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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 20 June 2022, 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 Auxiliary Facilities from the Lessee at a purchase price of RMB367 million for the purposes of leasing the Auxiliary Facilities back to the Lessee for the Finance Period in consideration of the Lessee paying to the Financier the quarterly Lease Payments.

LISTING RULES IMPLICATION

The highest Applicable Percentage Ratio for the Finance Lease Arrangement exceeds 5% but is less than 25%. Hence, the Finance Lease Arrangement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is therefore 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 20 June 2022, 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: 20 June 2022

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

- Subject asset:** The Auxiliary Facilities, which shall be acquired 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 Auxiliary Facilities shall be RMB367 million (approximately HK\$426.74 million), which was determined after arm's length negotiation between the Lessee and the Financier with reference to the total sub-contract prices for the construction of the Auxiliary Facilities and the amount of financing needs required by the Group under the Finance Lease Arrangement. As at the date of this announcement, the Auxiliary Facilities have been acquired and constructed. The total sub-contract prices for the construction of the Auxiliary Facilities were determined based on the Group's experience in hiring sub-contractors accumulated in past years and through reviewing the quotations had been submitted by potential sub-contractors, who were all independent third parties.
- The Purchase Price shall be paid, which is expected to be paid before 30 June 2022, after the fulfilment of the following conditions:
- (a) the other agreements contemplated by the Finance Lease Agreement having been entered into and becoming effective;
 - (b) there being no material breaches of any provisions of the agreements under the Finance Lease Arrangement by the Lessee and the relevant guarantors thereunder, and there being no material adverse change to the credit worthiness of Lessee and the relevant guarantors thereunder;
 - (c) the Financier having received the security deposit and handling fee under the Finance Lease Agreement;
 - (d) the Financier having obtained the "Enterprise Credit Report" of the Lessee of a date no earlier than 1 June 2022 in the form acceptable to the Financier;
 - (e) the Financier having obtained the original of the final valuation report on the Power Plant in the form acceptable to the Financier;
 - (f) there being no material changes to the industry in which the Lessee operates; and there being no material adverse change to, nor any negative public opinion and information in respect of, the Lessee and its affiliated companies, ultimate controller(s) and shareholder(s);

- (g) there being no material change to the overall economic situation, fiscal, taxation and financial policies, or government regulatory measures on the financial industry, and the financial industry situation in the PRC, and the financing cost not having increased significantly; and
- (h) all other documents or relevant procedures as required by the Financier or the Finance Lease Agreement having been provided to the Financier or completed.

If any of the above conditions are not fulfilled on or before 13 September 2022, the Financier has the right to terminate the Finance Lessee Agreement without any liability to the Lessee.

- Finance Period: A period of 3 years commencing from the date of the payment of the Purchase Price.
- Lease payments and interest rate: The Lessee shall pay quarterly Lease Payments to the Financier during the Finance Period. The total Lease Payments represents the Purchase Price paid by the Financier to the Lessee for the acquisition of the Auxiliary Facilities plus interest 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 1-year LPR plus 0.84%. The relevant LPR for the first Lease Payment is the LPR announced on 20 May 2022, being 3.7%, which gives rise to an applicable interest rate of 4.54% for the first Lease Payment. The applicable interest rate will be adjusted annually on each anniversary of the commencement date of the Finance Period, which will, after adjustment, equal to the LPR announced in the month before such anniversary plus 0.84%. Assuming the applicable interest rate was 4.54% throughout the Finance Period, the total Lease Payments would be approximately RMB414.94 million (approximately HK\$482.48 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 buildings and auxiliary facilities finance lease.
- Security documents: As security for the due performance of all the Lessee's obligations under the Finance Lease Agreement, the Lessee, the Company and certain wholly-owned subsidiaries of the Company (namely Century Concord Wind Power and Jilin Century Concord) shall, in favour of the Financier, execute the security documents (the "**Security Documents**") consisting of (i) the guarantees given by the Company and Century Concord Wind Power respectively; (ii) the mortgages given by the Lessee in respect of the Auxiliary Facilities and the related land use right; (iii) the pledge given by Jilin Century Concord in respect of its 100% interest in the Lessee, and (iv) the pledge given by the Lessee in respect of its electricity 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 business.

