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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 29 January 2024, 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 a purchase price of RMB320 million, and shall lease the Equipment back to the Lessee for the Lease Period in consideration of the Lessee paying to the Financier the half-yearly 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 hours on 29 January 2024, 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: 29 January 2024
- Parties:
- (i) the Financier as the purchaser and the lessor of the Equipment; and
 - (ii) the Lessee as the seller and the lessee of the Equipment.
- Subject Assets: The Equipment, which shall be purchased by the Financier from the Lessee and then leased back to the Lessee from the Financier.
- Purchase Price and Completion: The Purchase Price payable by the Financier to the Lessee for the purchase of the Equipment shall be RMB320 million, which was determined after arm's length negotiation between the Lessee and the Financier with reference to the book value of the Equipment as recorded in the accounts of the Group and the amount of financing needs of the Group. The Purchase Price shall be payable within 10 business days after the fulfilment of the following conditions:
- (a) as at the payment of the Purchase Price, there being no subsisting breaches of the Finance Lease Agreement, any agreements entered into by the Lessee, its affiliates or controller of the one part and the Financier of the other part, and any agreements entered into between the Lessee and any other third party;
 - (b) the Security Documents (as defined below), and other ancillary legal documents having been entered into and become effective, all the relevant procedures for them having been completed, and there being no subsisting breaches of such Security Documents and ancillary legal documents;

- (c) as at the payment of the Purchase Price, there being no material changes to the fiscal, taxation or financial policies or governmental capital supervision measures in respect of financial industry nor material increase in market financing cost;
- (d) the Financier having received a valuation report on the Equipment prepared by a valuation entity acceptable to the Financier, confirming that the Purchase Price is not higher than the valuation of the Equipment; and
- (e) all other conditions or relevant procedures as required by the Finance Lease Agreement having been satisfied or performed.

It is expected that the Purchase Price will be paid around the end of February 2024.

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 half-yearly Lease Payments in arrears to the Financier during the Lease Period. The total Lease Payments represents the Purchase Price plus interest attributable to the Finance Lease Arrangement to be determined based on the following applicable interest rate.

The applicable interest rates for the Lease Payments are floating interest rates equal to the relevant over-5-year LPR for the Lease Period. The relevant over-5-year LPR for the first half-yearly Lease Payment is the latest over-5-year LPR announced before the date of payment of the Purchase Price, and the relevant over-5-year LPR for each of the remaining half-yearly Lease Payments is the latest over-5-year LPR announced before the payment of the relevant half-yearly Lease Payment. Assuming the relevant over-5-year LPR being 4.2% (being the over-5-year LPR announced on 22 January 2024) throughout the Lease Period, the applicable interest rate would thus be 4.2% throughout the Lease Period, and the total Lease Payments would thus be approximately RMB436.36 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 Company, the Lessee and Yongzhou Jiepai shall, in favour of the Financier, execute the security documents (the “ Security Documents ”) consisting of (i) the guarantee given by the Company; (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 Yongzhou Jiepai 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 RMB1.00.

PREVIOUS FINANCE LEASE ARRANGEMENTS

On 27 February 2023, Fangzheng County Jiangwan, a wholly-owned subsidiary of the Group, entered into a finance lease arrangement with the Financier, details of which are set out in the announcement of the Company dated 27 February 2023.

On 28 June 2023, Xiangyin Juhe, a wholly-owned subsidiary of the Group, entered into a finance lease arrangement with the Financier, details of which are set out in the announcement of the Company dated 28 June 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 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 2023 was approximately RMB293 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 RMB320 million 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 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 principally engaged in the business of finance leasing. Insofar as the Company is aware, the Financier is wholly owned by China CITIC Bank Corporation Limited* (中信銀行股份有限公司), which is a company listed on the Shanghai Stock Exchange (stock code: 601998) and the Stock Exchange (stock code: 0998). 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 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 5% but less than 25%. Hence, the Finance Lease Arrangement is not required to be reclassified by aggregating with the Previous Finance Lease Arrangements.

DEFINITIONS

In this announcement, the following terms and expressions 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;
“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);
“Fangzheng County Jiangwan”	Fangzheng County Jiangwan Wind Power Co., Ltd.* (方正縣江灣風力發電有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Finance Lease Agreement”	the finance lease agreement dated 29 January 2024 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;
“Financier”	CITIC Financial Leasing Co., Ltd.* (中信金融租賃有限公司), 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 half-yearly 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”	Shangcheng County Century Concord Wind Power Co., Ltd.* (商城縣協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”	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 49.2MW wind power plant project operated by the Lessee in Xinyang City, Henan Province, the PRC (中國河南省信陽市);
“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 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;
“Xiangyin Juhe”	Xiangyin Juhe Energy Technology Co., Ltd.* (湘陰聚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;

“Yongzhou Jiepai” Yongzhou Jiepai Century Concord Wind Power Co., Ltd.* (永州界牌協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; and

“%” per cent.

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

Hong Kong, 29 January 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*