

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 hours on 8 December 2021:

1. the Seller, the Lessee and the Financier agreed on the Finance Lease Arrangement A by way of entering into the following agreements:
  - (a) the Seller, the Lessee and the Financier entered into the Sale and Purchase Agreement, pursuant to which the Financier shall purchase the Equipment from the Seller at a purchase price of RMB195 million for the purposes of leasing the Equipment to the Lessee; and
  - (b) the Lessee and the Financier entered into the Finance Lease Agreement A, pursuant to which the Lessee shall lease the Equipment from the Financier for the Finance Period A in consideration of the Lessee paying to the Financier the quarterly Lease Payments;
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 RMB65.5 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 highest Applicable Percentage Ratio for the Finance Lease Arrangements and the November Transactions on an aggregated basis exceeds 5% but is not more than 25%. Hence, the Finance Lease Arrangements constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the notification and publication requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that after trading hours on 8 December 2021, the Seller, the Lessee and the Financier agreed on the Finance Lease Arrangements respectively by way of entering into the following agreements, details of which are set out below.

## **FINANCE LEASE ARRANGEMENT A**

### **Sale and Purchase Agreement**

Date: 8 December 2021

Parties: (i) the Financier as the purchaser;

(ii) the Seller as the seller; and

(iii) the Lessee to undertake certain rights and obligations for the transactions contemplated under the Sale and Purchase Agreement.

Subject asset: The Equipment, which shall be acquired by the Financier from the Seller for the purposes of leasing the Equipment to the Lessee.

Purchase price: The Purchase Price A payable by the Financier to the Seller for the acquisition of the Equipment shall be RMB195 million (approximately HK\$237.80 million), which 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 A. As at the date of this announcement, the Equipment have not been fully acquired. The Purchase Price A to be paid to the Seller equals to the original purchase price of the Equipment plus the management costs of the Group attributable to 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 A shall be paid after the fulfilment of the following conditions:

(a) there being no material breaches of any provisions of the agreements under the Finance Lease Arrangement A by the Seller, the Lessee and the relevant guarantors thereunder, and there being no material adverse change to the financial and other credit status of the Seller, the Lessee and the relevant guarantors thereunder;

- (b) the Financier having received the security deposit and handling fee under the Finance Lease Agreement A;
- (c) the Finance Lease Agreement B, the Security Documents and other agreements contemplated under the aforesaid agreements having been executed and becoming effective, and all the relevant registration and other procedures to give effect to the transactions contemplated under the Security Documents having been completed;
- (d) the Financier having received insurance documents for the Equipment;
- (e) the Financier having received a review report from a design institute acceptable to the Financier confirming that the Power Plant has an annual full-load operation of at least 2,105 hours; and
- (f) 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 before 1 April 2022, the Financier may terminate the Sale and Purchase Agreement and the Finance Lease Agreement A without any liability to the Seller or the Lessee. It is expected that the Purchase Price A will be paid around 17 December 2021.

### **Finance Lease Agreement A**

Date: 8 December 2021

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.

Finance Period A: A period of 15 years commencing from the date of the 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 is a floating interest rate equal to the over-5-year LPR plus 0.67%. The relevant LPR for the first Lease Payment is the LPR applicable on 11 October 2021, being 4.65%, which gives rise to an applicable interest rate of 5.32% for the first Lease Payment. The applicable interest rate will be adjusted annually on each anniversary of the commencement date of the Finance Period A, which will, after adjustment, equal to the LPR in the month before such anniversary plus 0.67%. Assuming the applicable interest rate was 5.32% throughout the Finance Period A, the total Lease Payments would be approximately RMB283.38 million (approximately HK\$345.58 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 A, the Lessee, the Company and certain wholly-owned subsidiaries of the Company (namely Century Concord Wind Power and Yongzhou Jiepai) 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 respectively; (ii) the mortgages given by the Lessee in respect of the Equipment, the Auxiliary Facilities and the land use rights of the land in which the Power Plant is situated; (iii) the pledge given by Yongzhou Jiepai in respect of its entire shareholding interest in the Lessee, and (iv) the pledge given by the Lessee in respect of its electricity incomes arising from the operation of the Power Plant. 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: An amount of RMB7.8 million, being 4% of the Purchase Price A, shall be paid by the Lessee to the Financier as deposit to secure the due performance of the Lessee's payment obligations under the Finance Lease Agreement A, which shall be paid 5 working days before the payment of the Purchase Price A.
- Handling fee: The Lessee shall pay to the Financier a handling fee of approximately RMB0.9 million, which shall be paid 5 working days before the payment of the Purchase Price A.
- 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 ARRANGEMENT B

