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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 NEW EQUIPMENT LEASE AGREEMENTS

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 4 to 19 of this circular.

Pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, written approval regarding the transactions contemplated under the New Equipment Lease Agreements has been obtained from Central Culture, which is a Shareholder holding 2,890,378,320 Shares, representing approximately 68.43% of the entire issued share capital of the Company, as at the Latest Practicable Date. No general meeting will be convened to approve the transactions contemplated under the New Equipment Lease Agreements and this circular is despatched to the Shareholders for information only.

This circular is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.centralenergy.cn).

25 November 2024

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Announcements”	the announcements of the Company dated 28 June 2024 and 12 July 2024 in relation to, among others, the entering into of the Equipment Lease Agreements and the Equipment Lease Agreement 4, respectively
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Central Culture”	Central Culture Resource Group Limited, a company incorporated in the BVI with limited liability, which is a controlling Shareholder, and 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, as at the Latest Practicable Date
“Company”	Central New Energy Holding Group Limited 中環新能源控股集團有限公司, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange (stock code: 1735)
“Director(s)”	director(s) of the Company
“Equipment Lease Agreement 1”	the equipment lease agreement dated 28 June 2024 entered into between the Lessor and the Lessee in relation to the lease of Leased Equipment 1 from the Lessor to the Lessee
“Equipment Lease Agreement 2”	the equipment lease agreement dated 28 June 2024 entered into between the Lessor and the Lessee in relation to the lease of Leased Equipment 2 from the Lessor to the Lessee
“Equipment Lease Agreement 3”	the equipment lease agreement dated 28 June 2024 entered into between the Lessor and the Lessee in relation to the lease of Leased Equipment 3 from the Lessor to the Lessee
“Equipment Lease Agreement 4”	the equipment lease agreement dated 12 July 2024 entered into between the Lessor and the Lessee in relation to the lease of Leased Equipment 4 from the Lessor to the Lessee

DEFINITIONS

“Equipment Lease Agreements”	collectively, the Equipment Lease Agreement 1, the Equipment Lease Agreement 2 and the Equipment Lease Agreement 3
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	20 November 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Leased Equipment”	collectively, Leased Equipment 1, Leased Equipment 2 and Leased Equipment 3
“Leased Equipment 1”	a total of 84 types of equipment (comprising a total of 254.2 pieces) for production of photovoltaic battery, including but not limited to texturing equipment, boron diffusion equipment, phosphorus diffusion equipment, rear film automation equipment and washing equipment
“Leased Equipment 2”	a total of 20 types of equipment (comprising a total of 48 pieces) for production of photovoltaic battery, including but not limited to texturing equipment, phosphorus diffusion equipment, front film equipment and rear film equipment
“Leased Equipment 3”	a total of 116 types of equipment (comprising a total of 869 pieces) for production of photovoltaic battery, including but not limited to texturing equipment, phosphorus diffusion equipment, front film equipment, rear film equipment, texturing automation equipment, phosphorus diffusion automation equipment, front film automation equipment, rear film equipment, alkaline-polishing automation equipment, coating automation equipment and inspection equipment
“Leased Equipment 4”	a total of 21 types of equipment (comprising a total of 177 pieces) 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

DEFINITIONS

“Lessee”	中環(桐城)新能源科技有限公司 (Central (Tongcheng) New Energy Technology Co., Ltd.*), a company established in the PRC with limited liability and indirectly wholly-owned by the Company
“Lessor”	桐城市天正新能源有限公司 (Tongcheng Tianzheng New Energy Co., Ltd.*), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Equipment Lease Agreements”	collectively, the Equipment Lease Agreements and the Equipment Lease Agreement 4
“New Leased Equipment”	collectively, the Leased Equipment and Leased Equipment 4
“PRC”	the People’s Republic of China, which shall, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.000625 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* For identification purposes only

For the purpose of this circular, translation of RMB into HK\$ is based on the exchange rate of RMB1 = HK\$1.07. The conversions are for illustration purposes only and should not be taken as a representation that RMB could actually be converted into HK\$ at the abovementioned rate or any other rates or at all.

