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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

FINANCE LEASE ARRANGEMENT

The Board is pleased to announce that after trading hour on 8 October 2021, the Seller, the Lessee and the Financier agreed on the Finance Lease Arrangement by way of entering into the following agreements:

- (a) the Seller, the Lessee and the Financier entered into the Sale and Purchase Agreement, pursuant to which the Financier shall purchase the Equipment from the Seller at a purchase price of RMB350 million 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 Lessee shall lease the Equipment from the Financier for the Finance Period in consideration of the Lessee paying to the Financier the quarterly Lease Payments.

LISTING RULES IMPLICATIONS

As the highest Applicable Percentage Ratio for the Finance Lease Arrangement exceeds 5% but is less than 25%, the entering into the Finance Lease Arrangement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is 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 8 October 2021, the Seller, 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

Sale and Purchase Agreement

Date: 8 October 2021

Parties: (i) the Financier as the purchaser;

(ii) the Seller as the seller; and

(iii) the Lessee to undertake certain rights and obligations for the transactions contemplated under the Sale and Purchase Agreement.

Subject asset: The Equipment, which shall be purchased by the Financier from the Seller for the purposes of leasing the Equipment back to the Lessee.

Purchase price: The Purchase Price payable by the Financier to the Seller for the purchase of the Equipment shall be RMB350 million (approximately HK\$422 million), which was determined after arm's length negotiation between the Seller, the Lessee and the Financier with reference to the market value of the Equipment and the amount of financing needs required by the Group under the Finance Lease Arrangement. As at the date of this Announcement, the Equipment has not been fully acquired by the Seller.

The Purchase Price to be paid to the Seller (being the total amount to be borrowed by the Group under the Finance Lease Arrangement) is equal to the original purchase price of the Equipment plus the management costs of the Group attributable to the Equipment. The original purchase price of the Equipment is in line with its market value, which is determined based on the Group's experience in acquiring comparable equipment accumulated in the past years and in monitoring the market value of comparable equipment, which includes reviewing quotations obtained from suppliers of comparable equipment who are independent third parties.

The Purchase Price shall be paid by three instalments. The first instalment of the Purchase Price is RMB150 million, which shall be payable after the fulfilment of the following conditions:

(a) the Financier having received the security deposit for the first instalment under the Finance Lease Agreement;

- (b) all the Security Documents having been executed and all the relevant procedures for the Security Documents having been completed to the satisfaction of the Financier;
- (c) there being no breach of the Finance Lease Agreement, the Sale and Purchase Agreement, any agreements between the Financier or any third party on the one part and the Lessee and/or the Seller on the other part, or the Security Documents by the Seller, the Lessee, or the guarantors or pledgers of the Security Documents;
- (d) the project in respect of the Equipment having received funding of not less than RMB37.5 million;
- (e) there being no material changes to the fiscal, taxation and financial policies, or government regulatory measures and standards on the capital of the financial and financial leasing industries, and the market financing cost not having increased significantly;
- (f) there being no material change to the control or financial conditions of the Lessee and/or Seller, and no occurrence of any events that may affect the performance of the Finance Lease Agreement, the Security Documents and the related agreements; and
- (g) all other conditions or procedures as required by the Sale and Purchase Agreement and the Finance Lease Agreement having been fulfilled.

The second instalment of the Purchase Price is RMB150 million, which shall be payable after the fulfilment of the following conditions:

- (a) the Financier having received the security deposit for the second instalment under the Finance Lease Agreement;
- (b) there being no breach of the Finance Lease Agreement, the Sale and Purchase Agreement, any agreements between the Financier or any third party on the one part and the Lessee and/or the Seller on the other part, or the Security Documents by the Seller, the Lessee or the guarantors and pledgers of the Security Documents;

- (c) the project in respect of the Equipment having received funding of not less than RMB75 million;
- (d) there being no material changes to the fiscal, taxation and financial policies, or government regulatory measures and standards on the capital of the financial and financial leasing industries, and the market financing cost not having increased significantly;
- (e) there being no material change to the control or financial conditions of the Lessee and/or Seller, and no occurrence of any events that may affect the performance of the Finance Lease Agreement, the Security Documents and the related agreements; and
- (f) all other conditions or procedures as required by the Sale and Purchase Agreement and the Finance Lease Agreement having been fulfilled.

The third instalment of the Purchase Price is RMB50 million, which shall be payable after the fulfilment of the following conditions:

- (a) the Financier having received the security deposit for the third instalment under the Finance Lease Agreement;
- (b) the project in respect of the Equipment having received funding of not less than RMB87.5 million;
- (c) there being no breach of the Finance Lease Agreement, the Sale and Purchase Agreement, any agreements between the Financier or any third party on the one part and the Lessee and/or the Seller on the other part, or the Security Documents by the Seller, the Lessee, or the guarantors or pledgers of the Security Documents;
- (d) there being no material changes to the fiscal, taxation and financial policies, or government regulatory measures and standards on the capital of the financial and financial leasing industries, and the market financing cost not having increased significantly;
- (e) there being no material change to the control or financial conditions of the Lessee and/or Seller, and no occurrence of any events that may affect the performance of the Finance Lease Agreement, the Security Documents and the related agreements;

- (f) there being no breach of the Finance Lease Agreement, the Sale and Purchase Agreement, any agreements between the Financier or any third party on the one part and the Lessee and/or the Seller on the other part, or the Security Documents by the Seller, the Lessee or the guarantors and pledgers of the Security Documents; and
- (g) all other conditions or procedures as required by the Sale and Purchase Agreement and the Finance Lease Agreement having been fulfilled.

