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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 ARRANGEMENTS**

The Board is pleased to announce that after trading hour on 13 February 2023:

1. the Lessee and the Financier agreed on the Finance Lease Arrangement A by way of entering into the Finance Lease Agreement A, pursuant to which the Financier shall purchase the Equipment from the Lessee at a purchase price of RMB240 million for the purposes of leasing the Equipment back to the Lessee for the Finance Period A in consideration of the Lessee paying to the Financier the quarterly Lease Payments; and
2. the Lessee and the Financier agreed on the Finance Lease Arrangement B by way of entering into the Finance Lease Agreement B, pursuant to which the Financier shall purchase the Auxiliary Facilities from the Lessee at a purchase price of RMB210 million for the purposes of leasing the Auxiliary Facilities back to the Lessee for the Finance Period B in consideration of the Lessee paying to the Financier the quarterly Lease Payments.

The Total Purchase Price under the Finance Lease Arrangements amounts to RMB450 million.

#### **LISTING RULES IMPLICATIONS**

As the highest Applicable Percentage Ratio for the Finance Lease Arrangements on an aggregated basis exceeds 5% but is less than 25%, the Finance Lease Arrangements 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 13 February 2023, the Lessee and the Financier agreed on the Finance Lease Arrangements by way of entering into the following agreements. Details of the Finance Lease Arrangements are set out below.

## FINANCE LEASE AGREEMENT A

- 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 A payable by the Financier to the Lessee for the acquisition of the Equipment shall be RMB240 million (approximately HK\$206.40 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 A shall be paid after the fulfilment of the following conditions:

- (a) the Finance Lease Agreement B and other agreements contemplated by the aforesaid agreement, and the Finance Lease Agreement A (including 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) as at the date of payment of the Purchase Price A, there being no material breaches of the Finance Lease Agreement A and the Security Documents by the Lessee and the Guarantors (as defined below), and there being no material adverse change to the credit worthiness of the Lessee and the Guarantors;
- (c) the Financier having obtained the original of the final valuation report prepared by a third party valuation company acceptable to the Financier on the Power Plant with a valuation acceptable to the Financier;
- (d) there being no material changes to the industry in which the Lessee operates; and there being no material adverse change to, nor any negative public opinion and information in respect of, the Lessee, and its affiliated companies, ultimate controller(s) and shareholder(s);
- (e) the Financier having obtained the supporting documents acceptable to the Financier in respect of the settlement by the Lessee of all the outstanding amounts owed by it to its previous financier(s);

- (f) the Financier having obtained the supporting documents acceptable to the Financier in respect of the release of the pledge over the account receivables of the Lessee and mortgage over the moveable properties of the Lessee in favour of the Bank of China Limited Anhui Branch\* (中國銀行股份有限公司安徽省分行) and the Industrial and Commercial Bank of China Limited Suzhou Branch\* (中國工商銀行股份有限公司宿州分行) respectively;
- (g) there being no material change to the overall economic situation, fiscal, taxation and financial policies, or government regulatory measures on the financial industry, and the financial industry situation in the PRC, and the market financing cost not having increased significantly; and
- (h) all other documents or relevant procedures as required by the Financier or the Finance Lease Agreement A having been provided to the Financier or completed.

If the above conditions are not fulfilled on or before 16 July 2023, the Financier may terminate the Finance Lease Agreement A without any liability to the Lessee. It is expected that the Purchase Price A will be paid before end of March, 2023.

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

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

The applicable interest rate for the first year of the Finance Period A is a fixed interest rate of 4%. The applicable interest rate for the following 13-year period (the “**Second Period A**”) is a floating interest rate equal to the relevant above-5-year LPR plus 0.78%. The relevant LPR for the first quarterly Lease Payment of the Second Period A is the LPR announced on 20 December 2022, being 4.3%, which gives rise to an applicable interest rate of 5.08% for the said first quarterly Lease Payment. The applicable interest rate for the Second Period A will be adjusted annually on 1 January, which will, after adjustment, equal to the LPR in the month before such anniversary plus 0.78%. Assuming the applicable interest rate was 5.08% throughout the Second Period A, the total Lease Payments would be approximately RMB339.54 million (approximately HK\$394.81 million). The Lease Payments and the applicable interest rate under the Finance Lease Arrangement A 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 A, the Company, Century Concord Wind Power and Anhui Xinguangmao (collectively the “**Guarantors**”), and the Lessee shall, in favour of the Financier, execute the security documents (the “**Security Documents**”) consisting of (i) the guarantees given by the Company and Century Concord Wind Power; (ii) the mortgages given by the Lessee in respect of the Auxiliary Facilities and the land owned by the Lessee; (iii) the pledge given by the Lessee in respect of its account receivables; and (iv) the pledge given by Anhui Xinguangmao in respect of its entire shareholding interest in the Lessee. The Finance Lease Agreement A 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 A, the Lessee has the option to buy back the Equipment from the Financier at a consideration of RMB10,000.