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. Yu Zhuyun

(Chairman and Chief Executive Officer)

Mr. Li Menglin

Non-executive Directors:

Mr. Qiao Xiaoge

Ms. Zhu Yujuan

Independent Non-executive Directors:

Dr. Li David Xianglin

Mr. Wang Wenxing

Dr. Zhou Chunsheng

Registered Office:

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PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

*Headquarters and Principal Place of
Business in Hong Kong:*

Unit 2102-03 & 10-12

21/F, K. Wah Centre

191 Java Road

North Point

Hong Kong

25 November 2024

To the Shareholders:

Dear Sir/Madam,

**MAJOR TRANSACTION
IN RELATION TO
THE NEW EQUIPMENT LEASE AGREEMENTS**

1. INTRODUCTION

Reference is made to the Announcements in relation to, among others, the New Equipment Lease Agreements and the transactions contemplated thereunder.

As disclosed in the Announcements, on 28 June 2024 and 12 July 2024 (both after trading hours), the Lessee, an indirect wholly-owned subsidiary of the Company, entered into the Equipment Lease Agreements and the Equipment Lease Agreement 4 with the Lessor, respectively, pursuant to which the Lessor agreed to lease the Leased Equipment and Leased Equipment 4 to the Lessee, respectively.

The purpose of this circular is to provide you with, among others, (i) further information of the New Equipment Lease Agreements and the transactions contemplated thereunder; and (ii) other information required to be contained in this circular under the Listing Rules.

LETTER FROM THE BOARD

2. THE EQUIPMENT LEASE AGREEMENT 1

The principal terms of the Equipment Lease Agreement 1 are summarised as follows:

- Date : 28 June 2024
- Parties : (i) the Lessor; and
(ii) the Lessee
- Leased items : Leased Equipment 1, being a total of 84 types of equipment (comprising a total of 254.2 pieces) for production of photovoltaic battery, including but not limited to texturing equipment, boron diffusion equipment, phosphorus diffusion equipment, rear film automation equipment and washing equipment
- Lease period : From 28 June 2024 to 28 April 2028, for a period of 46 months
- Calculation and payment of rent : The total consideration payable by the Lessee to the Lessor under the Equipment Lease Agreement 1 shall be RMB288,181,545.22 (equivalent to approximately HK\$308,354,253.39), comprising:

1. Security deposit

Within 15 days from the date of signing of the Equipment Lease Agreement 1, the Lessee shall pay a security deposit in the sum of RMB12,747,467.45 (equivalent to approximately HK\$13,639,790.17) to the Lessor. The Lessee agreed that, unless otherwise applied in writing by the Lessee to the Lessor, such security deposit will be automatically set off against and be applied towards the settlement of the last portion of the remaining rent and other payables, provided that there is no occurrence of any default (or, if there is a default, such default has been remedied in full) by the Lessee.

2. Down payment

Prior to the delivery of Leased Equipment 1 by the Lessor, the Lessee shall pay a down payment in the sum of RMB38,242,402.34 (equivalent to approximately HK\$40,919,370.50) to the Lessor. Such down payment will be excluded from calculation of the rent.

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3. Rent

During the lease period, the rent payable by the Lessee to the Lessor under the Equipment Lease Agreement 1 amounts to RMB249,939,142.88 (equivalent to approximately HK\$267,434,882.88), which shall be payable by the Lessee to the Lessor for every three months in 16 installments (including the payment of the first installment of rent on 29 June 2024) based on the estimated rent payment schedule as attached to the Equipment Lease Agreement 1.

The rent payable by the Lessee to the Lessor under the Equipment Lease Agreement 1 is based on the abovementioned estimated rent payment schedule determined after negotiations with the Lessor taking into account the Lessee's cashflow and the Lessor's internal financing requirements. The management of the Company is of the view that such arrangement is on normal commercial terms and in line with market practice.

