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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 hour on 26 February 2024, the Supplier A, the Supplier B, the Lessee and the Financier agreed on the Finance Lease Arrangement by way of entering into the following agreements:

- (a) the Supplier A, the Lessee and the Financier entered into the Purchase Agreement A, pursuant to which the Financier shall purchase the Equipment A from the Supplier A at the Purchase Price A of approximately RMB78.68 million for the purposes of leasing the Equipment A to the Lessee;
- (b) the Supplier B, the Lessee and the Financier entered into the Purchase Agreement B, pursuant to which the Financier shall purchase the Equipment B from the Supplier B at the Purchase Price B of approximately RMB193.32 million for the purposes of leasing the Equipment B to the Lessee; and
- (c) the Lessee and the Financier entered into the Finance Lease Agreement, pursuant to which the Lessee shall lease the Equipment A and Equipment B 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 in respect of the Finance Lease Arrangement exceeds 5% but is less than 25%, 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 26 February 2024, the Supplier A, the Supplier B, 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

Purchase Agreement A

Date: 26 February 2024

Parties:

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

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

Purchase price and completion: The Purchase Price A payable by the Financier to the Supplier A for the purchase of the Equipment A shall be approximately RMB78.68 million, which was determined after arm's length negotiation between the Lessee, the Financier and the Supplier A with reference to the market value of the Equipment A and the amount of financing needs of the Group. The Purchase Price A equals to the original purchase price of the Equipment A under the Original Purchase Agreement A. The original purchase price of the Equipment A is in line with its market value, which is determined based on reviewing quotations obtained from suppliers of comparable equipment who are independent third parties. The Purchase Price A shall be payable within 5 business days after the fulfilment of the following conditions:

- (a) the full capacity of the Power Station having been connected to the grid;

- (b) the grid-connected dispatch agreement, and grid-connected economic agreement having been entered into; and
- (c) all the related invoices having been provided to the Financier.

It is expected that the Purchase Price A will be paid around early March 2024.

Purchase Agreement B

Date: 26 February 2024

- Parties:
- (i) the Financier as the purchaser of the Equipment B under the Purchase Agreement B;
 - (ii) the Supplier B as the supplier of the Equipment B; and
 - (iii) the Lessee as the original purchaser of the Equipment B under the Original Purchase Agreement B.

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

Purchase price and completion: The Purchase Price B payable by the Financier to the Supplier B for the purchase of the Equipment B shall be approximately RMB193.32 million, which was determined after arm's length negotiation between the Lessee, the Financier and the Supplier B with reference to the market value of the Equipment B and the amount of financing needs of the Group. The Purchase Price B equals to the original purchase price of the Equipment B under the Original Purchase Agreement B. The original purchase price of the Equipment B is in line with its market value, which is determined based on reviewing quotations obtained from suppliers of comparable equipment who are independent third parties. The Purchase Price B shall be payable within 5 business days after the fulfilment of the following conditions:

- (a) the full capacity of the Power Station having been connected to the grid;

- (b) the grid-connected dispatch agreement, and grid-connected economic agreement having been entered into; and
- (c) all the related invoices having been provided to the Financier.

It is expected that the Purchase Price B will be paid around early March 2024.

Finance Lease Agreement

Date: 26 February 2024

Parties: (i) the Financier as the lessor; and
(ii) the Lessee as the lessee.

Subject asset: The Equipment A and the Equipment B, which shall be leased from the Financier by the Lessee.

Lease period: The period in which the Lessee shall lease the Equipment A and the Equipment B from the Financier commencing from the date of the payment of the Total Purchase Price by the Financier and ending on the 12th anniversary of the date of the payment of the Total Purchase Price by the Financier.

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 Total Purchase Price 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 plus 0.1%. The relevant over-5-year LPR for the first quarterly Lease Payment in respect of the Total Purchase Price is the LPR announced on 22 January 2024, being 4.2%, which gives rise to an applicable interest rate of 4.3% for the first quarterly Lease Payment. The applicable interest rate will be adjusted annually on the anniversary of the payment of the Total Purchase Price, which will, after adjustment, equal to the then latest over-5-year LPR plus 0.1%. Assuming the applicable interest rate being 4.3% throughout the Lease Period, the total Lease Payments would be approximately RMB352.80 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 Wuhan Shunhe) shall, in favour of the Financier, execute the security documents consisting of (i) the guarantee given by Century Concord Wind Power; (ii) the pledge given by Wuhan Shunhe for the entire equity interest in the Lessee owned by it; and (iii) the pledge given by the Lessee in respect of all its operating income. 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 opinion:	Upon the expiry of the Lease Period, the Lessee has the option to buy back the Equipment A and the Equipment B from the Financier at a total consideration of RMB1,000.

