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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**

The Board is pleased to announce that after trading hour on 13 February 2023, the Lessee and the Financier agreed on the Finance Lease Arrangement by way of entering into the Finance Lease Agreement, pursuant to which the Financier shall purchase the Equipment from the Lessee at the Purchase Price of RMB160 million for the purposes of leasing the Equipment back to the Lessee for the Finance Period in consideration of the Lessee paying to the Financier the quarterly Lease Payments.

#### **LISTING RULES IMPLICATIONS**

The highest Applicable Percentage Ratio for the Finance Lease Arrangement does not exceed 5%. As the Previous Finance Lease Arrangements were entered into within a 12-month period before the date of the Finance Lease Agreement, the Finance Lease Arrangement and the Previous Finance Lease Arrangements shall be aggregated under Chapter 14 of the Listing Rules resulting in a highest Applicable Percentage Ratio on an aggregated basis exceeding 5% but is less than 25%. Hence, the Finance Lease Arrangement is required to be reclassified as a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is thus subject to the notification and publication requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that after trading hour on 13 February 2023, the Lessee and the Financier agreed on the Finance Lease Arrangement by way of entering into the Finance Lease Agreement. Details of the Finance Lease Arrangement are set out below.

## FINANCE LEASE AGREEMENT

Date: 13 February 2023

Parties: (i) the Financier as the purchaser and the lessor; and  
(ii) the Lessee as the seller and the lessee.

Subject asset: The Equipment, which shall be acquired by the Financier from the Lessee and then leased back to the Lessee from the Financier.

Purchase price: The Purchase Price payable by the Financier to the Lessee for the acquisition of the Equipment shall be RMB160 million (approximately HK\$186.05 million), which was determined after arm's length negotiation between the Lessee and the Financier with reference to the book value of the Equipment and the amount of financing needs required by the Group under the Finance Lease Arrangement.

The Purchase Price shall be paid within 15 business days after the fulfilment of the following conditions:

- (a) the Financier having received from the Lessee a valuation report prepared by a third party valuation company on the Equipment, which is acceptable to the Financier;
- (b) the Finance Lease Agreement and all the security documents as mentioned below (the "**Security Documents**") having been duly executed and all the relevant procedures for the Security Documents having been completed;
- (c) up to the payment of the Purchase Price, there being no breaches of contract by the Lessee that have not been disclosed to the Financier;
- (d) there being no circumstances which affect the fulfillment of its purposes or the performance of the Finance Lease Agreement; and
- (e) all other documents or relevant procedures as required by the Financier or the Finance Lease Agreement having been provided to the Financier or completed.

It is expected that the Purchase Price will be paid before early March 2023.

Finance Period: A period of 14 years commencing from the date of payment of the Purchase Price.

Lease payments and interest rate: The Lessee shall pay quarterly Lease Payments to the Financier during the Finance Period. The total Lease Payments represents the Purchase Price paid by the Financier for the acquisition of the Equipment plus interest attributable to the Finance Lease Arrangement to be determined based on the following applicable interest rate.

The applicable interest rate for the 1st to 4th quarters is 4.3%. The applicable interest rates for the 5th to 56th quarters are floating interest rates equal to the relevant above-5-year LPR plus 0.65% or 0.95% as described below. The applicable interest rate for the 5th to 56th quarters will be adjusted annually on the anniversary of the date of payment of the Lease Payment for the 1st quarter, which will, after adjustment, equal to (i) the latest above-5-year LPR announced before such anniversary plus 0.65% for the 5th to 12th quarters; and (ii) the latest over-5-year LPR announced before such anniversary plus 0.95% for the 13th to 56th quarters. Assuming the relevant above-5-year LPR was 4.3% (being the above-5-year LPR announced on 20 January 2023) throughout the 5th to 56th quarters, the applicable interest rates would be 4.95% for the 5th to 12th quarters and 5.25% for the 13th to 56th quarters, and the total Lease Payments would be approximately RMB221.33 million (approximately HK\$257.36 million). The Lease Payments and the applicable interest rates under the Finance Lease Arrangement were determined after arm's length negotiation between the Lessee and the Financier with reference to the prevailing market cost of equipment finance lease.