- Usage of leased items : During the lease period, the Lessee is entitled to the possession and usage of Leased Equipment 1. The Lessor shall not intervene the possession and usage of Leased Equipment 1 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 1 from the Lessor by paying to the Lessor an amount of RMB100, which shall be payable by the Lessee together with the last installment of rent, provided that all the rent payable to the Lessor under the Equipment Lease Agreement 1 has been settled in full by the Lessee. Upon the Lessee having, in performance of its obligations under the Equipment Lease Agreement 1, settled all the payables, the Lessee will acquire all the rights to Leased Equipment 1.
- Termination : The Lessee may terminate the Equipment Lease Agreement 1 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. It was also agreed between the Lessor and the Lessee that the security deposit and down payment paid by the Lessee are refundable in case of early termination.

The consideration payable by the Lessee to the Lessor under the Equipment Lease Agreement 1 was determined after arm's length negotiation between the Lessee and the Lessor with reference to, among other things, the quotations obtained from various suppliers which comprised (i) the net assets value of Leased Equipment 1, (ii) the market price of Leased Equipment 1 and (iii) the lease rate with a premium of approximately 3%.

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As Leased Equipment 1 are customised production lines consisting of numerous components, there are no comparable market prices readily available for such equipment. The Lessee had adopted an open bidding platform to obtain quotations from at least three suppliers to ascertain the market price and compared such quotations to ensure that the consideration payable for Leased Equipment 1 is fair and reasonable and select a supplier with the highest cost performance. The quotations range from approximately RMB288,181,545 (equivalent to approximately HK\$308,354,253) to approximately RMB312,483,400 (equivalent to approximately HK\$334,357,238).

Each of the quotations comprise the total amount of rent payable and the amount of down payment payable. The suppliers have also provided the amount of consideration they will charge for Leased Equipment 1 if there were no lease arrangement (i.e. the market price) for reference. Based on the quotations and information provided by the suppliers, the Lessee could calculate the lease rate by $\frac{\text{quotation} - \text{market price}}{\text{market price}} \times 100\%$.

When comparing the quotations and selecting the supplier with the highest cost performance, the Lessee has taken into account (i) the lease rate calculated which reflects the amount of financing costs payable, (ii) the amount of the down payment which affects the Company's immediate cash outflow and (iii) the overall quotation comprising the rent and down payment. The Lessor was selected as it was considered the supplier with the highest cost performance which offered the lowest rent, down payment and overall quotation. After the Lessor was selected, the quotation was adjusted by finalising and/or rounding off the amount of equipment to be provided and the rent to be paid under the estimated rent payment schedule to arrive at the final consideration.

The Group shall use its internal resources to settle the consideration payable under the Equipment Lease Agreement 1 by the Lessee.

3. THE EQUIPMENT LEASE AGREEMENT 2

The principal terms of the Equipment Lease Agreement 2 are summarised as follows:

Date	:	28 June 2024
Parties	:	(i) the Lessor; and (ii) the Lessee
Leased items	:	Leased Equipment 2, being a total of 20 types of equipment (comprising a total of 48 pieces) for production of photovoltaic battery, including but not limited to texturing equipment, phosphorus diffusion equipment, front film equipment and rear film equipment

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Pre-lease period : From 28 June 2024 to 15 August 2024

With regard to the nature of Leased Equipment 2 which required a longer time to set up and test, the purpose of setting a pre-lease period is to allow a transition period from construction to formal operation and production, during which the Lessee is entitled to the usage of Leased Equipment 2 and to conduct water, electricity and gas connection, and production and processing setting and testing of Leased Equipment 2, so as to avoid accidents and production shutdown during formal operation caused by setting and testing issues. The rent payable during the pre-lease period contributes towards the total consideration payable by the Lessee to the Lessor under the Equipment Lease Agreement 2.

It was agreed between the Lessor and the Lessee that the Lessee is entitled to terminate the Equipment Lease Agreement 2 at any time during the pre-lease period (i.e. without requiring the 15 days' prior written notice as set out under the termination clause), if the Lessee discovers that Leased Equipment 2 did not meet the requirements of the Lessee during the production and processing setting and testing process in such pre-lease period.