### Finance Lease Agreement B

Date: 8 December 2021

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 RMB65.5 million (approximately HK\$79.88 million), which was determined after arm's length negotiation between the Lessee and the Financier with reference to the total sub-contract prices for the construction of the Auxiliary Facilities and the amount of financing needs required by the Group under the Finance Lease Arrangement B. As at the date of this announcement, the Auxiliary Facilities have not been fully acquired and constructed. The total sub-contract prices for the construction of the Auxiliary Facilities were determined based on the Group's experience in hiring sub-contractors accumulated in past years and through reviewing the quotations submitted by potential sub-contractors, who are all independent third parties.

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 having been entered into and becoming effective;
- (b) there being no material breaches of any provisions of the agreements under the Finance Lease Arrangement B by the Lessee and the relevant guarantors thereunder, and there being no material adverse change to the financial and other credit status of the Lessee and the relevant guarantors thereunder;
- (c) the Financier having received the security deposit and handling fee under the Finance Lease Agreement B;
- (d) all conditions precedent for the payment of the Purchase Price A under the Sale and Purchase Agreement having been fulfilled and remaining to be fulfilled;

- (e) the Financier having received from a supervision company acceptable to the Financier a report confirming that the Power Plant has been full-capacity grid-connected; 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 before 1 April 2022, the Financier may terminate the Finance Lessee Agreement B without any liability to the Lessee. It is expected that the Purchase Price B will be paid around 10 February 2022.

Finance Period B: A period of 15 years commencing from the date of the 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 is a floating interest rate equal to the relevant over-5-year LPR plus 0.49%. The relevant LPR for the first Lease Payment is the LPR applicable on 11 October 2021, being 4.65%, which gives rise to an applicable interest rate of 5.14% for the first Lease Payment. The applicable interest rate will be adjusted annually on each anniversary of the commencement date of the Finance Period B, which will, after adjustment, equal to the LPR in the month before such anniversary plus 0.49%. Assuming the applicable interest rate was 5.14% throughout the Finance Period B, the total Lease Payments would be approximately RMB98.83 million (approximately HK\$120.52 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 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 Lessee, the Company, Century Concord Wind Power and Yongzhou Jiepai shall, in favour of the Financier, execute the Security Documents mentioned above under the paragraph headed "Finance Lease Arrangement A – 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: An amount of RMB2.62 million, being 4% of the Purchase Price B, shall be paid by the Lessee to the Financier as deposit to secure the due performance of the Lessee's payment obligations under the Finance Lease Agreement B, which shall be paid 5 working days before the payment of the Purchase Price B.
- Handling fee: The Lessee shall pay to the Financier a handling fee of RMB0.5 million, which shall be paid 5 working days before the payment of the Purchase Price B.
- 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.

## CONDITIONS

The completion of each of the Finance Lease Arrangement A and the Finance Lease Arrangement B is not conditional upon the completion of the other.

## PREVIOUS FINANCE LEASE ARRANGEMENTS

In April and May 2021, certain subsidiaries of the Group entered into several finance lease arrangements with the Financier (the “**April and May Transactions**”), details of which are set out in the announcements of the Company dated 6 May 2021 and the circular of the Company dated 21 June 2021. In September 2021, certain subsidiaries of the Group entered into several finance lease arrangements with the Financier (the “**September Transactions**”), details of which are set out in the announcement of the Company dated 23 September 2021.