Security documents: As security for the due performance of all the Lessee's obligations under the Finance Lease Agreement, Century Concord Wind Power and Hubei Julong (collectively the "**Guarantors**"), and the Lessee shall, in favour of the Financier, execute the security documents (the "**Security Documents**") consisting of (i) the guarantee given by Century Concord Wind Power; (ii) the pledge given by Hubei Julong in respect of its entire shareholding interest in the Lessee, and (iii) the pledge given by the Lessee in respect of its electricity incomes arising from the operation of the Power Plant. The Finance Lease Agreement and the Security Documents have no material adverse effect on the operation and management of the Group's business.

Handling fee:	Nil
Security deposit:	Nil
Buyback option:	Upon the expiry of the Finance Period, the Lessee has the option to buy back the Equipment from the Financier at a consideration of RMB100.

## **REASONS FOR AND BENEFIT OF THE FINANCE LEASE ARRANGEMENTS**

The entering into the Finance Lease Arrangement is in the ordinary and usual course of business of the Group, which allows 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 Arrangement are on normal commercial terms, fair and reasonable and are in the interests of the Shareholders as a whole. The unaudited book value of the Equipment as at 31 December 2022 is approximately RMB163.93 million (approximately HK\$190.62 million). According to the Hong Kong Financial Reporting Standards, the transactions under the Finance Lease Arrangement will not give rise to any disposal gain or loss to be recorded by the Group.

## **INTENDED USE OF PROCEEDS**

The Company will generate a net disposal proceed of approximately RMB160 million under the Finance Lease Arrangement, which will be used as general working capital to finance the business operation and activities of the Group within its ordinary course of business, including the purchase of wind and photovoltaic power equipment, and construction of wind and photovoltaic power plants.

## **INFORMATION OF THE PARTIES TO THE FINANCE LEASE AGREEMENT**

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 Financier is a company established in the PRC, which is principally engaged in the business of equipment finance leasing. Insofar as the Company is aware, as at the date of the announcement, the Financier is ultimately beneficially owned as to 60% by the State-owned Assets Supervision and Administration Commission of the PRC and as to 40% by China Resources Pharmaceutical Group Limited\* (華潤醫藥集團有限公司), a company listed on the Stock Exchange (Stock code: 3320). To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Financier and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## PREVIOUS FINANCE LEASE ARRANGEMENTS

On 12 July 2022, Jiangzi Century Concord Solar Power Co., Ltd.\* (江孜協合太陽能發電有限公司) (“**Jiangzi Century Concord**”) (a wholly-owned subsidiary of the Company) and the Financier entered into a finance lease arrangement by way of entering into a finance lease agreement, pursuant to which the Financier purchased certain photovoltaic power equipment and auxiliary facilities of the power plant of Jiangzi Century Concord (the “**Jiangzi Equipment**”) at a total purchase price of RMB120 million (which was paid in August 2022) for the purposes of leasing the Jiangzi Equipment back to Jiangzi Concord for a lease period of 3 years in consideration of Jiangzi Concord paying to the Financier quarterly lease payments to be determined with reference to an applicable interest rate for such finance lease arrangement, which is a floating interest rate determined with reference to the relevant above-5-year LPR. The applicable interest rate will be adjusted annually on the anniversary of the payment of the first quarterly lease payment, which will, after adjustment, equal to the latest above-5-year LPR announced before such anniversary plus 0.5%. Assuming the applicable interest rate being 4.95% throughout that lease period, the total lease payments under such finance lease arrangement would be approximately RMB136.43 million. The principal terms of such finance lease arrangement are materially the same as the Finance Lease Arrangement.