Taking into account the above which can promote safety and productivity at a reasonable rent, the management of the Company is of the view that the terms governing the pre-lease period under the Equipment Lease Agreement 2 are fair and reasonable and in the interests of the Company as a whole.

Lease period : From 15 August 2024 to 15 May 2028, for a period of 45 months

Calculation and payment of rent : The total consideration payable by the Lessee to the Lessor under the Equipment Lease Agreement 2 shall be RMB166,794,880.41 (equivalent to approximately HK\$178,470,522.04), comprising:

1. Security deposit

Within 15 days from the date of signing of the Equipment Lease Agreement 2, the Lessee shall pay a security deposit in the sum of RMB RMB7,496,792.61 (equivalent to approximately HK\$8,021,568.09) to the Lessor. The Lessee agreed that, unless otherwise applied in writing by the Lessee to the Lessor, such security deposit will be automatically set off against and be applied towards the settlement of the last portion of the remaining rent and other payables, provided that there is no occurrence of any default (or, if there is a default, such default has been remedied in full) by the Lessee.

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2. Down payment

Prior to the delivery of Leased Equipment 2 by the Lessor, the Lessee shall pay a down payment in the sum of RMB22,490,377.83 (equivalent to approximately HK\$24,064,704.28) to the Lessor. Such down payment will be excluded from calculation of the rent.

3. Rent

During the pre-lease period and the lease period, the rent payable by the Lessee to the Lessor under the Equipment Lease Agreement 2 amounts to RMB144,304,502.58 (equivalent to approximately HK\$154,405,817.76), among which RMB264,261.94 (equivalent to approximately HK\$282,760.28) shall be payable by the Lessee to the Lessor on 28 June 2024 for the pre-lease period and the remaining balance shall be payable for every three months thereafter in 16 installments (including the payment of the first installment of rent for the lease period on 15 August 2024) based on the estimated rent payment schedule as attached to the Equipment Lease Agreement 2.

The rent payable by the Lessee to the Lessor under the Equipment Lease Agreement 2 is based on the abovementioned estimated rent payment schedule determined after negotiations with the Lessor taking into account the Lessee's cashflow and the Lessor's internal financing requirements. The management of the Company is of the view that such arrangement is on normal commercial terms and in line with market practice.

- Usage of leased items : During the lease period, the Lessee is entitled to the possession and usage of Leased Equipment 2. The Lessor shall not intervene the possession and usage of Leased Equipment 2 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 2 from the Lessor by paying to the Lessor an amount of RMB100, which shall be payable by the Lessee together with the last installment of rent, provided that all the rent payable to the Lessor under the Equipment Lease Agreement 2 has been settled in full by the Lessee. Upon the Lessee having, in performance of its obligations under the Equipment Lease Agreement 2, settled all the payables, the Lessee will acquire all the rights to Leased Equipment 2.

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Termination : The Lessee may terminate the Equipment Lease Agreement 2 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. It was also agreed between the Lessor and the Lessee that the security deposit and down payment paid by the Lessee are refundable in case of early termination.

The consideration payable by the Lessee to the Lessor under the Equipment Lease Agreement 2 was determined after arm's length negotiation between the Lessee and the Lessor with reference to, among other things, the quotations obtained from various suppliers which comprised (i) the net assets value of Leased Equipment 2, (ii) the market price of Leased Equipment 2 and (iii) the lease rate with a premium of approximately 3%.

As Leased Equipment 2 are customised production lines consisting of numerous components, there are no comparable market prices readily available for such equipment. The Lessee had adopted an open bidding platform to obtain quotations from at least three suppliers to ascertain the market price and compared such quotations to ensure that the consideration payable for Leased Equipment 2 is fair and reasonable and select a supplier with the highest cost performance. The quotations range from approximately RMB165,500,000 (equivalent to approximately HK\$177,085,000) to approximately RMB180,115,000 (equivalent to approximately HK\$192,723,050).

