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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**

#### **FINANCE LEASE ARRANGEMENT**

The Board is pleased to announce that after trading hours on 9 November 2023, the Lessee, the Financier and the Supplier agreed on the Finance Lease Arrangement by way of entering into the following agreements:

- (a) the Lessee, the Financier and the Supplier entered into the Transfer Agreement, pursuant to which the Financier shall purchase the Equipment from the Supplier at a purchase price of RMB281.1 million for the Financier to lease 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 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 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 hours on 9 November 2023, the Lessee, the Financier and the Supplier 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**

### **Transfer Agreement**

Date: 9 November 2023

Parties:

- (i) the Financier as the new purchaser of the Equipment;
- (ii) the Supplier as the supplier of the Equipment; and
- (iii) the Lessee as the original purchaser of the Equipment under the Equipment Agreement.

Subject asset: The Equipment, which shall be purchased by the Financier from the Supplier by way of transferring by the Lessee to the Financier the relevant rights and obligations of the Lessee under the Equipment Agreement for the purchase of the Equipment for the purposes of the Financier leasing the Equipment to the Lessee.

Purchase price: Under the Transfer Agreement, the Financier shall pay the Purchase Price of RMB281.1 million to the Supplier for the purchase of the Equipment. The Purchase Price was determined after arm's length negotiation between the Supplier, 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 said market value of the Equipment was determined by the Group based on its experience in acquiring comparable equipment accumulated in the past years and in monitoring the market value of comparable equipment, which included reviewing quotations obtained from suppliers of comparable equipment who were independent third parties.

The Purchase Price shall be payable in two instalments subject to 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 for them having been completed;
- (b) there being no material change to the fiscal, taxation and financial policies, or government regulatory measures on the financial industry in the PRC since the signing of the Finance Lease Agreement; the financing cost not having increased significantly; and there being no force majeure or change of circumstances that may affect the payment of the Purchase Price by the Financier;
- (c) there being no subsisting breaches of the Finance Lease Agreement, the Equipment Agreement, and any other agreements between the Lessee and the Financier or between the Lessee and the Supplier;
- (d) before payment of each instalment of the Purchase Price, the ratio of capital received by the Lessee to the cumulative amount of the Purchase Price paid by the Financier after payment of such instalment of the Purchase Price being not less than 1:4; and
- (e) all other conditions or procedures as required by the Transfer Agreement having been fulfilled.

If the above conditions are not fulfilled on or before 31 January 2024 in respect of the first instalment of the Purchase Price, the Transfer Agreement shall cease to have any legal effect. If the above conditions are not fulfilled on or before 22 March 2024 in respect of the second instalment of the Purchase Price, the Financier shall cease to have any obligation to pay the second instalment of the Purchase Price.

Each instalment of the Purchase Price shall be payable within 5 business days after the Financier having received from the Lessee a demand for such payment and the latest project schedule or supervision report. The first instalment of the Purchase Price, being an amount of no more than RMB181.1 million, is expected to be paid around in December 2023. The second instalment of the Purchase Price, being an amount of no more than RMB100 million, is expected to be paid around January 2024.

## **Finance Lease Agreement**

Date: 9 November 2023

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: A period of 12 years commencing from the date of payment of the first instalment of the Purchase Price.

Lease payments and interest rate: The Lessee shall pay quarterly Lease Payments in arrears to the Financier during the Lease Period. The total Lease Payments represents the Purchase Price paid by the Financier for the purchase of the Equipment plus interests attributable to the Finance Lease Arrangement 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 as may be announced from time to time minus 0.1%. The relevant LPR for the first quarterly Lease Payment is the LPR announced on 20 September 2023, being 4.2%, which gives rise to an applicable interest rate of 4.1% 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 instalment of the Purchase Price, which will, after adjustment, equal to the 12-month average of the over-5-year LPR in the 12-month period before the date of adjustment minus 0.1%. Assuming the applicable interest rate was 4.1% throughout the Lease Period, the total Lease Payments would be approximately RMB344.04 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 and Yinhua Concord) shall, in favour of the Financier, execute the security documents (the "**Security Documents**") consisting of (i) the guarantee to be given by Century Concord Wind Power; (ii) the pledge to be given by Yinhua Concord over the entire equity interest in the Lessee owned by it; and (iii) the pledge to be given by the Lessee over electricity generation 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 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 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 October 2023 is approximately RMB281.1 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 total net disposal proceeds of RMB281.1 million under the Transfer Agreement, 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 power and photovoltaic power equipment and construction of wind power and photovoltaic power plants.

## **INFORMATION OF THE PARTIES TO THE FINANCE LEASE ARRANGEMENT**

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 construction and operation of photovoltaic power generation projects in the PRC.

The Supplier is a wholly-owned subsidiary of the Company and is principally engaged in the trading of equipment for wind and photovoltaic 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 wholly owned by Bank of Communications Co., Ltd. (which is listed on the Stock Exchange [stock code: 3328] and the Shanghai Stock Exchange [stock code: 601328]). 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**

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.

## DEFINITIONS

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

“Applicable Percentage Ratio”, “connected person(s)” and “subsidiary(ies)”	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 photovoltaic power equipment for the operation of the Power Plant (including dynamic reactive power compensation device, inflatable high-voltage switchgear, grounding and station transformer and grounding resistance cabinet equipment, power transformer, integrated automation system for power plants, string inverter, single crystal photovoltaic modules, and etc.);
“Equipment Agreement”	the full-set equipment agreement dated 21 June 2023 between the Supplier and the Lessee for the originally proposed purchase of the Equipment by the Lessee from the Supplier;
“Finance Lease Agreement”	the finance lease agreement between the Lessee and the Financier dated 9 November 2023 for the leasing of the Equipment to the Lessee from the Financier;
“Finance Lease Arrangement”	the transactions contemplated under the Transfer Agreement and the Finance Lease Agreement;
“Financier”	Bank of Communications Financial Leasing Co., Ltd.* (交銀金融租賃有限責任公司), 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 for the leasing of the Equipment;
“Lease Period”	the 12-year period, in which the Lessee shall lease the Equipment from the Financier;
“Lessee”	Dachaidan Juhe Photovoltaic Power Co., Ltd.* (大柴旦聚合光伏發電有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Group;
“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 100MW photovoltaic power plant of the Group situated in Haixi State, Qinghai Province, the PRC(中國青海省海西州);
“PRC”	the People’s Republic of China, which, for the purpose 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 to the Supplier for the purchase of the Equipment under the Transfer Agreement;
“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;
“Supplier”	Tianjin Concord Huaxing Wind Power Equipment Co., Ltd.* (天津協合華興風電裝備有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;



“Transfer Agreement”	the transfer agreement between the Lessee, the Financier and the Supplier dated 9 November 2023 for the purchase of the Equipment from the Supplier by the Financier (in the stead of the Lessee);
“Yinhua Concord”	Yinhua Concord New Energy Investment Co., Ltd.* (銀華協合新能源投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Group; and
“%”	per cent.

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

Hong Kong, 9 November 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 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*