltd.* (永州界牌協合風力發電有限公司) and Century Concord Wind Power Investment Co., Ltd.* (協合風電投資有限公司) shall, in favour of the Financier, execute the Security Documents consisting of guarantees, mortgages and pledges and other agreements for the mortgage and pledge of the Equipment I, the Equipment II, the Equipment III, other assets and the land owned by the Group relating to the Project, receivables of the Lessee and the equity interest in the Lessee. The Security Documents and the Finance Lease Arrangements have no material adverse effect on the operation and management of the Group's businesses.
- Buyback Option: Upon the end of the lease term, the Lessee has the option to buy back the Equipment III from the Financier at a consideration of RMB10,000.

REASONS FOR AND BENEFIT OF THE FINANCE LEASE ARRANGEMENTS

The entering into the Finance Lease Arrangements is in the ordinary and usual course of business of the Group, which allow the Group to obtain financial resources and gain access to certain equipment as required for its operations. The Directors consider that the terms of the Finance Lease Arrangements are on normal commercial terms, fair and reasonable and are in the interests of the Shareholders as a whole. It is expected that according to the Hong Kong Financial Reporting Standards, the transactions under the Finance Lease Arrangements will not give rise to any disposal gain or loss to be recorded by the Group.

GENERAL INFORMATION

The Company is an investment holding company. 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.

The Lessee is a wholly-owned subsidiary of the Company and is principally engaged in the operation of wind power generation projects in the PRC. The Supplier is a wholly-owned subsidiary of the Company and is principally engaged in the trading of equipment for wind power and new energy.

The Financier is a company established in the PRC, which is principally engaged in the business of finance leasing. The Financier is ultimately owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Financier, the original supplier(s) of the Equipment I, the Equipment II and the Equipment III, and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

As the highest Applicable Percentage Ratio in respect of the Finance Lease Arrangements as a whole exceeds 5% but is less than 25%, the Finance Lease Arrangements as a whole constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are thus subject to the notification and publication requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Applicable Percentage Ratio”, “connected person” and “subsidiary” have the meanings ascribed to them under the Listing Rules;

“Board”	board of Directors;
“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 I”	certain machinery and equipment for the Group’s operation of the wind power projects in Fuchuan County, Hezhou City, Guangxi Zhuang Autonomous Region, the PRC as stipulated under the Finance Lease Agreement I;
“Equipment II”	certain machinery and equipment for the Group’s operation of the wind power projects in Fuchuan County, Hezhou City, Guangxi Zhuang Autonomous Region, the PRC as stipulated under the Finance Lease Agreement II;
“Equipment III”	certain machinery and equipment for the Group’s operation of the wind power projects in Fuchuan County, Hezhou City, Guangxi Zhuang Autonomous Region, the PRC as stipulated under the Finance Lease Agreement III;
“Finance Lease Agreement I”	the finance lease agreement entered into between the Lessee and the Financier on 11 September 2020 for the leasing of the Equipment I to the Lessee;
“Finance Lease Agreement II”	the finance lease agreement entered into between the Lessee and the Financier on 11 September 2020 for the leasing of the Equipment II to the Lessee;
“Finance Lease Agreement III”	the finance lease agreement entered into between the Lessee and the Financier on 11 September 2020 for the leasing of the Equipment III to the Lessee;
“Finance Lease Agreements”	the Finance Lease Agreement I, the Finance Lease Agreement II and the Finance Lease Agreement III;
“Finance Lease Arrangements”	the transactions contemplated under the Transfer Agreement and the Finance Lease Agreements;

“Financier”	Huaneng Tiancheng Financial Leasing Co., Ltd.* (華能天成融資租賃有限公司), a company established in the PRC with limited liability;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Lessee”	Fuchuan Century Concord Xinzaio Wind Power Co., Ltd.* (富川協合新造風力發電有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Lease Payment(s)”	the quarterly lease payments payable by the Lessee to the Financier under any of the Finance Lease Agreements in consideration of the Financier leasing the Equipment I, the Equipment II or the Equipment III to the Lessee;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Project”	the wind power project to be situated in Fuchuan County, Hezhou City, Guangxi Zhuang Autonomous Region, the PRC, which will be installed thereon the Equipment I, the Equipment II and the Equipment III;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Lessee and the Supplier on 27 July 2020, pursuant to which the Lessee originally agreed to purchase the Equipment I from the Supplier;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplier”	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;

“Transfer Agreement” the transfer agreement entered into among the Lessee (as original purchaser), the Financier (as new purchaser) and the Supplier (as supplier) on 11 September 2020, pursuant to which the Financier shall, in substitution of the Lessee, purchase the Equipment I from the Supplier; and

%” per cent.

For the purposes of this announcement, the exchange rates of HK\$1.00=RMB0.88 has been used for currency translation. Such exchange rates are for illustration purposes only and does not constitute representations that any amount in HK\$ or RMB has been, could have been or may be converted at such rate.

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

Hong Kong, 11 September 2020

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