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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 Board is pleased to announce that after trading hour on 20 March 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 RMB500 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

As the highest Applicable Percentage Ratio for the Finance Lease Arrangement exceeds 5% but is less than 25%, the entering into 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.

The Board is pleased to announce that after trading hour on 20 March 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: 20 March 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 purchased 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 RMB500 million, which was determined after arm's length negotiation between the Lessee and the Financier with reference to the purchase price paid by the Lessee for the acquisition of the Equipment from its suppliers (which are independent third parties), the market value of the Equipment and the amount of financing need of the Group under the Finance Lease Arrangement. As at the date of this announcement, the Equipment has not been fully acquired by the Lessee.
- The Purchase Price shall be paid after the fulfilment of the following conditions:
- (a) the Security Documents (as defined below) having been entered into and becoming effective, and all the relevant procedures for the Security Documents having been completed;
 - (b) the Financier having received an asset valuation report prepared by a valuation entity acceptable to the Financier;
 - (c) there being no breaches of the Finance Lease Agreement, nor any circumstances that may affect the rights of the Financier under the Finance Lease Agreement; and
 - (d) 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 within 2 months from the date of this announcement.

Finance Period:	A period of 15 years commencing from the date of payment of the Purchase Price.
Lease payments and interest rate:	<p>The Lessee shall pay quarterly Lease Payments in arrears 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.</p> <p>The applicable interest rate for the Lease Payments are floating interest rates equal to the relevant 1-year LPR plus 0.45% as described below. The applicable interest rate will be adjusted half yearly on 1 January and 1 July (each of which being the “Interest Adjustment Date”), which will, after adjustment, equal to the latest 1-year LPR announced on the working day before the relevant Interest Adjustment Date plus 0.45%, provided that the relevant 1-year LPR for the first quarterly Lease Payment shall be the latest 1-year LPR announced on the working day before the commencement of the Finance Period. Assuming the 1-year LPR being 3.65% (being the 1-year LPR announced on 20 March 2023) throughout the Finance Period, the applicable interest rate would thus be 4.1% throughout the Finance Period, and the total Lease Payments would thus be approximately RMB670.99 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.</p>
Security documents:	As security for the due performance of all the Lessee’s obligations under the Finance Lease Agreement, Century Concord Wind Power, Hubei Shunhe 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 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 Hubei Shunhe in respect of its entire shareholding interest in the Lessee. The Finance Lease Agreement and the Security Documents have no material adverse effect on the operation and management of the Group’s business.
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 RMB10,000.

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. According to the Hong Kong Financial Reporting Standards, the transactions contemplated 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 from the Finance Lease Agreement a net disposal proceeds of approximately RMB500 million, 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 wind and solar power generation projects.

The Lessee is a wholly-owned subsidiary of the Company and is principally engaged in the operation and investment of photovoltaic 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, as at the date of this Announcement: (i) the Financier is indirectly owned as to approximately 35.0% by Shanghai Electric Power Co., Ltd.* (上海電力股份有限公司), which is a company listed in Shanghai (stock code: 600021.SH); (ii) the remaining approximately 65.0% interest in the Financier is owned by Diantou Ronghe New Energy Development Co., Ltd.* (電投融和新能源發展有限公司) (“**Diantou Ronghe**”); and (iii) Diantou Ronghe is owned as to approximately 35.6% by the State-Owned Assets Supervision and Administration Commission of the State Council of the PRC, as to 19.1% by China Post Life Insurance Co., Ltd.* (中郵人壽保險股份有限公司) (which is a wholly-state-owned enterprise), as to approximately 14.3% by Taikang Life Insurance Co., Ltd.* (泰康人壽保險有限責任公司) (which is one of the largest insurance companies in the PRC), as to approximately 13.0% by Agricultural Bank Financial Assets Investment Co., Ltd.* (農銀金融資產投資有限公司) (which is wholly owned by Agricultural Bank of China Limited (中國農業銀行股份有限公司) (which is listed on the Stock Exchange (stock code: 1288))), and as to approximately 5.0% owned by Yunnan Energy Investment Co., Ltd.* (雲南能投資本投資有限公司), as to approximately 5.0% by China Southern Power Grid Capital Holding Co., Ltd.* (南方電網資本控股有限公司), and as to the remaining approximately 8.0% owned by four other shareholders, each of which owning less than a 4% interest in Diantou Ronghe. 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 for the Finance Lease Arrangement exceeds 5% but is less than 25%, the entering into 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 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 solar power equipment of the Power Plant (including solar panel modules, inverters, power cables, box transformers, support frames and other auxiliary facilities);
“Finance Lease Agreement”	the finance lease agreement dated 20 March 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”	Zhongdiantou Ronghe Financial Leasing Co., Ltd.* (中電投融和融資租賃有限公司), a company established in the PRC with limited liability;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hubei Shunhe”	Hubei Shunhe New Energy Technology Co., Ltd.* (湖北順合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 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 Juhe Photovoltaic Power Co., Ltd.* (襄陽聚合光伏發電有限公司), 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 100MW photovoltaic 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;
“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, 20 March 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*