Each of the quotations comprise the total amount of rent payable and the amount of down payment payable. The suppliers have also provided the amount of consideration they will charge for Leased Equipment 2 if there were no lease arrangement (i.e. the market price) for reference. Based on the quotations and information provided by the suppliers, the Lessee could calculate the lease rate by $\frac{\text{quotation} - \text{market price}}{\text{market price}} \times 100\%$.

When comparing the quotations and selecting the supplier with the highest cost performance, the Lessee has taken into account (i) the lease rate calculated which reflects the amount of financing costs payable, (ii) the amount of the down payment which affects the Company's immediate cash outflow and (iii) the overall quotation comprising the rent and down payment. Although the Lessor was not the supplier which offered the lowest rent and overall quotation, it was selected as it was still considered the supplier with the highest cost performance which offered the lowest down payment and the second lowest rent and overall quotation, and could therefore cause the least immediate cash outflow to the Company. After the Lessor was selected, the quotation was adjusted by finalising and/or rounding off the amount of equipment to be provided and the rent to be paid under the estimated rent payment schedule to arrive at the final consideration.

The Group shall use its internal resources to settle the consideration payable under the Equipment Lease Agreement 2 by the Lessee.

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4. THE EQUIPMENT LEASE AGREEMENT 3

The principal terms of the Equipment Lease Agreement 3 are summarised as follows:

- Date : 28 June 2024
- Parties : (i) the Lessor; and
(ii) the Lessee
- Leased items : Leased Equipment 3, being a total of 116 types of equipment (comprising a total of 869 pieces) for production of photovoltaic battery, including but not limited to texturing equipment, phosphorus diffusion equipment, front film equipment, rear film equipment, texturing automation equipment, phosphorus diffusion automation equipment, front film automation equipment and rear film equipment, alkaline-polishing automation equipment, coating automation equipment and inspection equipment
- Lease period : From 20 August 2024 to 20 May 2029, for a period of 5 years
- Calculation and payment of rent : During the lease period, the rent payable by the Lessee to the Lessor under the Equipment Lease Agreement 3 amounts to RMB408,230,601.85 (equivalent to approximately HK\$436,806,743.98), which shall be payable by the Lessee to the Lessor for every three months in 20 installments (including the payment of the first installment of rent on 20 August 2024) based on the estimated rent payment schedule as attached to the Equipment Lease Agreement 3.

The rent payable by the Lessee to the Lessor under the Equipment Lease Agreement 3 is based on the abovementioned estimated rent payment schedule determined after negotiations with the Lessor taking into account the Lessee's cashflow and the Lessor's internal financing requirements. The management of the Company is of the view that such arrangement is on normal commercial terms and in line with market practice.

- Usage of leased items : During the lease period, the Lessee is entitled to the possession and usage of Leased Equipment 3. The Lessor shall not intervene the possession and usage of Leased Equipment 3 by the Lessee in a legitimate manner unless there is any default by the Lessee.

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- Buyback right of leased items : Upon expiration of the lease period, the Lessee is entitled to purchase Leased Equipment 3 from the Lessor by paying to the Lessor an amount of RMB100, which shall be payable by the Lessee together with the last installment of rent, provided that all the rent payable to the Lessor under the Equipment Lease Agreement 3 has been settled in full by the Lessee. Upon the Lessee having, in performance of its obligations under the Equipment Lease Agreement 3, settled all the payables, the Lessee will acquire all the rights to Leased Equipment 3.
- Termination : The Lessee may terminate the Equipment Lease Agreement 3 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 3 was determined after arm's length negotiation between the Lessee and the Lessor with reference to, among other things, the quotations obtained from various suppliers which comprised (i) the net assets value of Leased Equipment 3, (ii) the market price of Leased Equipment 3 and (iii) the lease rate with a premium of approximately 3%.

