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## **CENTRAL NEW ENERGY HOLDING GROUP LIMITED**

**中環新能源控股集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1735)**

### **MAJOR TRANSACTION IN RELATION TO THE EQUIPMENT LEASE AGREEMENTS — SUPPLEMENTAL ANNOUNCEMENT AND THE EQUIPMENT LEASE AGREEMENT 4**

#### **SUPPLEMENTAL ANNOUNCEMENT**

The Company would like to provide the Shareholders and potential investors of the Company with further information in relation to the Lessor and the relevant values of the right-of-use assets to be recognised by the Company under the Equipment Lease Agreements.

Due to the revision of the values of the right-of-use assets to be recognised by the Company under the Equipment Lease Agreements and the re-computation of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Equipment Lease Agreements based on the revised values of the right-of-use assets, it transpired that the highest applicable percentage ratios in respect of the transactions contemplated under (i) the Equipment Lease Agreement 1 on a standalone basis; (ii) the Equipment Lease Agreement 3 on a standalone basis; and (iii) the Equipment Lease Agreements, when aggregated with each other, exceed 5% but are less than 25%. In this connection, the Company wishes to clarify that the entering into of (i) the Equipment Lease Agreement 1 on a standalone basis; (ii) the Equipment Lease Agreement 3 on a standalone basis; and (iii) the Equipment Lease Agreements and the transactions contemplated thereunder constitute discloseable transactions of the Company and not a major transaction as previously disclosed in the Announcement. Therefore, they are subject only to the notification and announcement requirements under Chapter 14 of the Listing Rules, and not the circular and shareholders' approval requirements. Accordingly, the Company wishes to clarify that no circular will be despatched to the Shareholders in relation to the Equipment Lease Agreements on or before 22 July 2024 as initially indicated in the Announcement.

#### **THE EQUIPMENT LEASE AGREEMENT 4**

On 12 July 2024 (after trading hours), the Lessee entered into the Equipment Lease Agreement 4 with the Lessor, pursuant to which the Lessor agreed to lease Leased Equipment 4 to the Lessee.

## LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, as a result of the entering into of the Equipment Lease Agreement 4, the Group shall recognise the relevant value of the right-of-use assets in its consolidated financial statements. Accordingly, the transactions contemplated under the Equipment Lease Agreement 4 will be regarded as acquisition of assets by the Group pursuant to Rule 14.04(1)(a) of the Listing Rules.

As the transactions contemplated under each of the New Equipment Lease Agreements constitute a series of transactions entered into by the Lessee with the same lessor within a 12-month period with the New Leased Equipment intended to be used for production of photovoltaic battery under the same project, they shall be aggregated with each other as if they were one transaction pursuant to Rule 14.22 of the Listing Rules.

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the New Equipment Lease Agreements, when aggregated with each other, based on the respective estimated values of the right-of-use assets to be recognised by the Group thereunder pursuant to HKFRS 16, exceeds 25% but all of them are less than 100%, the entering into of the New Equipment Lease Agreements and the transactions contemplated thereunder constitute a major transaction of the Company and are therefore subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the New Equipment Lease Agreements and the transactions contemplated thereunder or is required to abstain from voting if a general meeting of the Company is to be convened to approve the transactions contemplated under the New Equipment Lease Agreements. The Company has obtained written approval regarding the transactions contemplated under the New Equipment Lease Agreements from a Shareholder, namely, Central Culture Resource Group Limited (a company which is wholly owned by Mr. Yu Zhuyun, an executive Director and the chairman of the Board as well as the chief executive officer of the Company), holding 2,890,378,320 Shares, representing approximately 68.43% of the entire issued share capital of the Company as at the date of this announcement. Accordingly, pursuant to Rule 14.44 of the Listing Rules, the Company is exempt from convening a general meeting of its Shareholders to approve the transactions contemplated under the New Equipment Lease Agreements.

A circular containing, among other things, (i) further information of the New Equipment Lease Agreements and the transactions contemplated thereunder; and (ii) other information required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 2 August 2024.

## SUPPLEMENTAL ANNOUNCEMENT

Reference is made to the announcement of Central New Energy Holding Group Limited dated 28 June 2024 (the “**Announcement**”) in relation to the entering into of the equipment lease agreements between Central (Tongcheng) New Energy Technology Co., Ltd.\* (中環(桐城)新能源科技有限公司) as the lessee and Tongcheng Tianzheng New Energy Co., Ltd.\* (桐城市天正新能源有限公司) as the lessor. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

The Company would like to provide the Shareholders and potential investors of the Company with further information as follows:

SEHK Q1–1As mentioned in the Announcement, the Lessor is a company established in the PRC with limited liability and wholly owned by Tongcheng Economic and Technological Development Zone Management Committee\* (桐城經濟技術開發區管理委員會). To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Tongcheng Economic and Technological Development Zone Management Committee\* (桐城經濟技術開發區管理委員會) is a public institution (事業單位) under the People’s Government of Tongcheng City.