## **FINANCE LEASE AGREEMENT B**

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 Auxiliary Facilities, 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 B payable by the Financier to the Lessee for the acquisition of the Auxiliary Facilities shall be RMB210 million (approximately HK\$244.19 million), which was determined after arm's length negotiation between the Lessee and the Financier with reference to the book value of the Auxiliary Facilities and the amount of financing needs of the Group.

The Purchase Price B shall be paid after the fulfilment of the following conditions:

- (a) the Finance Lease Agreement A and other agreements contemplated by the aforesaid agreement, and the Finance Lease Agreement B (including the Security Documents) having been entered into and becoming effective, and all the relevant procedures for the Security Documents having been completed;
- (b) as at the date of payment of the Purchase Price B, there being no material breaches of the Finance Lease Agreement B and the Security Documents by the Lessee and the Guarantors, and there being no material adverse change to the credit worthiness of the Lessee and the Guarantors;
- (c) all conditions precedent for the payment of the Purchase Price A under the Finance Lease Agreement A having been fulfilled and remaining fulfilled;
- (d) there being no material changes to the industry in which the Lessee operates; and there being no material adverse change to, nor any negative public opinion and information in respect of, the Lessee, and its affiliated companies, ultimate controller(s) and shareholder(s);
- (e) there being no material change to the overall economic situation, fiscal, taxation and financial policies, or government regulatory measures on the financial industry, and the financial industry situation in the PRC, and the market financing cost not having increased significantly; and
- (f) all other documents or relevant procedures as required by the Financier or the Finance Lease Agreement B having been provided to the Financier or completed.

If the above conditions are not fulfilled on or before 16 July 2023, the Financier may terminate the Finance Lease Agreement B without any liability to the Lessee. It is expected that the Purchase Price B will be paid before end of March, 2023.

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

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

The applicable interest rate for the first year of the Finance Period B is a fixed interest rate of 4%. The applicable interest rate for the following 13-year period (the “**Second Period B**”) is a floating interest rate equal to the relevant above-5-year LPR plus 0.78%. The relevant LPR for the first quarterly Lease Payment of the Second Period B is the LPR announced on 20 December 2022, being 4.3%, which gives rise to an applicable interest rate of 5.08% for the said first quarterly Lease Payment. The applicable interest rate for the Second Period B will be adjusted annually on 1 January, which will, after adjustment, equal to the LPR in the month before such anniversary plus 0.78%. Assuming the applicable interest rate was 5.08% throughout the Second Period B, the total Lease Payments would be approximately RMB297.64 million (approximately HK\$346.09 million). The Lease Payments and the applicable interest rate under the Finance Lease Arrangement B were determined after arm’s length negotiation between the Lessee and the Financier with reference to the prevailing market cost of auxiliary facilities finance lease.

Security documents: As security for the due performance of all the Lessee’s obligations under the Finance Lease Agreement B, the Guarantors, and the Lessee shall, in favour of the Financier, execute the Security Documents mentioned above under the paragraph headed “Finance Lease Agreement A – Security documents” in this announcement. The Finance Lease Agreement B 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 B, the Lessee has the option to buy back the Auxiliary Facilities from the Financier at a consideration of RMB10,000.

## **PREVIOUS FINANCE LEASE ARRANGEMENTS**

In August 2022, certain subsidiaries of the Group entered into several finance lease arrangements with the Financier (the “**August 2022 Transactions**”), details of which are set out in the announcement of the Company dated 9 August 2022. In June 2022, a subsidiary of the Group entered into a finance lease arrangement with the Financier (the “**June 2022 Transaction**”), details of which are set out in the announcement of the Company dated 20 June 2022.

