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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

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The Board is pleased to announce that after trading hour on 10 March 2023, 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 the Purchase Price of RMB340 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 IMPLICATIONS

As the highest Applicable Percentage Ratio for the Finance Lease Arrangement exceeds 5% but is less than 25%, the entering into 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.

The Board is pleased to announce that after trading hour on 10 March 2023, 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: 10 March 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 purchased 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 RMB340 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 within 10 working days after the fulfilment of the following conditions:
- (a) the Security Documents (as defined below) and other agreements contemplated by the Finance Lease Agreement having been entered into and becoming effective, and all the relevant procedures for the Security Documents having been completed;
 - (b) there being no breaches of the Finance Lease Agreement and other subsisting agreements between the Lessee and the Financier;
 - (c) all outstanding amount of the Lessee owed to an independent financier having been fully settled; and
 - (d) all other documents or relevant procedures as required by the Financier or the Finance Lease Agreement having been provided to the Financier or completed.
- It is expected that the Purchase Price will be paid before the end of March 2023.
- Finance Period: A period of 15 years commencing from the date of payment of the Purchase Price.

Lease payments and interest rate: The Lessee shall pay quarterly Lease Payments in arrears to the Financier during the Finance Period. The total Lease Payments represents the Purchase Price paid by the Financier for the acquisition of the Equipment 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 are floating interest rates equal to the relevant above-5-year LPR plus 0% or 0.7% as described below. The applicable interest rate for the 1st to 60th quarters will be adjusted annually on 1 January, which will, after adjustment, equal to (i) the latest above-5-year LPR announced immediately before 1st January plus 0% for the 1st to 12th quarters provided that the applicable interest rate for the 1st quarter shall be 4.3% (being the above-5-year LPR announced on 21 November 2022); and (ii) the latest above-5-year LPR announced immediately before 1st January plus 0.7% for the 13th to 60th quarters. Assuming the above-5-year LPR being 4.3% (being the above-5-year LPR announced on 21 November 2022) throughout the Finance Period, the applicable interest rate would thus be 4.3% throughout the 1st to 12th quarters and 5% throughout the 13th to 60th quarters, and the total Lease Payments would thus be approximately RMB477.87 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, Century Concord Wind Power, Beijing Xinteng and the Lessee shall, in favour of the Financier, execute the security documents (the "**Security Documents**") consisting of (i) the guarantee given by Century Concord Wind Power; (ii) the mortgage given by the Lessee in respect of the land use right and building ownership owned by it; (iii) the pledge given by the Lessee in respect of its electricity incomes arising from the operation of the Power Plant; and (iv) the pledge given by Beijing Xinteng in respect of its entire shareholding interest in the Lessee. The Finance Lease Agreement 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, the Lessee has the option to buy back the Equipment from the Financier at a consideration of RMB100.

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 unaudited book value of the Equipment as at 31 December 2022 is approximately RMB307.00 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 from the Finance Lease Agreement a total net disposal proceeds of approximately RMB340 million, which will be used to settle the existing outstanding amount owed by the Lessee to an independent financier, 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 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 and investment of photovoltaic power generation projects in the PRC.

The Financier is a company established in the PRC, which is principally engaged in the business of equipment finance leasing. Insofar as the Company is aware, as at the date of this Announcement, the Financier is indirectly owned as to approximately 64.52% by Bank of Beijing Co., Ltd. (北京銀行股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601169), approximately 12.59% by Liu Changqing (劉長青), approximately 9.05% by Wen Jianming (聞健明), approximately 7.32% by Wen Zhe (聞哲), approximately 3.12% by Liu Changjing (劉長江) and approximately 3.40% by several shareholders respectively.

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, the following expressions shall have the following meanings unless the context otherwise requires:

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| “Applicable Percentage Ratio”, “connected person” and “subsidiary” | have the meanings ascribed to them under the Listing Rules; |
| “Beijing Xinteng” | Beijing Xinteng Juhe New Energy Technology Co., Ltd.* (北京新騰聚合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; |
| “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 solar power equipment of the Power Plant (including solar panel modules, power collection lines, power delivery lines, and other auxiliary facilities); |
| “Finance Lease Agreement” | the finance lease agreement dated 10 March 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 Arrangement” | the transactions contemplated under the Finance Lease Agreement; |

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| “Finance Period” | a period of 15 years, in which the Lessee shall lease the Equipment from the Financier; |
| “Financier” | Bank of Beijing Financial Leasing Co., Ltd.* (北銀金融租賃有限公司), 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 payment(s) payable by the Lessee to the Financier under the Finance Lease Agreement during the Finance Period for the leasing of the Equipment; |
| “Lessee” | 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), 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 70MW photovoltaic power plant project operated by the Lessee in Cangzhou City, Hebei Province, the PRC (中國河北省滄州市); |
| “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; |
| “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; and

“%”

per cent.

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

Hong Kong, 10 March 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*