

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 27 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 a purchase price of RMB369 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 half-yearly Lease Payments.

As the highest Applicable Percentage Ratio in respect of the Finance Lease Arrangement exceeds 5% but is less than 25%, the Finance Lease Arrangement constitutes 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.

#### **INTRODUCTION**

The Board is pleased to announce that after trading hour on 27 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: 27 February 2023

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

- Subject assets: The Equipment, which shall be acquired by the Financier from the Lessee and then leased back to the Lessee from the Financier.
- Purchase price and completion: The Purchase Price payable by the Financier to the Lessee for the purchase of the Equipment shall be RMB369 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 of the Group. The Purchase Price shall be payable within 10 business days after the fulfilment of the following conditions:
- (a) as at the payment of the Purchase Price, there being no breaches of the Finance Lease Agreement, and any other agreements between the Lessee, its affiliates or controller on the one part and the Financier on the other part, or between the Lessee and any other third party;
  - (b) the Security Documents (as defined below) and other legal documents relating to the Finance Lease Agreement having been entered into and become effective, and there being no material breaches of the Security Documents;
  - (c) as at the payment of the Purchase Price, there being no material changes to the fiscal, taxation or financial policy or governmental capital supervision measures in respect of financial industry nor material increase in market financing cost;
  - (d) the ratio of the own investment of the Lessee in the Power Plant to the Purchase Price being not less than the ratio acceptable to the Financier;
  - (e) the Financier having received a valuation report on the Equipment prepared by a valuation entity acceptable to the Financier, confirming that the valuation of the Equipment is not lower than the Purchase Price; and
  - (f) all other conditions or relevant procedures as required by the Finance Lease Agreement having been satisfied or performed.

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

Finance Period: A period of 15 years commencing from the date of payment of the Purchase Price.

Lease Payments and Interest Rate: The Lessee shall pay half-yearly Lease Payments in arrears to the Financier during the Finance Period. The total Lease Payments represents the Purchase Price plus interest attributable to the Finance Lease Arrangement to be determined based on the following applicable interest rate.

The applicable interest rate for the Lease Payments are floating interest rates equal to (i) the relevant above-5-year LPR plus 0.05% for the first 5-year period of the Finance Period; and (ii) the relevant above-5-year LPR plus 0.9% for the remaining 10-year period of the Finance Period. The relevant LPR for the first half-yearly Lease Payment of the Finance Period is the LPR announced before the payment of the Purchase Price, and the relevant LPR for the remaining half-yearly Lease Payment is the latest LPR announced before the payment of such Lease Payment. Assuming the relevant above-5-year LPR being 4.30% (being the above-5-year LPR announced on 31 October 2022) throughout the Finance Period, the applicable interest rates would thus be 4.35% throughout the first 5-year period and 5.20% throughout the remaining 10-year period, the total Lease Payments would be approximately RM506.35 million.

The Lease Payments and the applicable interest rate 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, the Company, Heilongjiang Shunting and the Lessee shall, in favour of the Financier, execute the security documents (the " <b>Security Documents</b> ") consisting of (i) the guarantee given by the Company; (ii) the mortgage given by the Lessee in respect of the Equipment; (iii) the pledge given by the Lessee in respect of its electricity incomes arising from the operation of the Power Plant; and (iv) the pledge given by Heilongjiang Shunting in respect of its entire shareholding interest in the Lessee. The Security Documents and the Finance Lease Agreement have no material adverse effect on the operation and management of the Group's businesses.
Security Deposit:	Nil.
Handling Fee:	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 RMB1.00.

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

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 January 2023 was approximately RMB348 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 RMB369 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 finance leasing. Insofar as the Company is aware, the Financier is wholly owned by China CITIC Bank Corporation Limited\* (中信銀行股份有限公司), which is a company listed on the Shanghai Stock Exchange (stock code: 601998). To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Financier and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **LISTING RULES IMPLICATIONS**

As the highest Applicable Percentage Ratio in respect of the Finance Lease Arrangement exceeds 5% but is less than 25%, the Finance Lease Arrangement constitutes 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 terms and expressions 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;
“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 (including wind turbine equipment and wind towers);

“Finance Lease Agreement”	the finance lease agreement dated 27 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 15 years, in which the Lessee shall lease the Equipment from the Financier;
“Financier”	CITIC Financial Leasing Co., Ltd.* (中信金融租賃有限公司), a company established in the PRC with limited liability;
“Group”	the Company and its subsidiaries;
“Heilongjiang Shunting”	Heilongjiang Shunting New Energy Technology Co., Ltd.* (黑龍江順霆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;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Lease Payment(s)”	the half-yearly 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”	Fangzheng County Jiangwan Wind Power Co., Ltd.* (方正縣江灣風力發電有限公司), 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 50MW wind power plant project operated by the Lessee in Harbin City, Heilongjiang Province, the PRC (中國黑龍江省哈爾濱市);

“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;
“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 and on behalf of  
**Concord New Energy Group Limited**  
**Liu Shunxing**  
*Chairman*

Hong Kong, 27 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*