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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

FINANCE LEASE ARRANGEMENT

The Board is pleased to announce that after trading hour on 27 July 2023, the Lessee and the Financier agreed on the Finance Lease Arrangement by way of entering into the following agreements:

- (a) the Lessee and the Financier entered into the Entrusted Purchase Agreement, pursuant to which the Lessee shall purchase the Equipment on behalf of the Financier from the Seller at a purchase price of RMB1,151.9 million for the Financier to lease 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 for the Lease 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 27 July 2023, the Lessee and the Financier agreed on the Finance Lease Arrangement by way of entering into the following agreements. Details of the Finance Lease Arrangement are set out below.

FINANCE LEASE ARRANGEMENT

Entrusted Purchase Agreement

Date: 27 July 2023

Parties: (i) the Financier as the ultimate purchaser of the Equipment; and
(ii) the Lessee as the entrusted agent of the Financier for the acquisition of the Equipment.

Subject asset: The Equipment, which shall be purchased by the Financier from the Seller by way of confirming and ratifying under the Entrusted Purchase Agreement that the Financier having entrusted the Lessee to enter into the Original Sale and Purchase Agreement on behalf of the Financier for the purchase of the Equipment by the Financier for the purposes of the Finance Lease Arrangement.

Purchase price: Under the Entrusted Purchase Agreement, the Financier shall pay the Purchase Price of RMB1,151.9 million to the Lessee for the Lessee to acquire the Equipment on behalf of the Financier from the Seller. The Purchase Price was determined after arm's length negotiation between the Seller, the Lessee and the Financier with reference to the market value of the Equipment and the amount of financing needs required by the Group under the Finance Lease Arrangement.

The Purchase Price to be paid by the Financier (being the total amount to be borrowed by the Group under the Finance Lease Arrangement) is equal to the original purchase price of the Equipment. The original purchase price of the Equipment is in line with its market value, which is determined based on the Group's experience in acquiring comparable equipment accumulated in the past years and in monitoring the market value of comparable equipment, which includes reviewing quotations obtained from suppliers of comparable equipment who are independent third parties.

The Purchase Price shall be payable within 30 business days after the fulfilment of the following conditions:

- (a) the Security Documents (as defined below), and other ancillary documents having been entered into and become effective, all the relevant procedures for them having completed, and there being no subsisting breaches of such Security Documents and ancillary documents;
- (b) as at the payment of the Purchase Price, all the representations and warranties given by the Lessee under the Finance Lease Agreement and the Entrusted Purchase Agreement being true and accurate, and not misleading;
- (c) as at the payment of the Purchase Price, there being no material changes to the fiscal, taxation and financial policies, or government regulatory measures and standards on the capital of the financial and financial leasing industries, the market financing cost not having increased significantly, and there being no force majeure or change of circumstances that may affect the realisation of the Financier's right as a creditor;
- (d) there being no material change to the control or financial conditions of the Lessee and/or the guarantor or pledgers of the Security Documents, and no occurrence of any events that may adversely affect the performance of the Finance Lease Agreement, the Security Documents and the related agreements;
- (e) as at the payment of the Purchase Price, there being no subsisting breaches of the Finance Lease Agreement, the Entrusted Purchase Agreement, the Original Sale and Purchase Agreement, and any other agreements between the Lessee of the one part, and the Financier or any other third party of the other part;
- (f) prior to the payment of the Purchase Price, there being no actions by the Lessee that may increase hidden debts for the relevant local government;
- (g) the Lessee having provided to the Financier a proof of the receipt of capital contribution;

- (h) the Lessee having provided to the Financier any one of the electricity licence, the grid-connected dispatch agreement, or the power purchase and sale contract for the Power Plant; and
- (i) all other conditions or procedures as required by the Finance Lease Agreement having been fulfilled.

It is expected that the Purchase Price will be paid around mid-August 2023.

Finance Lease Agreement

Date: 27 July 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: The Lessee shall pay quarterly Lease Payments in arrears to the Financier during the Lease Period. The total Lease Payments represents the Purchase Price paid by the Financier for the purchase of the Equipment plus interests attributable to the Finance Lease Arrangement to be determined based on the following applicable interest rate.

