

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 ARRANGEMENT

The Board is pleased to announce that after trading hour on 29 December 2022:

1. the Seller, the Lessee and the Financier agreed on the Finance Lease Arrangement by way of entering into the following agreements:
 - (a) the Seller, the Lessee and the Financier entered into the Sale and Purchase Supplemental Agreement, pursuant to which the Financier shall purchase the Equipment from the Seller at a purchase price of RMB952.12 million for the purposes of leasing 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 during the Lease Period in consideration of the Lessee paying to the Financier the quarterly Lease Payments.

As the highest Applicable Percentage Ratio for the Finance Lease Arrangement exceeds 5% but is less than 25%, the entering into of 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 29 December 2022, the Seller, 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

Sale and Purchase Supplemental Agreement

- Date: 29 December 2022
- Parties:
- (i) the Financier as the purchaser;
 - (ii) the Seller as the seller; and
 - (iii) the Lessee as the original purchaser of the Equipment under the Sale and Purchase Agreement.
- Subject asset: The Equipment, which shall be purchased by the Financier from the Seller by way of transferring to the Financier the relevant rights and obligations of the Lessee under the Sale and Purchase Agreement for the purposes of the Financier leasing the Equipment to the Lessee.
- Purchase price and completion: The Purchase Price payable by the Financier to the Seller for the purchase of the Equipment shall be RMB952.12 million (approximately HK\$1,057.91 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. The Purchase Price equals to the original purchase price of the Equipment plus the management costs 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 shall be payable in four instalments. The first instalment of the Purchase Price shall be an amount equal to 40% of the Purchase Price (being approximately RMB380.85 million (approximately HK\$423.16 million)). The first instalment of the Purchase Price is expected to be paid on or around 30 December 2022.

The second instalment of the Purchase Price shall be an amount to be determined by the Company with reference to the portion of the Equipment having been delivered and installed for the Power Plant, provided that such amount shall be no more than 70% of the Purchase Price (being approximately RMB666.48 million (approximately HK\$740.54 million)) minus the first instalment of the Purchase Price. The second instalment of the Purchase Price shall be payable after (i) 10 units of the wind turbines having been installed; and (ii) 20 units of the wind turbines having been delivered to the site of the Power Plant. The second instalment of the Purchase Price is expected to be paid on or around 28 February 2023.

The third instalment of the Purchase Price shall be an amount to be determined by the Company with reference to the portion of the Equipment having been delivered and installed for the Power Plant, provided that such amount shall be no more than 90% of the Purchase Price (being approximately RMB856.91 million (approximately HK\$952.12 million)) minus the first and the second instalments of the Purchase Price. The third instalment of the Purchase Price shall be payable after (i) 30 units of the wind turbines having been installed; and (ii) 40 units of the wind turbines having been delivered to the site of the Power Plant. The third instalment of the Purchase Price is expected to be paid on or around 31 March 2023.

The final instalment of the Purchase Price, being the balance of the Purchase Price (i.e. the Purchase Price minus the first, the second and the third instalments of the Purchase Price), shall be payable after (i) the full capacity of the project having been connected to the grid; (ii) the grid-connected dispatch agreement, and power purchase and sale contract having been entered into; and (iii) the power business licence having been obtained. The final instalment of the Purchase Price is expected to be paid on or around 30 June 2023.

