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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 24 June 2024, 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 Purchase Agreement, pursuant to which the Financier shall purchase the Equipment from the Lessee at the Purchase Price of RMB360 million; and
- (b) the Lessee and the Financier entered into the Finance Lease Agreement, pursuant to which the Financier shall lease the Equipment back to the Lessee 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 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 24 June 2024, 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 ARRANGEMENT

Purchase Agreement

- Date: 24 June 2024
- Parties: (i) the Financier as the purchaser of the Equipment; and
(ii) the Lessee as the seller of the Equipment.
- Subject Assets: The Equipment, which shall be purchased by the Financier from the Lessee.
- Purchase Price and Completion: The Purchase Price payable by the Financier to the Lessee for the purchase of the Equipment shall be RMB360 million, which was determined after arm's length negotiation between the Lessee and the Financier with reference to the book value of the Equipment as recorded in the accounts of the Group and the amount of financing needs of the Group. The Purchase Price shall be payable after the fulfilment of the following conditions:
- (a) all the agreements contemplated under the Finance Lease Arrangement (including the Security Documents) having been entered into and becoming effective, and all the relevant procedures having been completed;
 - (b) the Lessee having purchased insurance which meets the requirements of the Financier in respect of the Equipment, and an insurance certificate having been provided to the Financier;
 - (c) as at the time of the payment of the Purchase Price, there being no material changes to the fiscal, taxation or financial policies or governmental capital supervision measures in respect of financial industry nor material increase in market financing cost;
 - (d) the Lessee having provided the Financier with full invoices which meet the requirements of the Financier in respect of the Equipment; and
 - (e) 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 around the end of June 2024.

Finance Lease Agreement

Date: 24 June 2024

Parties: (i) the Financier as the lessor of the Equipment; and
(ii) the Lessee as the lessee of the Equipment.

Subject Assets: 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 the quarterly Lease Payments to the Financier during the Lease Period.

The total Lease Payments represent 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 is a floating interest rate equal to the relevant over-5-year LPR (as may be announced from time to time) minus 0.05%. The relevant LPR for the first Lease Payment is the LPR announced on 20 June 2024, being 3.95%, which gives rise to an applicable interest rate of 3.90% for the first quarterly Lease Payment. The applicable interest rate will be adjusted annually on the anniversary of the date of payment of the first Lease Payment, which will, after adjustment, equal to the over-5-year LPR in the 1-month period before the date of adjustment minus 0.05%. Assuming the applicable interest rate was 3.90% throughout the Lease Period, the total Lease Payments would be approximately RMB452.51 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 and Yongzhou Jiepai shall, in favour of the Financier, execute the security documents (the “ Security Documents ”) consisting of (i) the guarantee given by Yongzhou Jiepai; (ii) the pledge given by the Lessee in respect of its electricity incomes arising from the operation of the Power Plant; and (iii) the pledge given by Yongzhou Jiepai 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.

REASONS FOR AND BENEFIT OF THE FINANCE LEASE ARRANGEMENT

The entering into of 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 2024 was approximately RMB360 million. According to the Hong Kong Financial Reporting Standards, the transaction 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 RMB360 million under the Finance Lease Arrangement, which will be used as general working capital to finance the business operation and activities of the Group.

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 wind power generation projects in the PRC.

The Financier is principally engaged in the business of finance leasing. Insofar as the Company is aware, as at the date of this announcement, the Financier is indirectly wholly-owned by Guangzhou Yuexiu Capital Holdings Group Co., Ltd.* (廣州越秀資本控股集團股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock code: 000987). 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

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms and expressions have the following meanings:

“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;
“Director(s)”	the director(s) of the Company;
“Equipment”	certain wind power equipment used for the Power Plant (including wind turbines, main transformer, power cables and other wind power equipment);
“Finance Lease Agreement”	the finance lease agreement dated 24 June 2024 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 transaction contemplated under the Finance Lease Agreement and the Purchase Agreement;
“Financier”	Shanghai Yuexiu Financial Leasing Co., Ltd.* (上海越秀融資租賃有限公司), 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;
“Lease Payment(s)”	the quarterly 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”	Wuhe Century Concord Yinmahu Wind Power Co., Ltd.* (五河協合飲馬湖風力發電有限公司), 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 48MW wind power plant project operated by the Lessee in Bengbu City, Anhui Province, the PRC (中國安徽省蚌埠市);
“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 Agreement”	the purchase agreement dated 24 June 2024 between the Lessee and the Financier for the sale of the Equipment by the seller to the Financier;
“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;
“Yongzhou Jiepai”	Yongzhou Jiepai Century Concord Wind Power Co., Ltd.* (永州界牌協合風力發電有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company; and
“%”	per cent.

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

Hong Kong, 24 June 2024

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, Ms. Shang Jia and Mr. Chan Kam Kwan, Jason (all of above are executive Directors), Mr. Wang Feng (who is a non-executive Director) and Dr. Jesse Zhixi Fang, Ms. Li Yongli, Ms. Huang Jian and Mr. Zhang Zhong (who are independent non-executive Directors).

* *For identification purposes only*