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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 28 June 2023, the Seller, the Lessee and the Financier agreed on the Finance Lease Arrangement by way of entering into the following agreements:

- (a) the Seller, the Lessee and the Financier entered into the Purchase Agreement, pursuant to which the Financier shall purchase the Equipment from the Seller at a purchase price of RMB296 million for the purposes of leasing the Equipment to the Lessee; and
- (b) the Lessee and the Financier entered into the Finance Lease Agreement, pursuant to which the Lessee shall lease the Equipment from the Financier during the Lease 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 28 June 2023, the Seller, the Lessee and the Financier agreed on the Finance Lease Arrangement by way of entering into the Purchase Agreement and the Finance Lease Agreement. Details of the Finance Lease Arrangement are set out below.

### **Purchase Agreement**

Date: 28 June 2023

Parties:

- (i) the Financier as the purchaser of the Equipment under the Purchase Agreement;
- (ii) the Seller as the seller of the Equipment; and
- (iii) the Lessee as the original purchaser of the Equipment under the Original Purchase Agreement.

Subject Assets: The Equipment, which shall be purchased by the Financier from the Seller by way of transferring by the Lessee to the Financier the relevant rights and obligations of the Lessee under the Original Purchase Agreement for the acquisition of the Equipment. The Equipment shall be acquired by the Financier for the purposes of the Financier leasing the Equipment to the Lessee.

Purchase Price and Completion: The Purchase Price payable by the Financier to the Seller for the purchase of the Equipment shall be RMB296 million, which was determined after arm's length negotiation between the Lessee, the Financier and the Seller with reference to the market value of the Equipment and the amount of financing needs of the Group. The Purchase Price equals to the original purchase price of the Equipment under the Original Purchase Agreement. The original purchase price of the Equipment is in line with its market value, which is determined based on reviewing quotations obtained from suppliers of comparable equipment who are independent third parties. The Purchase Price shall be payable within 5 business days after the fulfilment of the following conditions:

- (a) the Purchase Agreement, the Finance Lease Agreement and any other agreements and documents contemplated by the Finance Lease Arrangement between the Financier, the Lessee and any other third party having become effective, and there being no subsisting breaches of such agreements and documents, and any other agreements entered into by the Lessee, its affiliates or controller of the one part and the Financier of the other part;
- (b) the Security Documents (as defined below), and other ancillary documents having been entered into and become effective, and all the relevant procedures for them having been completed;
- (c) all the representations and warranties given by the Lessee under the Purchase Agreement and the Finance Lease Agreement being true and accurate, and not misleading;
- (d) there being no material changes to the fiscal, taxation or financial policy or governmental supervision measures in respect of financial industry nor material increase in market financing cost;
- (e) the Financier having received project evaluation documentation on the Equipment prepared by an entity acceptable to the Financier, confirming that the remaining service life of the Equipment is longer than the Lease Period; and
- (f) all other conditions or relevant procedures as required by the Purchase Agreement having been satisfied or performed.

It is expected that the Purchase Price will be paid by the end of June 2023.

## **Finance Lease Agreement**

Date 28 June 2023

Parties:

- (i) the Financier as the lessor; and
- (ii) the Lessee as the lessee.

Subject Asset:	The Equipment, which shall be leased from the Financier by the Lessee.
Lease Period:	A period of 12 years commencing from the date of payment of the Purchase Price.
Lease Payments and Interest Rate:	<p>The Lessee shall pay Lease Payments half-yearly in arrears to the Financier during the Lease 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.</p> <p>The applicable interest rate for the Lease Payments are floating interest rates equal to the relevant over-5-year LPR plus 0.35% for the Lease Period. The relevant over-5-year LPR for the first half-yearly Lease Payment of the Lease Period is the over-5-year LPR announced on 21 June 2023, and the relevant over-5-year LPR for each of the remaining half-yearly Lease Payments is the latest over-5-year LPR announced before the payment of the relevant half-yearly Lease Payment. Assuming the relevant over-5-year LPR being 4.20% (being the over-5-year LPR announced on 21 June 2023) throughout the Lease Period, the applicable interest rate would thus be 4.55% throughout the Lease Period, and the total Lease Payments would thus be approximately RMB380.94 million.</p> <p>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, Fangzheng County Jiangwan, Century Concord Wind Power and Wuhan Shunhe shall, in favour of the Financier, execute the security documents (the " <b>Security Documents</b> ") consisting of (i) the guarantees given by each of Fangzheng County Jiangwan and Century Concord Wind Power; (ii) the pledge given by the Lessee in respect of all its account receivables; and (iii) the pledge given by Wuhan Shunhe 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 Lease Period, the Lessee has the option to buy back the Equipment from the Financier at a consideration of RMB1.00.

