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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 1 November 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 Supplier B, the Lessee and the Financier entered into the Purchase Agreement, pursuant to which the Financier shall purchase the Equipment from the Supplier A and the Supplier B at the Purchase Price of approximately RMB478,670,000 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 Financier shall lease the Equipment to the Lessee during the Lease Period in consideration of the Lessee paying to the Financier the Lease Payment on a quarterly basis.

LISTING RULES IMPLICATIONS

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 Arrangement is 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 Arrangement shall be aggregated under Chapter 14 of the Listing Rules resulting in a highest Applicable Percentage Ratio on an aggregated basis exceeding 5% but less than 25%. Hence, the Finance Lease Arrangement is not required to be reclassified by aggregating with the Previous Finance Lease Arrangement.

INTRODUCTION

The Board is pleased to announce that after trading hours on 1 November 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

- Date: 1 November 2024
- Parties:
- (i) the Financier as the purchaser of the Equipment;
 - (ii) the Supplier A and the Supplier B as the suppliers of the Equipment; and
 - (iii) the Lessee as the lessee under the Finance Lease Agreement.
- Subject asset: The Equipment, which shall be purchased by the Financier from the Supplier A and the Supplier B for the purposes of the Financier leasing the Equipment to the Lessee.
- Purchase price and completion: The total Purchase Price payable by the Financier to the Supplier A and the Supplier B for the purchase of the Equipment shall be approximately RMB478,670,000, which was determined after arm's length negotiation between the Lessee, the Financier, the Supplier A and the Supplier B with reference to the market value of the Equipment and the amount of financing needs of the Group. The Purchase Price 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 shall be paid in four instalments.
- The first instalment of the Purchase Price of approximately RMB143,600,000 shall be payable after 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 having been completed;

- (b) the Lessee having purchased insurance which meets the requirements of the Financier in respect of the Equipment, and an insurance certificate having been provided to the Financier;
- (c) the Supplier A having provided the Financier with a letter of undertaking for project completion acceptable by the Financier; and
- (d) The Lessee having provided the Financier with certain government approvals and certificates for the Power Plant, the supporting documents certifying the progress of the construction and all other documents or related formalities.

The first instalment of Purchase Price is expected to be paid around the end of November 2024.

The second instalment of the Purchase Price of approximately RMB143,600,000 shall be payable after the fulfilment of the following conditions:

- (a) the pouring of the concrete foundations for 4 wind turbines of the Power Plant having been completed; and
- (b) the Lessee having provided the Financier with the supporting documents certifying the progress of the construction.

The second instalment of Purchase Price is expected to be paid around the end of December 2024.

The third instalment of the Purchase Price of approximately RMB95,730,000 shall be payable after the fulfilment of the following conditions:

- (a) the pouring of the concrete foundations for 12 wind turbines of the Power Plant having been completed; and
- (b) the Lessee having provided to the Financier the supporting document certifying the progress of the construction.

The third instalment of Purchase Price is expected to be paid around the end of March 2025.

The fourth instalment of the Purchase Price of approximately RMB95,730,000 shall be payable after the fulfilment of the following conditions:

- (a) the Power Plant having been completed and connected to the grid at full capacity; and
- (b) the Lessee having provided the Financier with the electric power business permit, the grid-connection scheduling agreement, the electricity purchase and sale contract and other supporting documents required for grid connection in relation to the Power Plant.

The fourth instalment of Purchase Price is expected to be paid around the end of June 2025.

Finance Lease Agreement

Date: 1 November 2024

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 15 years commencing from the date of payment of the Purchase Price.

Lease Payments and Interest Rate: The Lessee shall pay the quarterly Lease Payments to the Financier during the Lease Period. The total Lease Payments represent the Purchase Price 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 is an interest rate equal to the relevant over-5-year LPR as may be announced from time to time. The relevant LPR for the first Lease Payment is the LPR announced on 20 September 2024, being 3.85%, which gives rise to an applicable interest rate of 3.85% for the first quarterly Lease Payment. The applicable interest rate will be adjusted annually on each anniversary of the date of payment of the first Lease Payment, which will, after adjustment, equal to the over-5-year LPR in the 1-month period prior to the date of adjustment. Assuming that the applicable interest rate is 3.85% throughout the Lease Period, the total Lease Payments will be approximately RMB636,100,000.

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 finance lease of the Equipment.