The applicable interest rate is a floating interest rate equal to the relevant over-5-year LPR as may be announced from time to time minus 0.1%. The relevant LPR for the first quarterly Lease Payment is the LPR announced on 20 June 2023, being 4.2%, which gives rise to an applicable interest rate of 4.1% for the first quarterly Lease Payment. The applicable interest rate will be adjusted on the day of the announcement of a new over-5-year LPR and will, after adjustment, equal to that over-5-year LPR minus 0.1%. Assuming the applicable interest rate was 4.1% throughout the Lease Period, the total Lease Payments would be approximately RMB1,469.20 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 Lessee, the Company and certain wholly-owned subsidiaries of the Company (namely CWP and Yunnan Ruiting) shall, in favour of the Financier, execute the security documents (the "**Securities Documents**") consisting of (i) the guarantee to be given by the Company; (ii) the pledges to be given by Yunnan Ruiting and CWP on the equity interests in the Lessee owned by them respectively representing the entire equity interest in the Lessee in aggregate; and (iii) the pledge to be given by the Lessee on electricity generation 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 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 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. The unaudited book value of Equipment as at 30 June 2023 is approximately RMB1,151.9 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 total net disposal proceeds of RMB1,151.9 million under the Entrusted Purchase Agreement, 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 and photovoltaic power and construction of wind power and photovoltaic power.

INFORMATION OF THE PARTIES TO THE FINANCE LEASE ARRANGEMENT

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 construction and operation of wind power generation projects in the PRC.

The Seller is a wholly-owned subsidiary of the Company and is principally engaged in the trading of equipment for wind and 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, the Financier is wholly owned by Industrial Bank Co., Ltd. (興業銀行股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601166).

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Financier and its ultimate beneficial owner(s) 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(s)” and “subsidiary(ies)”	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;
“CWP”	CWP Holdings Limited, a company established in the PRC with limited liability and a wholly-owned subsidiary of the Group;
“Director(s)”	the director(s) of the Company;
“Entrusted Purchase Agreement”	the entrusted purchase agreement between the Lessee and the Financier dated 27 July 2023 relating to purchase of the Equipment from the Seller by the Lessee on behalf of the Financier;
“Equipment”	certain wind power equipment for the operation of the Power Plant (including wind turbine equipment, wind towers, box type substation, and other ancillary equipment);
“Finance Lease Agreement”	the finance lease agreement between the Lessee and the Financier dated 27 July 2023 for the leasing of the Equipment to the Lessee from the Financier;
“Finance Lease Arrangement”	the transactions contemplated under the Entrusted Purchase Agreement and the Finance Lease Agreement;
“Financier”	Industrial Bank Financial Leasing Co., Ltd.* (興業金融租賃有限責任公司), 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 quarterly lease payment(s) payable by the Lessee to the Financier under the Finance Lease Agreement during the Lease Period in consideration of the Financier leasing the Equipment to the Lessee;
“Lease Period”	the 12-year period, in which the Lessee shall lease the Equipment from the Financier;
“Lessee”	Kaiyuan Julong New Energy Development Co., Ltd.*(開遠聚隆新能源開發有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Group;
“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;
“Original Sale and Purchase Agreement”	the sale and purchase agreement dated 8 October 2021 (together with the supplemental agreements thereto including the first supplemental agreement dated 17 June 2022, the second supplemental agreement dated 16 November 2022, and the third supplemental agreement dated 25 June 2023) between the Seller and the Lessee for the originally proposed purchase of the Equipment by the Lessee from the Seller;
“Power Plant”	the 350MW wind power plant of the Group situated in Honghe, Yunnan Province, the PRC(中國雲南省紅河);
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Purchase Price”	the purchase price payable by the Financier to the Lessee for the the Lessee to purchase the Equipment on behalf of the Financier from the Seller;
“RMB”	Renminbi, the lawful currency of the PRC;

“Seller”	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;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Yunnan Ruiting”	Yunnan Ruiting New Energy Technology Co., Ltd* (雲南瑞霆新能源科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Group; and
“%”	per cent.

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

Hong Kong, 27 July 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 and Mr. Zhai Feng (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*