It is expected that the first, second and third instalments of the Purchase Price will be paid around 31 October 2021, 31 December 2021 and 31 March 2022 respectively.

Finance Lease Agreement

Date: 8 October 2021

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.

Finance Period: A period of 12 years commencing from the date of payment of the first instalment 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 for the purchase of the Equipment 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 over-5-year LPR as may be announced from time to time plus 0.9%. The relevant LPR for the first quarterly Lease Payment is the LPR announced on 20 May 2021, being 4.65%, which gives rise to an applicable interest rate of 5.55% for the first quarterly Lease Payment. The applicable interest rate will be adjusted on the day of the announcement of a new over-5-year LPR and will, after adjustment, equal to that over-5-year LPR plus 0.9%. Assuming the applicable interest rate was 5.55% throughout the Finance Period, the total Lease Payments would be approximately RMB480.6 million (approximately HK\$579.0 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, the Company and certain wholly-owned subsidiaries of the Company (namely Century Concord Wind Power and Hubei Shunhe) shall, in favour of the Financier, execute the security documents (the "**Securities Documents**") consisting of (i) the guarantees to be given by the Company and Century Concord Wind Power respectively; (ii) the pledge to be given by Hubei Shunhe on the equity interest in the Lessee; and (iii) the pledge to be given by the Lessee on electricity generation 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 businesses.

Security deposit: To secure the due performance of the Lessee's obligations under the Finance Lease Agreement, a security deposit equal to 2.5% of each instalment of the Purchase Price shall be paid by the Lessee to the Financier before the payment of such instalment of the Purchase Price. The total amount of the security deposit is RMB8.75 million.

Handling fee: A handling fee equal to 1% of each instalment of the Purchase Price shall be paid by the Lessee to the Financier before the payment of such instalment of the Purchase Price. The total amount of the handling fee is RMB3.5 million.

Buyback option: Upon the expiry of the Finance Period, the Lessee has the option to buy back the Equipment from the Financier at a consideration of RMB10,000.

PREVIOUS FINANCE LEASE ARRANGEMENT

On 3 June 2021, certain subsidiaries of the Group entered into finance lease arrangement with the Financier, details of which is set out in the announcement of the Company dated 3 June 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 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. According to the Hong Kong Financial Reporting Standards, the transactions 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 total net disposal proceeds of RMB350 million under the Sale and Purchase Agreement, which will be used for the acquisition of the Equipment.

INFORMATION OF THE PARTIES TO THE FINANCE LEASE ARRANGEMENT

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 construction and operation of agriculture-complementary solar power generation projects in the PRC.

The Seller 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 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 wholly owned by Industrial Bank Co., Ltd. (興業銀行股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601166).

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 IMPLICATIONS

As the highest Applicable Percentage Ratio for the Finance Lease Arrangement exceeds 5% but is less than 25%, the entering into the Finance Lease Arrangement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and publication requirements under Chapter 14 of the Listing Rules. As the Previous Finance Lease Arrangement was conducted within a 12-month period before the date of the Finance Lease Agreement, the Aggregated Transactions shall be aggregated under Chapter 14 of the Listing Rules resulting in a highest Applicable Percentage Ratio 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, the following expressions shall 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;
“Aggregated Transactions”	the transactions contemplated under the Previous Finance Lease Arrangement and the Finance Lease Arrangement;
“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 machinery and equipment for the operation of the Power Plant to be purchased by the Financier from the Seller under the Sale and Purchase Agreement;

“Finance Lease Agreement”	the finance lease agreement between the Lessee and the Financier dated 8 October 2021 for the leasing of the Equipment to the Lessee from the Financier;
“Finance Lease Arrangement”	the transactions contemplated under the Sale and Purchase Agreement and the Finance Lease Agreement;
“Finance Period”	the 12-year period, in which the Lessee shall lease the Equipment from the Financier;
“Financier”	Industrial Bank Financial Leasing Co., Ltd.* (興業金融租賃有限責任公司), 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;
“Hubei Shunhe”	Hubei Shunhe New Energy Technology Co., Ltd.* (湖北順合新能源技術有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Group;
“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 Equipment to the Lessee;
“Lessee”	Xiangyang Juhe Solar Power Co., Ltd.* (襄陽聚合光伏發電有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Group;
“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 100MW agriculture-complementary solar power plant of the Group situated in Xiangyang City, Hubei Province, the PRC (中國湖北省襄陽市), where the Equipment is situated;

“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Previous Finance Lease Arrangement”	the previous finance lease arrangement described in the paragraph headed “Previous Finance Lease Arrangement” in this announcement;
“Purchase Price”	the purchase price payable to the Seller by the Financier for the purchase of the Equipment;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement between the Seller, the Lessee and the Financier dated 8 October 2021 for the purchase of the Equipment from the Seller by the Financier;
“Seller”	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;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

For the purposes of this announcement, an exchange rate of HK\$1.00 = RMB0.83 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, 8 October 2021

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 and Mr. Zhang Zhong (who are independent non-executive Directors).

* *For identification purposes only*