## **PREVIOUS FINANCE LEASE ARRANGEMENT**

On 27 February 2023, Fangzheng County Jiangwan, a wholly-owned subsidiary of the Group, entered into a finance lease arrangement with the Financier, details of which are set out in the announcement of the Company dated 27 February 2023.

## **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 May 2023 was approximately RMB296 million. 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 a net disposal proceed of approximately RMB296 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 power, photovoltaic power and energy storage equipment, and construction of wind power, photovoltaic power and energy storage stations.

## **INFORMATION ON 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 energy storage projects in the PRC. The Seller is principally engaged in the research and development, manufacturing and trading of power station equipment. The Seller is beneficially owned as to approximately 99.9% by the Group and, insofar as the Company is aware, as to approximately 0.01% by independent third parties.

The Financier 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, the minority beneficial owners of the Seller and their respective 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. As the Previous Finance Lease Arrangement was entered into within a 12-month period before the date of the Finance Lease Arrangement, the transactions contemplated under the Finance Lease Arrangement and the Previous Finance Lease Arrangement shall be aggregated under Chapter 14 of the Listing Rules resulting in a highest Applicable Percentage Ratio on an aggregated basis exceeding 5% but less than 25%. Hence, the Finance Lease Arrangement is not required to be reclassified by aggregating with the Previous Finance Lease Arrangement.

## **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;
“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 energy storage equipment used for the Power Station (including prefabricated cabins for energy storage battery system and booster inverter);
“Fangzheng County Jiangwan”	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;
“Finance Lease Agreement”	the finance lease agreement dated 28 June 2023 between the Lessee and the Financier for the leasing of the Equipment to the Lessee from the Financier;
“Finance Lease Arrangement”	the transactions contemplated under the Purchase Agreement and the Finance Lease Agreement;
“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;
“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 Lease Period for the leasing of the Equipment;
“Lease Period”	a period of 12 years, in which the Lessee shall lease the Equipment from the Financier;
“Lessee”	Xiangyin Juhe Energy Technology Co., Ltd.* (湘陰聚合能源科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Listing Rules”	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;
“Original Purchase Agreement”	the purchase agreement dated 10 February 2023 (as supplemented on 31 May 2023) for the originally proposed acquisition of the Equipment by the Lessee from the Seller;

“Power Station”	the 100MW/200MWh energy storage power station project operated by the Lessee in Yueyang City, Hunan Province, the PRC (中國湖南省岳陽市);
“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 Arrangement”	the previous finance lease arrangement set out in the paragraph headed “Previous Finance Lease Arrangement” in this announcement;
“Purchase Agreement”	the tripartite purchase agreement dated 28 June 2023 between the Financier, the Seller and the Lessee for the sale of the Equipment from the Seller to the Financier;
“Purchase Price”	the purchase price payable to the Seller by the Financier for the acquisition of the Equipment under the Purchase Agreement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Seller”	Edge Power Technology Co., Ltd.* (四維能源(武漢)科技有限公 司), a company established in the PRC with limited liability and an approximately 99.9% owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Wuhan Shunhe”	Wuhan Shunhe New Energy Investment Co., Ltd.* (武漢順合新能 源投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company; and



“%”

per cent.

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

Hong Kong, 28 June 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*