- Security deposit: An amount of RMB14.68 million, shall be paid by the Lessee to the Financier as deposit to secure the due performance of the Lessee’s payment obligations under the Finance Lease Agreement, which shall be paid within 5 working days before the payment of the Purchase Price.
- Handling fee: The Lessee shall pay to the Financier a handling fee of approximately RMB1.47 million, which shall be paid within 5 working days before the payment of the Purchase Price.
- Buyback option: Upon the expiry of the Finance Period, the Lessee has the option to buy back the Auxiliary Facilities from the Financier at a consideration of RMB10,000.

PREVIOUS FINANCE LEASE ARRANGEMENTS

In September 2021, certain subsidiaries of the Group entered into several finance lease arrangements with the Financier (the “**September Transactions**”), details of which are set out in the announcement of the Company dated 23 September 2021. In November and December 2021, certain subsidiaries of the Group entered into several finance lease arrangements with the Financier (the “**November and December Transactions**”), details of which are set out in the announcements of the Company dated 8 December 2021.

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 buildings and auxiliary facilities 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. According to the Hong Kong Financial Reporting Standards, the transactions under the Finance Lease Arrangement and the Previous Finance Lease Arrangements 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 approximately RMB365.53 million under the Finance Lease Arrangements, 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 and photovoltaic power equipment.

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 subsidiaries of the Company and is principally engaged in the operation of wind 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 ultimately owned as to 47.61% by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, and the remaining interests are owned by independent third parties. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Financier and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATION

The highest Applicable Percentage Ratio for the Finance Lease Arrangement exceeds 5% but is less than 25%. Hence, the Finance Lease Arrangement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the notification and publication requirements under Chapter 14 of the Listing Rules. The September Transactions constituted a major transaction for the Company under Chapter 14 of the Listing Rules, and had complied with all the applicable requirements of the Listing Rules. The November and December Transactions constituted a discloseable transaction of the Company, and had complied with all the applicable requirements of the Listing Rules. As the Previous Finance Lease Arrangements were conducted within a 12-month period before the date of the Finance Lease Agreements, the Aggregated Transactions shall be aggregated under Chapter 14 of the Listing Rules resulting in a highest Applicable Percentage Ratio: (i) in the case of the Aggregated Transactions as a whole, exceeding 25% but less than 75%; and (ii) in the case of aggregating the Finance Lease Arrangements with the November and December Transactions only, exceeding 5% but not more 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 expressions shall have the following meanings unless the context otherwise requires:

“Aggregated Transactions”	the transactions contemplated under the Previous Finance Lease Arrangements and the Finance Lease Arrangement;
“Applicable Percentage Ratio”, “connected person” and “subsidiary”	have the meanings ascribed to them under the Listing Rules;
“Auxiliary Facilities”	power transmission line and roads of the Power Plant;
“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;
“Finance Lease Agreement”	the finance lease agreement dated 20 June 2022 between the Lessee and the Financier for the acquisition of the Auxiliary Facilities by the Financier from the Lessee and the leasing of the Auxiliary Facilities back to the Lessee from the Financier;
“Finance Lease Arrangement”	the transactions contemplated under the Finance Lease Agreement;
“Finance Period”	the 3-year period, in which the Lessee shall pay Lease Payments to the Financier and shall have the right to use the Auxiliary Facilities;
“Financier”	Huaneng Tiancheng Financial Leasing Co., Ltd.* (華能天成融資租賃有限公司), a company established in the PRC with limited liability;

“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Jilin Century Concord”	Jilin Century Concord Julong Wind Power Co., Ltd. *(吉林協合聚隆風力發電有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Lease Payment(s)”	the quarterly lease payment(s) payable by the Lessee to the Financier under the Finance Lease Agreement during the Finance Period in consideration of the Financier leasing the Auxiliary Facilities to the Lessee;
“Lessee”	Jinlin Tongyu Century Concord Xinfa Wind Power Co., Ltd.* (吉林通榆協合新發風力發電有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Listing Rules”	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 97.5 MW power plant project known as the Tongyu Wulanhua F and Tongyu Xinfa D wind power plant project*(通榆烏蘭花F及通榆新發D風電場工程項目) operated by the Lessee in Baicheng City, Jinlin Province, the PRC* (中國吉林省白城市);
“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 transactions contemplated under the September Transactions, the November and December Transactions, details of which are 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 Auxiliary Facilities;
“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;
“%”	per cent.

For the purposes of this announcement, an exchange rate of HK\$1.00 = RMB0.86 has been used for currency translation. Such exchange rate is for illustration purposes only and does not constitute representations that any amount in HK\$ or RMB has been, could have been or may be converted at such rate.

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

Hong Kong, 20 June 2022

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*