As Leased Equipment 3 are customised production lines consisting of numerous components, there are no comparable market prices readily available for such equipment. The Lessee had adopted an open bidding platform to obtain quotations from at least three suppliers to ascertain the market price and compared such quotations to ensure that the consideration payable for Leased Equipment 3 is fair and reasonable and select a supplier with the highest cost performance. The quotations range from approximately RMB408,230,000 (equivalent to approximately HK\$436,806,100) to approximately RMB412,500,000 (equivalent to approximately HK\$441,375,000).

Each of the quotations comprise the total amount of rent payable and the amount of down payment payable (if any). The suppliers have also provided the amount of consideration they will charge for Leased Equipment 3 if there were no lease arrangement (i.e. the market price) for reference. Based on the quotations and information provided by the suppliers, the Lessee could calculate the lease rate by $\frac{\text{quotation}-\text{market price}}{\text{market price}} \times 100\%$.

When comparing the quotations and selecting the supplier with the highest cost performance, the Lessee has taken into account (i) the lease rate calculated which reflects the amount of financing costs payable, (ii) the amount of the down payment (if any) which affects the Company's immediate cash outflow and (iii) the overall quotation comprising the rent and down payment. Given that the Lessee had agreed to pay down payment under each of the Equipment Lease Agreement 1 and the Equipment Lease Agreement 2, the Lessor agreed to waive such down payment requirement under the Equipment Lease Agreement 3 after negotiations with the Lessee. The Lessor was selected as it was considered the supplier with the highest cost performance which offered the lowest rent and overall quotation with no down

LETTER FROM THE BOARD

payment requirement. After the Lessor was selected, the quotation was adjusted by finalising and/or rounding off the amount of equipment to be provided and the rent to be paid under the estimated rent payment schedule to arrive at the final consideration.

The Group shall use its internal resources to settle the consideration payable under the Equipment Lease Agreement 3 by the Lessee.

5. THE EQUIPMENT LEASE AGREEMENT 4

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 (comprising a total of 177 pieces) 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

With regard to the nature of Leased Equipment 4 which required a longer time to set up and test, the purpose of setting a pre-lease period is to allow a transition period from construction to formal operation and production, during which the Lessee is entitled to the usage of Leased Equipment 4 and to conduct water, electricity and gas connection, and production and processing setting and testing of Leased Equipment 4, so as to avoid accidents and production shutdown during formal operation caused by setting and testing issues. The rent payable during the pre-lease period contributes towards the total consideration payable by the Lessee to the Lessor under the Equipment Lease Agreement 4.

It was agreed between the Lessor and the Lessee that the Lessee is entitled to terminate the Equipment Lease Agreement 4 at any time during the pre-lease period (i.e. without requiring the 15 days' prior written notice as set out under the termination clause), if the Lessee discovers that Leased Equipment 4 did not meet the requirements of the Lessee during the production and processing setting and testing process in such pre-lease period.

LETTER FROM THE BOARD

Taking into account the above which can promote safety and productivity at a reasonable rent, the management of the Company is of the view that the terms governing the pre-lease period under the Equipment Lease Agreement 4 are fair and reasonable and in the interests of the Company as a whole.

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), among which RMB16,059,090.52 (equivalent to approximately HK\$17,183,226.86) shall be payable by the Lessee to the Lessor on 20 June 2024 for the pre-lease period and the remaining balance shall be payable for every three months thereafter in 20 installments (including the payment of the first installment of rent for the lease period on 20 September 2024) based on the estimated rent payment schedule as attached to the Equipment Lease Agreement 4.

The rent payable by the Lessee to the Lessor under the Equipment Lease Agreement 4 is based on the abovementioned estimated rent payment schedule determined after negotiations with the Lessor taking into account the Lessee's cashflow and the Lessor's internal financing requirements. The management of the Company is of the view that such arrangement is on normal commercial terms and in line with market practice.

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 installment 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.

LETTER FROM THE BOARD

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, the quotations obtained from various suppliers which comprised (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 approximately 3%.

