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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 12 September 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 RMB412.26 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 RMB91.20 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. 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.

## INTRODUCTION

The Board is pleased to announce that after trading hour on 12 September 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: 12 September 2024

Parties:

- (i) the Financier as the purchaser of the Equipment A;
- (ii) the Supplier A as the supplier of the Equipment A; and
- (iii) the Lessee as the lessee under the Finance Lease Agreement.

Subject asset: The Equipment A, which shall be purchased by the Financier from the Supplier A 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 RMB412.26 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 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 paid in two instalments.

The first instalment of the Purchase Price A shall not exceed RMB300 million (the “**First Instalment of Purchase Price A**”), and shall be payable within 15 business days after the fulfilment of the following conditions (the “**First Instalment 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 A, and an insurance certificate having been provided to the Financier;
- (c) the Financier having received the confirmation of acceptance and the supervision report in respect of not less than 20% of the photovoltaic modules; and
- (d) all other conditions or relevant procedures as required by the Finance Lease Agreement having been satisfied or performed.

It is expected that the First Instalment of Purchase Price A will be paid by the end of September 2024. If the First Instalment Conditions are not fulfilled by 15 February 2025, the Financier shall have the right to terminate the Purchase Agreement A.

The remaining Purchase Price A shall not exceed approximately RMB112.26 million (the “**Remaining Purchase Price A**”), and shall be payable within 15 business days after the fulfilment of the following conditions:

- (a) the Financier having paid the First Instalment of Purchase Price A;
- (b) the Financier having received the confirmation of acceptance and the supervision report in respect of not less than 70% of the photovoltaic modules and 90% of the photovoltaic support frames; and
- (c) all other conditions or relevant procedures as required by the Finance Lease Agreement having been satisfied or performed.

It is expected that the Remaining Purchase Price A will be paid by the end of November 2024.

## Purchase Agreement B

Date: 12 September 2024

Parties:

- (i) the Financier as the purchaser of the Equipment B;
- (ii) the Supplier B as the supplier of the Equipment B; and
- (iii) the Lessee as the lessee under the Finance Lease Agreement.

Subject asset: The Equipment B, which shall be purchased by the Financier from the Supplier B 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 RMB91.20 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 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 15 business days 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 Financier having paid the First Instalment of Purchase Price A under the Purchase Agreement A;
- (c) the Financier having received the confirmation of acceptance and the supervision report in respect of not less than 70% of the photovoltaic modules and 90% of the photovoltaic support frames; and
- (d) 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 B will be paid by the end of November 2024.

## Finance Lease Agreement

Date:	12 September 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 15th anniversary of the date of the payment of the Total Purchase Price by the Financier.
Lease payments and interest rate:	<p>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.</p> <p>The applicable interest rate is a floating interest rate equal to the relevant over-5-year LPR. The relevant over-5-year LPR for the first quarterly Lease Payment in respect of the Total Purchase Price is the latest published over-5-year LPR prior to the payment of each installment of the Purchase Price. 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. Assuming the applicable interest rate being 3.85% throughout the Lease Period, the total Lease Payments would be approximately RMB671.93 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.</p>

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 Century Concord) 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 Yinhua Century Concord for the entire equity interest in the Lessee owned by it; and (iii) the pledge given by the Lessee in respect of all its account receivables. 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 option:	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 RMB200.

## PREVIOUS FINANCE LEASE ARRANGEMENTS

On 6 June 2024, Eryuan Century Concord Solar Power Co., Ltd.\* (洱源協合太陽能發電有限公司) (“**Eryuan**”), a wholly-owned subsidiary of the Company, entered into a finance lease arrangement with the Financier (the “**June Finance Lease Arrangement**”), pursuant to which the Financier shall purchase certain equipment of the Eryuan power plant (the “**Eryuan Equipment**”) at a purchase price of RMB210 million from Eryuan for the purposes of leasing Eryuan Equipment back to Eryuan for a lease period of 10 years in consideration of Eryuan paying to the Financier quarterly lease payments to be determined with reference to an applicable interest rate for that finance lease arrangement, which is a floating interest rate equal to the over-5-year LPR announced on 20 May 2024 (being 3.95%), resulting in an applicable interest rate of 3.95%. Assuming the applicable interest rate being 3.95% throughout such lease period, the total lease payments would be approximately RMB256.07 million. Upon the expiry of such lease period, Eryuan has the option to purchase the Eryuan Equipment at RMB100.