Finance Lease Agreement

- Date: 29 December 2022
- 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: The period in which the Lessee shall lease the Equipment from the Financier commencing from the date of the payment of the first instalment of the Purchase Price by the Financier and ending on the 15th anniversary of the date of the payment of the final instalment of the Purchase Price by the Financier.
- Lease payments and interest rate: The Lessee shall pay quarterly Lease Payments to the Financier during the Lease Period. The total Lease Payments represents the Purchase Price plus interest attributable to each instalment of the Purchase Price under the Finance Lease Arrangement to be determined based on the following applicable interest rate.
- For each 15-year period commencing from the date of the payment of each instalment of the Purchase Price, the applicable interest rate for such instalment of the Purchase Price is a floating interest rate equal to: (i) for the first 3-year period, the relevant over-five-year LPR minus 0.05%; and (ii) for the following 12-year period, the relevant over-five-year LPR plus 0.70%. The relevant over-five-year LPR for the first Lease Payment in respect of each instalment of the Purchase Price is the LPR announced on 20 December 2022, being 4.3%, which gives rise to an applicable interest rate of 4.25% for the first Lease Payment in respect of each instalment of the Purchase Price. The applicable interest rate in respect of each instalment of the Purchase Price will be adjusted annually on the anniversary of the commencement date of each 15-year period commencing from the date of the payment of each instalment of the Purchase Price in each calendar year, which will, after adjustment, equal to (i) for the first 3-year period, the then latest over-5-year LPR minus 0.05%, and (ii) for the following 12-year period, the then latest over-5-year LPR plus 0.70%. Assuming the applicable interest rate being 4.25% throughout the first 3-year period and 5% throughout the following 12-year period for each instalment of

the Purchase Price, the total Lease Payments would be approximately RMB1,374.51 million (approximately HK\$1,527.23 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 certain wholly-owned subsidiaries of the Company (namely Century Concord Wind Power, CWP and Qujing Julong) shall, in favour of the Financier, execute the security documents consisting of (i) the guarantee given by Century Concord Wind Power; (ii) the pledges given by CWP and Qujing Julong for the entire equity interest in the Lessee owned by them severally; and (iii) the pledge given by the Lessee in respect of the electricity income arising from the operation of the Power Plant. The Finance Lease Agreement and the said 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 RMB1,000.

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. As at the date of this announcement, the Equipment has not been fully acquired by the Seller. The unaudited book value of Equipment as at 30 November 2022 is approximately RMB257.82 million (approximately HK\$286.47 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 net disposal proceeds of approximately RMB952.12 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.

GENERAL INFORMATION

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 Seller is a wholly-owned subsidiary of the Company and is principally engaged in the trading of equipment for wind power and photovoltaic power energy in the PRC.

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, and 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 owned as to 90% by China Everbright Bank Co., Ltd. (中國光大銀行股份有限公司), a company listed on the Shanghai Stock Exchange (Stock code: 601818) and the Stock Exchange (Stock code: 6818).

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Financier and its respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

As the highest Applicable Percentage Ratio for the Finance Lease Arrangement exceeds 5% but is less than 25%, the entering into of 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, unless the context otherwise requires, the following terms and expressions have the following meanings:

“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;
“CWP”	CWP Holdings Limited, a company established in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“Director(s)”	the director(s) of the Company;
“Equipment”	certain wind turbines, machinery and equipment to be used for the operation of the Power Plant as stipulated under the Finance Lease Agreement;
“Finance Lease Agreement”	the finance lease agreement between the Lessee and the Financier dated 29 December 2022 for the leasing of the Equipment to the Lessee from the Financier;
“Finance Lease Arrangement”	the transactions contemplated under the Sale and Purchase Supplemental Agreement and the Finance Lease Agreement;
“Financier”	Everbright Financial Leasing Co., Ltd.*(光大金融租賃股份有限公司), 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 for the leasing of the Equipment;
“Lease Period”	the period in which the Lessee shall lease the Equipment from the Financier;
“Lessee”	Shizong Juhe Wind Power Co., Ltd.*(師宗聚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 300MW wind power plant situated in Qujing City, Yunan Province, the PRC (中國雲南省曲靖市);
“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 Price”	the purchase price payable by the Financier for the purchase of the Equipment;
“Qujing Julong”	Qujing Julong New Energy Technology Co., Ltd.* (曲靖聚隆新能源技術有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 30 September 2021 (as amended on 17 June 2022) between the Seller and the Lessee for the purchase of the Equipment by the Lessee from the Seller;
“Sale and Purchase Supplemental Agreement”	the supplemental agreement dated 29 December 2022 in relation to the Sale and Purchase Agreement between the Seller, the Lessee and the Financier for the sale of the Equipment from the Seller to the Financier (instead of selling to the Lessee);

“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; and
“%”	per cent.

For the purposes of this announcement, the exchange rates of HK\$1.00=RMB0.90 has been used for currency translation. Such exchange rates are 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, 29 December 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 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.*