As Leased Equipment 4 are customised production lines consisting of numerous components, there are no comparable market prices readily available for such equipment. The Lessee had adopted an open bidding platform to obtain quotations from at least three suppliers to ascertain the market price and compared such quotations to ensure that the consideration payable for Leased Equipment 4 is fair and reasonable and select a supplier with the highest cost performance. The quotations range from approximately RMB123,645,908 (equivalent to approximately HK\$132,301,122) to approximately RMB125,000,000 (equivalent to approximately HK\$133,750,000).

Each of the quotations comprise the total amount of rent payable and the amount of down payment payable (if any). The suppliers have also provided the amount of consideration they will charge for Leased Equipment 4 if there were no lease arrangement (i.e. the market price) for reference. Based on the quotations and information provided by the suppliers, the Lessee could calculate the lease rate by $\frac{\text{quotation} - \text{market price}}{\text{market price}} \times 100\%$.

When comparing the quotations and selecting the supplier with the highest cost performance, the Lessee has taken into account (i) the lease rate calculated which reflects the amount of financing costs payable, (ii) the amount of the down payment (if any) which affects the Company's immediate cash outflow and (iii) the overall quotation comprising the rent and down payment. Given that the Lessee had agreed to pay down payment under each of the Equipment Lease Agreement 1 and the Equipment Lease Agreement 2, the Lessor agreed to waive such down payment requirement under the Equipment Lease Agreement 4 after negotiations with the Lessee. The Lessor was selected as it was considered the supplier with the highest cost performance which offered the lowest rent and overall quotation with no down payment requirement. After the Lessor was selected, the quotation was adjusted by finalising and/or rounding off the amount of equipment to be provided and the rent to be paid under the estimated rent payment schedule to arrive at the final consideration.

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

LETTER FROM THE BOARD

6. INFORMATION ABOUT THE PARTIES

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.

7. REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW EQUIPMENT LEASE AGREEMENTS

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. The New Leased Equipment to be leased under the New Equipment Lease Agreements 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 New Lease Equipment Agreements will strengthen its revenue base and financial performance as the introduction of the New Leased Equipment can increase the annual productivity of the 6GW photovoltaic battery, which will in turn increase contract sales of the same and enhance return to the Shareholders, in long term. In addition, the Directors also consider that the entering into of the New Lease Equipment Agreements would enable the Group to use the New Leased Equipment for its business operation immediately, without an imminent need to deplete its cash resources to settle the full amount of the New Leased Equipment, which can ease the cash flow position of the Group.

LETTER FROM THE BOARD

Although the Equipment Lease Agreements were entered into by the Lessee on the same date with the same Lessor and the Leased Equipment were similar in nature, the Lessee entered into three separate agreements with the Lessor with different lease periods because (i) the internal financing arrangements of the Lessor for the Leased Equipment required different lease periods; and (ii) the different lease periods also match with the customer orders for photovoltaic battery and the arrangements of the production plan schedule of the Group.

The Directors are of the view that the terms of the New Equipment Lease Agreements (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. The Directors are also of the view that the security deposit and down payment arrangements under each of the Equipment Lease Agreement 1 and the Equipment Lease Agreement 2 are on normal commercial terms, the amounts payable thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

8. FINANCIAL EFFECT OF THE LEASE OF THE NEW LEASED EQUIPMENT

The New Leased Equipment were not assembled and put to use before the entering into of the New Equipment Lease Agreements. Hence, there is no identifiable income stream attributable to the New Leased Equipment. In addition, as the consideration for the New Leased Equipment was determined after arm's length negotiation based on, among other things, the market price of equipment with similar functions and performance among the parties thereto, no asset valuation has been performed on the New Leased Equipment.

The unaudited value of the right-of-use assets recognised by the Company under the New Equipment Lease Agreements amounted to approximately RMB913.6 million (equivalent to approximately HK\$977.5 million), which is calculated with reference to the aggregate lease payments and discounted by a discount rate.

