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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 hours on 11 November 2022, the Lessee and the Financier agreed on the Finance Lease Arrangement by way of entering into the Finance Lease Agreement, pursuant to which the Financier shall purchase the Equipment from the Lessee at a purchase price of RMB310 million for the purposes of leasing the Equipment back to the Lessee for the Finance Period in consideration of the Lessee paying to the Financier the quarterly Lease Payments.

#### **LISTING RULES IMPLICATION**

The highest Applicable Percentage Ratio for the Finance Lease Arrangement exceeds 5% but is less than 25%. Hence, the Finance Lease Arrangement 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 11 November 2022, 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 AGREEMENT**

Date: 11 November 2022

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 payable by the Financier to the Lessee for the acquisition of the Equipment shall be RMB310 million (approximately HK\$336.96 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 required by the Group under the Finance Lease Arrangement.

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

- (a) all the other agreements contemplated by the Finance Lease Agreement (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) there being no material breaches of any of the Finance Lease Agreement, other agreements between the Lessee and the Financier, and undertakings given by the Lessee to the Financier;
- (c) the Financier having received from the Lessee the valuation report on the Equipment, which shall be acceptable to the Financier, confirming that the valuation of the Equipment is higher than its book value;
- (d) the Financier having received from the Lessee the verification and application documents of the maximum control limit of Huaxia Bank's group customer in respect of the Lessee;
- (e) as at the payment of the Purchase Price, there being no material change to the fiscal and monetary policies, or financial regulatory policy in the PRC, and the payment of the Purchase Price not constituting a new local government implicit debt; and
- (f) all other documents or relevant procedures as required by the Financier or the Finance Lease Agreement having been provided to the Financier or completed.

The Purchase Price is expected to be paid before 20 November 2022.

Finance Period:	A period of 14.5 years commencing from the date of the payment of the Purchase Price.
Lease payments and interest rate:	<p>The Lessee shall pay quarterly Lease Payments to the Financier during the Finance Period. The total Lease Payments represents the Purchase Price paid by the Financier to the Lessee for the acquisition of the Equipment plus interest attributable to the Finance Lease Arrangement to be determined based on the following applicable interest rate.</p> <p>The applicable interest rate is a floating interest rate equal to the relevant 5-year or above LPR plus 0.65%. The relevant 5-year or above LPR for the first Lease Payment is the 5-year or above LPR announced on 20 October 2022, being 4.3%, which gives rise to an applicable interest rate of 4.95% for the first Lease Payment. The applicable interest rate will be adjusted annually on each anniversary of the date of payment of the 1st Lease Payment, which will, after adjustment, equal to the 5-year or above LPR announced in the month before such anniversary plus 0.65%. Assuming the applicable interest rate is 4.95% throughout the Finance Period, the total Lease Payments would be approximately RMB438.30 million (approximately HK\$476.41 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.</p>
Security documents:	As security for the due performance of all the Lessee's obligations under the Finance Lease Agreement, the Lessee 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 " <b>Security Documents</b> ") consisting of (i) the guarantee given by Century Concord Wind Power; (ii) the pledge given by Yongzhou Jiepai in respect of its 100% interest in the Lessee, and (iii) the pledge given by the Lessee in respect of its electricity 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 business.
Handling fee:	Nil
Security deposit:	Nil
Buyback option:	Upon the expiry of the Finance 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 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 book value of the Equipment as at 30 June 2022 is approximately RMB311.86 million (approximately HK\$338.98 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 proceeds of approximately RMB310 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 and photovoltaic power equipment.

## **INFORMATION OF 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 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 82% by Hua Xia Bank Co., Limited (華夏銀行股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600015), as to approximately 16.41% by the State-owned Assets Supervision and Administration Commission of the Kunming City People's Government, and as to approximately 1.59% by the Yunnan Provincial Department of Finance. 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 IMPLICATION**

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## DEFINITIONS

In this announcement, the following expressions shall 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 wind power equipment of the Power Plant;
“Finance Lease Agreement”	the finance lease agreement dated 11 November 2022 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 transactions contemplated under the Finance Lease Agreement;
“Finance Period”	the 14.5-year period, in which the Lessee shall lease the Equipment from the Financier;
“Financier”	Huaxia Financial Leasing Co., Ltd.* (華夏金融租賃有限公司), 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 Agreement during the Finance Period in consideration of the Financier leasing the Equipment to the Lessee;
“Lessee”	Yilan County Century Concord Wind Power Co., Ltd.* (依蘭縣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;
“Power Plant”	the 200 MW power plant project known as the Yilan County Dongsheng wind power plant project*(依蘭縣東昇200 MW風電場項目) operated by the Lessee in Yilan County, Harbin City, Heilongjiang Province, the PRC* (中國黑龍江省哈爾濱市依蘭縣);
“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 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 the purposes of this announcement, an exchange rate of HK\$1.00 = RMB0.92 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, 11 November 2022

*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*