PREVIOUS FINANCE LEASE ARRANGEMENTS

On 10 July 2023, Yongzhou Century Concord Energy Technology Co., Ltd.* (永州協合能源科技有 限公司), a wholly-owned subsidiary of the Group, entered into a finance lease arrangement with the Financier (the “**July 2023 Transaction**”), details of which are set out in the announcement of the Company dated 10 July 2023.

In March 2023, a subsidiary of the Group entered into a finance lease arrangement with the Financier, detail of which are set out in the paragraph headed “Previous Finance Lease Arrangements” of the announcement of the Company dated 10 July 2023.

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 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 total unaudited book value of the Equipment A and the Equipment B as at 31 December 2023 was approximately RMB272 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 proceed of approximately RMB272 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 power, photovoltaic power and energy storage equipment, and construction of wind power, photovoltaic power and energy storage stations.

INFORMATION ON 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 Supplier A is a wholly-owned subsidiary of the Company and is principally engaged in the research and development, manufacturing and trading of energy storage equipment.

The Supplier B 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 Lessee is a wholly-owned subsidiary of the Company and is principally engaged in the operation of energy storage power station 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 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 in respect of the Finance Lease Arrangement exceeds 5% but is less than 25%, 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. As the Previous Finance Lease Arrangements were entered into within a 12-month period before the date of the Finance Lease Agreement, the transactions contemplated under the Finance Lease Arrangement and the Previous Finance Lease Arrangements shall be aggregated under Chapter 14 of the Listing Rules resulting in a highest Applicable Percentage Ratio on an aggregated basis exceeding 25% but less than 75%. The Company had complied with the major transaction requirements in respect of the July 2023 Transaction by 15 September 2023. Hence, the Finance Lease Arrangement is not required to be reclassified by aggregating with the Previous Finance Lease Arrangements.

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;
“Director(s)”	the director(s) of the Company;
“Equipment A”	part of the 40MW/80MWh energy storage equipment used for the Power Station (including prefabricated cabins for the energy storage battery system, the storage monitoring system and other auxiliary facilities);
“Equipment B”	the 50MW/100MWh energy storage equipment used for the Power Station (including the energy storage battery system, the transformer, the storage monitoring system and other auxiliary facilities);
“Finance Lease Agreement”	the finance lease agreement between the Lessee and the Financier dated 26 February 2024 for the leasing of the Equipment A and the Equipment B to the Lessee;
“Finance Lease Arrangement”	the transactions contemplated under the Purchase Agreement A, the Purchase Agreement B 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;

“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 A and the Equipment B;
“Lease Period”	the period in which the Lessee shall lease the Equipment A and the Equipment B from the Financier;
“Lessee”	Xiangyang Century Concord Energy Technology Co., Ltd.* (襄陽協合能源科技有限公司), 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;
“Original Purchase Agreement A”	the sale and purchase, and installation agreement dated 24 May 2023 between the Supplier A and the Lessee for the originally proposed sale and installation of the Equipment A by the Supplier A to and for the Lessee;
“Original Purchase Agreement B”	the sale and purchase agreement dated 16 August 2023 between the Supplier B and the Lessee for the originally proposed sale of the Equipment B by the Supplier B to the Lessee;
“Power Station”	the 90MW/180MWh energy storage power station project operated by the Lessee in Xiangyang City, Hubei Province, the PRC (中國湖北省襄陽市);
“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 previous finance lease arrangements set out in the paragraph headed “Previous Finance Lease Arrangements” in this announcement;

“Purchase Agreement A”	the supplemental agreement in relation to the Original Purchase Agreement A dated 26 February 2024 between the Supplier A, the Lessee and the Financier for the sale and installation of the Equipment A by the Supplier A to and for the Financier instead of to and for the Lessee;
“Purchase Agreement B”	the supplemental agreement in relation to the Original Purchase Agreement B dated 26 February 2024 between the Supplier B, the Lessee and the Financier for the sale of the Equipment B by the Supplier B to the Financier instead of to the Lessee;
“Purchase Price A”	the purchase price payable by the Financier for the purchase of the Equipment A;
“Purchase Price B”	the purchase price payable by the Financier for the purchase of the Equipment B;
“RMB”	Renminbi, the lawful currency of the PRC;
“Supplier A”	Edge Power Technology Co., Ltd.* (四維能源(武漢) 科技有限公 司), a company established in the PRC with limited liability and a wholly owned subsidiary of the Company;
“Supplier B”	Tianjin Century 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;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Total Purchase Price”	the total of the Purchase Price A and the Purchase Price B, which amounts to approximately RMB272 million;
“Wuhan Shunhe”	Wuhan Shunhe New Energy Investment Co., Ltd.* (武漢順合新能 源投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company; and
“%”	per cent

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

Hong Kong, 26 February 2024

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 Dr. Jesse Zhixi Fang, Ms. Li Yongli, Ms. Huang Jian and Mr. Zhang Zhong (who are independent non-executive Directors).

** For identification purposes only*