SEHK Q1–2Pursuant to HKFRS 16, as a result of the entering into of the Equipment Lease Agreements, the Group shall recognise the relevant values of the right-of-use assets in its consolidated financial statements. The value of the right-of-use assets to be recognised by the Company under the Equipment Lease Agreements is in the sum of approximately RMB799,460,000 (equivalent to approximately HK\$855,422,200), which equals to the aggregate sum of:

- (i) the value of the right-of-use asset of approximately RMB270,575,000 (equivalent to approximately HK\$289,515,250) that is subject to the Equipment Lease Agreement 1, which adopted an estimated incremental borrowing rate of 3.99% per annum as the discount rate in the calculation;
- (ii) the value of the right-of-use asset of approximately RMB156,967,000 (equivalent to approximately HK\$167,954,690) that is subject to the Equipment Lease Agreement 2, which adopted an estimated incremental borrowing rate of 3.98% per annum as the discount rate in the calculation; and
- (iii) the value of the right-of-use asset of approximately RMB371,918,000 (equivalent to approximately HK\$397,952,260) that is subject to the Equipment Lease Agreement 3, which adopted an estimated incremental borrowing rate of 3.88% per annum as the discount rate in the calculation.

The above values of the right-of-use assets to be recognised by the Company under the Equipment Lease Agreements have been revised after discussions with the auditors of the Company. As such, the Company has re-computed the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Equipment Lease Agreements based on the revised values of the right-of-use assets, and it transpired that the highest applicable percentage ratios in respect of the transactions contemplated under (i) the Equipment Lease Agreement 1 on a standalone basis; (ii) the Equipment Lease Agreement 3 on a standalone basis; and (iii) the Equipment Lease

Agreements, when aggregated with each other, exceed 5% but are less than 25%. In this connection, the Company wishes to clarify that the entering into of (i) the Equipment Lease Agreement 1 on a standalone basis; (ii) the Equipment Lease Agreement 3 on a standalone basis; and (iii) the Equipment Lease Agreements and the transactions contemplated thereunder constitute discloseable transactions of the Company and not a major transaction as previously disclosed in the Announcement. Therefore, they are subject only to the notification and announcement requirements under Chapter 14 of the Listing Rules, and not the circular and shareholders' approval requirements. Accordingly, the Company wishes to clarify that no circular will be despatched to the Shareholders in relation to the Equipment Lease Agreements on or before 22 July 2024 as initially indicated in the Announcement.

Save as disclosed above, all other information and contents set out in the Announcement remain unchanged.

#### **THE EQUIPMENT LEASE AGREEMENT 4**

On 12 July 2024 (after trading hours), the Lessee entered into an equipment lease agreement (the “**Equipment Lease Agreement 4**”) with the Lessor, pursuant to which the Lessor agreed to lease certain leased equipment (“**Leased Equipment 4**”) to the Lessee.

The principal terms of the Equipment Lease Agreement 4 are summarised as follows:

Date	:	12 July 2024
Parties	:	(i) the Lessor; and (ii) the Lessee
Leased items	:	Leased Equipment 4, being a total of 21 types of equipment for production of photovoltaic battery, including but not limited to boron diffusion equipment, front film equipment, rear film equipment, boron diffusion automation equipment, front film automation equipment and rear film automation equipment.
Pre-lease period	:	From 20 June 2024 to 20 September 2024
Lease period	:	From 20 September 2024 to 20 September 2029, for a period of 60 months
Calculation and payment of rent	:	During the pre-lease period and the lease period, the rent payable by the Lessee to the Lessor under the Equipment Lease Agreement 4 amounts to RMB123,645,908.90 (equivalent to approximately HK\$132,301,122.52), which shall be payable by the Lessee to the Lessor on 20 June 2024 and for every three months thereafter in 20 instalments (including the payment of the first instalment of rent on 20 September 2024) based on the estimated rent payment schedule as attached to the Equipment Lease Agreement 4.

- Usage of leased items : During the lease period, the Lessee is entitled to the possession and usage of Leased Equipment 4. The Lessor shall not intervene the possession and usage of Leased Equipment 4 by the Lessee in a legitimate manner unless there is any default by the Lessee.
- Buyback right of leased items : Upon expiration of the lease period, the Lessee is entitled to purchase Leased Equipment 4 from the Lessor by paying to the Lessor an amount of RMB100, which shall be payable by the Lessee together with the last instalment of rent, provided that all the rent payable to the Lessor under the Equipment Lease Agreement 4 has been settled in full by the Lessee. Upon the Lessee having, in performance of its obligations under the Equipment Lease Agreement 4, settled all the payables, the Lessee will acquire all the rights to Leased Equipment 4.
- Termination : The Lessee may terminate the Equipment Lease Agreement 4 by giving 15 days' prior written notice to the Lessor based on the operation need of the Lessee, without incurring any liability on the part of the Lessee.

The consideration payable by the Lessee to the Lessor under the Equipment Lease Agreement 4 was determined after arm's length negotiation between the Lessee and the Lessor with reference to, among other things, (i) the net assets value of Leased Equipment 4; (ii) the market price of Leased Equipment 4; and (iii) the lease rate with a premium of no more than 3%.