On 13 November 2023, Jiangzi Century Concord Solar Power Co., Ltd.\* (江孜協合太陽能發電有限公司) (“**Jiangzi**”), a wholly-owned subsidiary of the Company, entered into a finance lease arrangement with the Financier (the “**November 2023 Finance Lease Arrangement**”), pursuant to which the Financier shall purchase certain equipment of the Jiangzi power plant (the “**Jiangzi Equipment**”) at a purchase price of approximately RMB20.85 million from Juhe Energy Technology (Tianjin) Co., Ltd.\* (聚合能源科技(天津)有限公司), a wholly-owned subsidiary of the Company, for the purposes of leasing it to Jiangzi for a lease period of 10 years in consideration of Jiangzi paying to the Financier quarterly lease payments to be determined with reference to an applicable interest rate for that finance lease arrangement, which is a floating interest rate equal to the over-5-year LPR announced on 20 October 2023 (being 4.2%) plus 0.45%, resulting in an applicable interest rate of 4.65%. Assuming the applicable interest rate being 4.65% throughout such lease period, the total lease payments would be approximately RMB26.29 million. Upon the expiry of such lease period, Jiangzi has the option to purchase the Jiangzi Equipment at RMB100.

## **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 August 2024 was approximately RMB503.46 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 proceed of approximately RMB503.46 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 and photovoltaic power equipment, and construction of wind and photovoltaic power plants.

## **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 trading of equipment for wind 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 research and development, manufacturing and trading of energy storage equipment.

The Lessee is a wholly-owned subsidiary of the Company and is principally engaged in the construction and operation of photovoltaic 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 approximately 54.75% by China Resource Leasing (HK) Co., Ltd. (which is ultimately owned as to 100% by the State-owned Assets Supervision and Administration Commission of the PRC\* (中國國有資產監督管理委員會)), as to approximately 18.25% and 18.25%, respectively, by China Resources Pharmaceutical Holdings Company Limited\* (華潤醫藥控股有限公司) and China Resources Pharmaceutical Commercial Group Company Limited\* (華潤醫藥商業集團有限公司) (which are both ultimately owned as to 100% by China Resources Pharmaceutical Group Limited\* (華潤醫藥集團有限公司), a company listed on the Stock Exchange (stock code: 3320)), and as to approximately 8.75% by Shenzhen Guangju Investment Holdings (Group) Company Limited\* (深圳市廣聚投資控股(集團)有限公司) (which is ultimately controlled by the Shenzhen State-owned Assets Supervision and Administration Commission\* (深圳市國有資產監督管理委員會)). To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Financier is a third party 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, 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”	certain solar power equipment of the Power Station (including solar panel modules, inverters, power cables, box transformers, support frames and other auxiliary facilities);
“Equipment B”	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 12 September 2024 for the leasing of the Equipment A and the Equipment B to the Lessee from the Financier;
“Finance Lease Arrangement”	the transactions contemplated under the Purchase Agreement A, the Purchase Agreement B and the Finance Lease Agreement;
“Financier”	China Resources Financial Leasing Co., Ltd.* (華潤融資租賃有限公司), 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 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”	Fengning Manchu Autonomous County Juting New Energy Development Co., Ltd.* (豐寧滿族自治縣聚霆新能源開發有限公司), 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 Station”	the 200MW integrated photovoltaic storage project constructed by the Lessee in Chengde City, Hebei Province, the PRC (中國河北省承德市);
“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 purchase agreement A dated 12 September 2024 between the Supplier A, the Lessee and the Financier for the sale of the Equipment A by the Supplier A to the Financier;
“Purchase Agreement B”	the purchase agreement B dated 12 September 2024 between the Supplier B, the Lessee and the Financier for the sale of the Equipment B by the Supplier B to the Financier;
“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;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Supplier A”	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;
“Supplier B”	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;
“Total Purchase Price”	the total of the Purchase Price A and the Purchase Price B, which amounts to approximately RMB503.46 million;
“Yinhua Century Concord”	Yinhua Century 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 Company; and
“%”	per cent.

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

Hong Kong, 12 September 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, Ms. Huang Jian and Mr. Zhang Zhong (who are independent non-executive Directors).*

*\* For identification purposes only*