Security Documents:	As security for the due performance of all the Lessee's obligations under the Finance Lease Agreement, the Lessee and Century Concord Wind Power 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 pledge given by the Lessee in respect of its electricity incomes arising from the operation of the Power Plant; and (iii) the pledge given by Century Concord Wind Power in respect of its entire shareholding interest in the Lessee. The Security Documents and the Finance Lease Agreement 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.

PREVIOUS FINANCE LEASE ARRANGEMENT

On 24 June 2024, Wuhe Century Concord Yinmahu Wind Power Co., Ltd.* (五河協合飲馬湖風力發電有限公司), a wholly-owned subsidiary of the Group, entered into a finance lease arrangement with Shanghai Yuexiu, both Shanghai Yuexiu and the Financier are subsidiaries of Guangzhou Yuexiu Group Co., Ltd.* (廣州越秀集團股份有限公司), details of which are set out in the announcement of the Company dated 24 June 2024.

REASONS FOR AND BENEFIT OF THE FINANCE LEASE ARRANGEMENT

The entering into of 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 unaudited book value of the Equipment as at 30 September 2024 was approximately RMB478,670,000. 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 proceed from the disposal of approximately RMB478,670,000 under the Finance Lease Arrangement, which will be used as general working capital to finance the business operation and activities of the Group.

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 engineering, procurement and construction of wind power and photovoltaic power generation projects in the PRC.

The Supplier B is a wholly-owned subsidiary of the Company and is principally engaged in the trading of equipment for wind power and photovoltaic power generation projects in the PRC.

The Lessee is a subsidiary of the Company, in which the Company indirectly owns 70% interest and is principally engaged in the construction and operation of wind power generation projects in the PRC.

The Financier is principally engaged in the business of finance leasing. Insofar as the Company is aware, the Financier is indirectly wholly-owned by Guangzhou Yuexiu Capital Holdings Group Co., Ltd.* (廣州越秀資本控股集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000987). 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 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 Arrangement is 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 Arrangement shall be aggregated under Chapter 14 of the Listing Rules resulting in a highest Applicable Percentage Ratio on an aggregated basis exceeding 5% but less than 25%. Hence, the Finance Lease Arrangement is not required to be reclassified by aggregating with the Previous Finance Lease Arrangement.

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”	shall 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 used for the Power Plant (including wind turbines, main transformer, power cables and other wind power equipment);
“Finance Lease Agreement”	the finance lease agreement dated 1 November 2024 entered into between the Lessee and the Financier for the leasing of the Equipment to the Lessee from the Financier;
“Finance Lease Arrangement”	the transactions contemplated under the Finance Lease Agreement and the Purchase Agreement;
“Financier”	Guangzhou Yuexiu Financial Leasing Co., Ltd.* (廣州越秀融資租賃有限公司), 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 lease payment(s) payable by the Lessee to the Financier under the Finance Lease Agreement during the Lease Period for the leasing of the Equipment;

“Lease Period”	a period of 15 years, in which the Lessee shall lease the Equipment from the Financier;
“Lessee”	Yilan County Incremental Mixed-Ownership New Energy Co., Ltd.* (依蘭縣增量混改新能源有限公司), a company established in the PRC with limited liability and a subsidiary of the Company, in which the Company indirectly owns an approximately 70% interest;
“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 200MW renewable energy power plant project constructed 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 Agreement”	the purchase agreement dated 1 November 2024 entered into between the Financier and the Supplier A and the Supplier B for the sale of the Equipment by the Supplier A and the Supplier B to the Financier;
“Purchase Price”	the total purchase price payable to the Supplier A and the Supplier B by the Financier for the purchase of the Equipment;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanghai Yuexiu”	Shanghai Yuexiu Financial Leasing Co., Ltd.* (上海越秀融資租賃有限公司), a company established in the PRC with limited liability;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Supplier A”	Jilin Century Concord Power Engineering Co., Ltd.* (吉林協合電力工程有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;

“Supplier B”	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;
“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, 1 November 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, Ms. Shang Jia and Mr. Chan Kam Kwan, Jason (all of above are executive Directors), Mr. Wang Feng (who is a non-executive Director) and Dr. Jesse Zhixi Fang, Ms. Li Yongli, Mr. Chua Pin, Ms. Huang Jian and Mr. Zhang Zhong (who are independent non-executive Directors).

** For identification purposes only*