The Group shall use its internal resources to settle the consideration payable under the Equipment Lease Agreement 4 by the Lessee.

#### **INFORMATION ABOUT THE LESSEE**

The Lessee is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. The Lessee is principally engaged in, among others, new energy technology research and development and manufacturing and sales of batteries and photovoltaic equipment and modules.

#### **INFORMATION ABOUT THE LESSOR**

The Lessor is a company established in the PRC with limited liability. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lessor is wholly owned by Tongcheng Economic and Technological Development Zone Management Committee\* (桐城經濟技術開發區管理委員會), which is a public institution (事業單位) under the People's Government of Tongcheng City. The Lessor is principally engaged in, among others, manufacturing and sales of photovoltaic equipment and modules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lessor and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

#### **REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUIPMENT LEASE AGREEMENT 4**

The Group is principally engaged in businesses of (i) green building and construction related business; (ii) new energy and engineering, procurement and construction; (iii) smart energy management services; (iv) health and wellness; and (v) food and beverage supply chain.

As disclosed in the annual report of the Company published on 24 April 2024, the Group will continue to seek new green energy business opportunities and develop its photovoltaic battery and component supply business in Tongcheng City. As Leased Equipment 4 to be leased under the Equipment Lease Agreement 4 are to be used mainly for the purpose of production of photovoltaic battery in Tongcheng City, and is crucial to the Group's business in manufacturing and sales of photovoltaic battery, the Directors believe that the entering into of the Equipment Lease Agreement 4 will strengthen its revenue base and financial performance, which will, in turn, enhance return to the Shareholders, in long term. In addition, the Directors also consider that the entering into of the Equipment Lease Agreement 4 would enable the Group to use Leased Equipment 4 for its business operation immediately, without an imminent need to deplete its cash resources to settle the full amount of Leased Equipment 4, which can ease the cash flow position of the Group.

The Directors are of the view that the terms of the Equipment Lease Agreement 4 (including but not limited to the consideration payable by the Lessee to the Lessor) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **LISTING RULES IMPLICATIONS**

Pursuant to HKFRS 16, as a result of the entering into of the Equipment Lease Agreement 4, the Group shall recognise the relevant value of the right-of-use assets in its consolidated financial statements. The value of the right-of-use assets to be recognised by the Company under the Equipment Lease Agreement 4 is in the sum of approximately RMB114,130,000 (equivalent to approximately HK\$122,119,100) and an estimated incremental borrowing rate of 3.88% per annum is adopted as the discount rate in the calculation. Accordingly, the transactions contemplated under the Equipment Lease Agreement 4 will be regarded as acquisition of assets by the Group pursuant to Rule 14.04(1)(a) of the Listing Rules.

As the transactions contemplated under each of the Equipment Lease Agreement 4 and the Equipment Lease Agreements (collectively, the "**New Equipment Lease Agreements**") constitute a series of transactions entered into by the Lessee with the same lessor within a 12-month period with Leased Equipment 4 and the Leased Equipment (collectively, the "**New Leased Equipment**") intended to be used for production of photovoltaic battery under the same project, they shall be aggregated with each other as if they were one transaction pursuant to Rule 14.22 of the Listing Rules.

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the New Equipment Lease Agreements, when aggregated with each other, based on the respective estimated values of the right-of-use assets to be recognised by the Group thereunder pursuant to HKFRS 16, exceeds 25% but all of them are less than 100%, the entering into of the New Equipment Lease Agreements and the transactions contemplated thereunder constitute a major transaction of the Company and are therefore subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the New Equipment Lease Agreements and the transactions contemplated thereunder or is required to abstain from voting if a general meeting of the Company is to be convened to approve the transactions contemplated under the New Equipment Lease Agreements. The Company has obtained written approval regarding the transactions contemplated under the New Equipment Lease Agreements from a Shareholder, namely, Central Culture Resource Group Limited (a company which is wholly owned by Mr. Yu Zhuyun, an executive Director and the chairman of the Board as well as the chief executive officer of the Company), holding 2,890,378,320 Shares, representing approximately 68.43% of the entire issued share capital of the Company as at the date of this announcement. Accordingly, pursuant to Rule 14.44 of the Listing Rules, the Company is exempt from convening a general meeting of its Shareholders to approve the transactions contemplated under the New Equipment Lease Agreements.

A circular containing, among other things, (i) further information of the New Equipment Lease Agreements and the transactions contemplated thereunder; and (ii) other information required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 2 August 2024.

By Order of the Board  
**Central New Energy Holding Group Limited**  
**Yu Zhuyun**  
*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 12 July 2024

*As at the date of this announcement, the executive Directors are Mr. Yu Zhuyun (Chairman and Chief Executive Officer) and Mr. Li Menglin; the non-executive Directors are Mr. Qiao Xiaoge and Ms. Zhu Yujuan; and the independent non-executive Directors are Dr. Li David Xianglin, Mr. Wang Wenxing and Dr. Zhou Chunsheng.*

*For the purpose of this announcement, translation of RMB into HK\$ is based on the exchange rate of RMB1 = HK\$1.07.*

\* *For identification purposes only*