On 30 November 2021, Cangzhou Bohai Xinqu Nandagang Juhe Solar Power Co., Ltd.\* (滄州渤海新區南大港聚合太陽能發電有限公司) (“**Cangzhou Bohai**”) (a wholly-owned subsidiary of the Company) and the Financier entered into finance lease arrangements, pursuant to which the Financier purchased certain equipment and auxiliary facilities of the power plant of Cangzhou Bohai (the “**Cangzhou Bohai Equipment**”) at a total purchase price of approximately RMB270.06 million (which is expected to be paid before 15 December 2021) for the purposes of leasing the Cangzhou Bohai Equipment back to Cangzhou Bohai for a lease period of 15 years in consideration of Cangzhou Bohai paying to the Financier quarterly lease payments to be determined with reference to an applicable interest rate for that such finance lease arrangements, which is a floating interest rate determined with reference to the relevant over-5-year LPR. The relevant LPR for the first quarterly lease payment is the LPR announced on 22 November 2021, being 4.65%. The applicable interest rate will be adjusted annually on each anniversary of the commencement date of the finance period, which will be determined with reference to the LPR in the month before such anniversary. Assuming the relevant LPR being 4.65% throughout that lease period, the total lease payments under such finance lease arrangements would be approximately RMB390.52 million. The principal terms of such finance lease arrangements are materially the same as the Finance Lease Arrangements.



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

The entering into the Finance Lease Arrangements and the November Transactions are 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 and the November Transactions 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 under the Finance Lease Arrangements and the November Transactions 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 RMB259.1 million under the Finance Lease Arrangements, 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.

## **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 wholly-owned subsidiaries of the Company and is principally engaged in the operation of wind power generation projects and solar power generation projects, respectively, 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 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 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 owner(s) 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 is less than 5%. The highest Applicable Percentage Ratio for the November Transactions on an aggregated basis is less than 5%. 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: (i) in the case of the Aggregated Transactions as a whole, exceeding 25% but less than 75%; (ii) in the case of aggregating the Finance Lease Arrangements with the September Transactions and the November Transactions, exceeding 5% but not more than 25%; and (iii) in the case of aggregating the Finance Lease Arrangements with the November Transactions, exceeding 5% but not more than 25%. The Company had complied with the major transaction requirements in respect of the April and May Transactions by 8 July 2021, and the discloseable transaction requirements in respect of the September Transactions on 23 September 2021. Hence, the Finance Lease Arrangements are not required to be reclassified by aggregating with all the Previous Finance Lease Arrangements, save that the Finance Lease Arrangements are required to be reclassified by aggregating with the November Transactions resulting in the Finance Lease Arrangements constituting a discloseable transaction for the Company. 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;
“Applicable Percentage Ratio”, “connected person” and “subsidiary”	have the meanings ascribed to them under the Listing Rules;
“Auxiliary Facilities”	wind turbine foundations, power collection lines and box-type transformer foundations 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 machinery and equipment for the operation of the Power Plant to be purchased by the Financier from the Seller under the Sale and Purchase Agreement;
“Finance Lease Agreement A”	the finance lease agreement dated 8 December 2021 between the Lessee and the Financier for the leasing of the Equipment to the Lessee from the Financier;
“Finance Lease Agreement B”	the finance lease agreement dated 8 December 2021 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 either one of them;
“Finance Lease Arrangement A”	the transactions contemplated under the Sale and Purchase Agreement and 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 one of them;
“Finance Period A”	the 15-year period, in which the Financier shall lease the Equipment to the Lessee;
“Finance Period B”	the 15-year period, in which the Financier shall lease the Auxiliary Facilities to the Lessee;
“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 for the leasing of the Equipment or the Auxiliary Facilities by the Lessee;
“Lessee”	Yongzhou Dongda Century Concord Wind Power Co., Ltd.* (永州東大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;
“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;
“November Transactions”	the transactions contemplated under the finance lease arrangements entered into on 30 November 2021 as described in the paragraph headed “Previous Finance Lease Arrangements” in this announcement;
“Power Plant”	the 48 MW power plant project known as the Jianghua Dongda wind power plant project*(江華東大風電場工程項目) operated by the Lessee in Yongzhou City, Hunan Province, the PRC*(中國湖南省永州市);
“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 finance lease arrangements mentioned in the paragraph headed “Previous Finance Lease Arrangements” in this announcement;
“Purchase Price A”	the purchase price for the acquisition of the Equipment;
“Purchase Price B”	the purchase price for the acquisition of the Auxiliary Facilities;
“RMB”	Renminbi, the lawful currency of the PRC;

“Sale and Purchase Agreement”	the sale and purchase agreement dated 8 December 2021 between the Seller, the Lessee and the Financier for the acquisition of the Equipment by the Financier from the Seller;
“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;
“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 the purposes of this announcement, an exchange rate of HK\$1.00 = RMB0.82 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, 8 December 2021

*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 and Mr. Zhang Zhong (who are independent non-executive Directors).*

*\* For identification purposes only*