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

The entering into the Finance Lease Arrangements 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, buildings and auxiliary facilities as required for its operations. The Directors consider that the terms of the Finance Lease Arrangements are on normal commercial terms, fair and reasonable and are in the interests of the Shareholders as a whole. As at 31 December 2022, the unaudited book value of the Equipment and the Auxiliary Facilities were approximately RMB152.00 million and RMB133.00 million respectively. According to the Hong Kong Financial Reporting Standards, the transactions under the Finance Lease Arrangements 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 approximately RMB450 million under the Finance Lease Arrangements, which will be used to refinance the existing bank borrowing of the Lessee, and 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 AGREEMENTS**

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 principally engaged in the business of finance leasing. Insofar as the Company is aware, the Financier is ultimately owned as to 47.61% by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, and the remaining interests thereof are

owned by independent third parties. 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**

The highest Applicable Percentage Ratio for the Finance Lease Arrangements on an aggregated basis exceeds 5% but is less than 25%. As the Previous Finance Lease Arrangements were entered into within a 12-month period before the date of the Finance Lease Agreements, the Aggregated Transactions shall be aggregated under Chapter 14 of the Listing Rules resulting in a highest Applicable Percentage Ratio exceeding 25% but less than 75%. The Company had complied with the major transaction requirements in respect of the August 2022 Transactions by 19 September 2022. Hence, the Finance Lease Arrangements are not required to be reclassified by aggregating with the Previous Finance Lease Arrangements. The Finance Lease Arrangements are therefore 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:

“Aggregated Transactions”	the transactions contemplated under the Previous Finance Lease Arrangements and the Finance Lease Arrangements;
“Anhui Xingguangmao”	Anhui Xingguangmao Energy Investment Co., Ltd.* (安徽新廣茂能源投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Applicable Percentage Ratio”, “connected person” and “subsidiary”	have the meanings ascribed to them under the Listing Rules;
“Auxiliary Facilities”	wind turbine foundations, box-type transformer foundations, booster station and roads of the Power Plant;
“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 A”	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 Agreement B”	the finance lease agreement dated 13 February 2023 between the Lessee and the Financier for the acquisition of the Auxiliary Facilities by the Financier from the Lessee and the leasing of the Auxiliary Facilities back to the Lessee from the Financier;
“Finance Lease Agreements”	the Finance Lease Agreement A and the Finance Lease Agreement B, and a “Finance Lease Agreement” means any one of them;
“Finance Lease Arrangement A”	the transactions contemplated under the Finance Lease Agreement A;
“Finance Lease Arrangement B”	the transactions contemplated under the Finance Lease Agreement B;
“Finance Lease Arrangements”	the Finance Lease Arrangement A and the Finance Lease Arrangement B, and a “Finance Lease Arrangement” means either of them;
“Finance Period A”	a period of 14 years, in which the Lessee shall lease the Equipment from the Financier;
“Finance Period B”	a period of 14 years, in which the Lessee shall lease the Auxiliary Facilities from the Financier;
“Financier”	Huaneng Tiancheng Financial Leasing Co., Ltd.* (華能天成融資租賃有限公司), 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;
“Lease Payment(s)”	the quarterly lease payment(s) payable by the Lessee to the Financier under the Finance Lease Agreements during the Finance Period A or the Finance Period B for the leasing of the Equipment or the Auxiliary Facilities respectively;
“Lessee”	Suzhou Deren Wind Power Co., Ltd.* (宿州德仁風力發電有限公司), 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 48 MW wind power plant project operated by the Lessee in Suzhou City, Anhui Province, the PRC (中國安徽省宿州市);
“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 contemplated under the August 2022 Transactions and the June 2022 Transaction, details of which are set out in the paragraph headed “Previous Finance Lease Arrangements” in this announcement;
“Purchase Price A”	the purchase price payable to the Lessee by the Financier for the acquisition of the Equipment;
“Purchase Price B”	the purchase price payable to the Lessee by the Financier for the acquisition of the Auxiliary Facilities;
“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;
“Total Purchase Price”	being the sum of the Purchase Price A and the Purchase Price B, which is RMB450 million; 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*