On 20 January 2023, Dachaidan Century Concord Wind Power Co., Ltd.\* (大柴旦協合風力發電有限公司) (“**Dachaidan Century Concord**”) (a wholly-owned subsidiary of the Company) and the Financier entered into a finance lease arrangement by way of entering into a finance lease agreement, pursuant to which the Financier purchased certain photovoltaic power equipment of the power plant of Dachaidan Century Concord (the “**Dachaidan Equipment**”) at a total purchase price of RMB60 million (which is expected to be paid before the end of February 2023) for the purposes of leasing the Dachaidan Equipment back to Dachaidan Century Concord for a lease period of 14 years in consideration of Dachaidan Century Concord paying to the Financier quarterly lease payments to be determined with reference to an applicable interest rate for such finance lease arrangement, which is a floating interest rate determined with reference to the relevant above-5-year LPR. The applicable interest rate for the 1st to 4th quarters is 4.3%. The applicable interest rates for the 5th to 56th quarters are floating interest rates equal to the relevant above-5-year LPR plus 0.65% or 0.95% as described below. The applicable interest rate for the 5th to 56th quarters will be adjusted annually on the anniversary of the date of payment of the lease payment for the 1st quarter, which will, after adjustment, equal to (i) the latest above-5-year LPR announced before such anniversary plus 0.65% for the 5th to 12th quarters; and (ii) the latest over-5-year LPR announced before such anniversary plus 0.95% for the 13th to 56th quarters. Assuming the relevant above-5-year LPR was 4.3% (being the above-5-year LPR announced on 20 January 2023) throughout the 5th to 56th quarters, the total lease payments under such finance lease arrangement would be approximately RMB82.90 million. The principal terms of such finance lease arrangement are materially the same as the Finance Lease Arrangement.

## LISTING RULES IMPLICATIONS

Each of the highest Applicable Percentage Ratios for the Finance Lease Arrangement and the Previous Finance Lease Arrangement does not exceed 5%. As the Previous Finance Lease Arrangements were entered into within a 12-month period before the date of the Finance Lease Agreement, the Finance Lease Arrangement and the Previous Finance Lease Arrangements shall be aggregated under Chapter 14 of the Listing Rules resulting in a highest Applicable Percentage Ratio on an aggregated basis exceeding 5% but is less than 25%. Hence, the Finance Lease Arrangement is required to be reclassified as a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is thus subject to the notification and publication requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Applicable Percentage Ratio”, “connected person” and “subsidiary”	have the meanings ascribed to them under the Listing Rules;
“Board”	board of Directors;
“Century Concord Wind Power”	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 wind power equipment of the Power Plant;
“Finance Lease Agreement”	the finance lease agreement dated 13 February 2023 between the Lessee and the Financier for the acquisition of the Equipment by the Financier from the Lessee and the leasing of the Equipment back to the Lessee from the Financier;
“Finance Lease Arrangement”	the transactions contemplated under the Finance Lease Agreement;

“Finance Period”	a period of 14 years, in which the Lessee shall lease the Equipment from the Financier;
“Financier”	China Resources Financial Leasing Co., Ltd.* (華潤融資租賃有限公司), 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;
“Hubei Julong”	Hubei Julong New Energy Technology Co., Ltd.* (湖北聚隆新能源技術有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Lease Payment(s)”	the quarterly lease payment(s) payable by the Lessee to the Financier under the Finance Lease Agreement during the Finance Period for the leasing of the Equipment;
“Lessee”	Xiangyang Wuying Wind Power Co., Ltd.* (襄陽吳營風力發電有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LPR”	the loan prime rate (貸款市場報價利率) announced by the National Interbank Funding Center (全國銀行間同業拆借中心) from time to time;
“MW”	megawatt;
“Power Plant”	the 20 MW wind power plant project operated by the Lessee in Xiangyang City, Hubei Province, the PRC (中國湖北省襄陽市);
“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;
“Previous Finance Lease Arrangements”	the transactions set out in the paragraph headed “Previous Finance Lease Arrangements” in this announcement;

“Purchase Price”	the purchase price payable to the Lessee by the Financier for the acquisition of the Equipment;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

*For the purposes of this announcement, an exchange rate of HK\$1.00 = RMB0.86 has been used for currency translation. Such exchange rate is 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, 13 February 2023

*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, Mr. Zhai Feng and Ms. Shang Jia (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, Mr. Zhang Zhong, and Ms. Li Yongli (who are independent non-executive Directors).*

*\* For identification purposes only*