It is expected that upon the completion of the transactions contemplated under the New Equipment Lease Agreements, there will be an increase in total assets of approximately RMB852.9 million (equivalent to approximately HK\$912.5 million), comprising an increase in the right-of-use assets of approximately RMB913.6 million (equivalent to approximately HK\$977.5 million), increase in security deposits of approximately RMB20.2 million (equivalent to approximately HK\$21.7 million) and netted-off by a decrease in bank balances and cash of approximately RMB80.9 million (equivalent to approximately HK\$86.7 million). There will also be an increase in lease liabilities of approximately RMB852.9 million (equivalent to approximately HK\$912.5 million).

The Group expects that the transactions contemplated under the New Equipment Lease Agreements will increase the annual depreciation charges of the right-of-use assets by approximately RMB108.2 million (equivalent to approximately HK\$115.8 million) and finance costs by approximately RMB16.4 million (equivalent to approximately HK\$17.5 million) throughout the estimated useful life on the basis of interest rates ranging from approximately 3.887% to 3.997% per annum.

LETTER FROM THE BOARD

The overall effect of the lease of the New Leased Equipment on the future earnings of the Company will depend on, among others, the market demand of the Group's photovoltaic battery. Save as disclosed above, it is expected that the lease of the New Leased Equipment would not have any material effect on the financial position and earnings of the Group.

9. LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, as a result of the entering into of the New 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 New Equipment Lease Agreements is in the sum of approximately RMB913,590,000 (equivalent to approximately HK\$977,541,300), 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;
- (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; and
- (iv) the value of the right-of-use asset of approximately RMB114,130,000 (equivalent to approximately HK\$122,119,100) that is subject to the Equipment Lease Agreement 4, which adopted an estimated incremental borrowing rate of 3.88% per annum as the discount rate in the calculation.

Accordingly, the transactions contemplated under the New Equipment Lease Agreements 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.

LETTER FROM THE BOARD

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, which is a Shareholder holding 2,890,378,320 Shares, representing approximately 68.43% of the entire issued share capital of the Company, as at the Latest Practicable Date. Accordingly, pursuant to Rule 14.44 of the Listing Rules, the Company is exempted from convening a general meeting of its Shareholders to approve the transactions contemplated under the New Equipment Lease Agreements.

10. RECOMMENDATION

The Directors, including the independent non-executive Directors, are of the view that the New Equipment Lease Agreements are on normal commercial terms, and the terms thereof (including but not limited to the consideration for the New Leased Equipment) are fair and reasonable, and in the interests of the Company and its Shareholders as a whole. Had a general meeting been convened for the approval of the New Equipment Lease Agreements and the transactions contemplated thereunder, the Directors, including the independent non-executive Directors, would have recommended the Shareholders to vote in favour of the New Equipment Lease Agreements and the transactions contemplated thereunder at such general meeting.

11. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Central New Energy Holding Group Limited
Yu Zhuyun
Chairman, Chief Executive Officer and Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial information of the Group for the three most recent financial years are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.centralenergy.cn):

- (a) the annual report of the Company for the year ended 31 December 2021 published on 28 April 2022 (pages 61 to 146);
- (b) the annual report of the Company for the year ended 31 December 2022 published on 28 April 2023 (pages 64 to 152); and
- (c) the annual report of the Company for the year ended 31 December 2023 published on 24 April 2024 (pages 72 to 154).

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2024, being the latest practicable date for the purpose of this indebtedness statement, the indebtedness of the Group was as follows:

Bank borrowings and loans

	<i>HK\$'000</i>
Secured & guaranteed:	
Bank borrowings	995,680
Secured & unguaranteed:	
Loan from Independent Third Party	7,603
Unsecured & unguaranteed:	
Bills payables with full recourse	1,070,831

Bank borrowings of approximately HK\$995,680,000 are secured by (i) a pledge over certain landed properties of the Group with an aggregate carting amount of approximately HK\$921.3 million; and (ii) guarantees given by (a) Mr. Yu Zhuyun (a controlling Shareholder and an executive Director); and (b) the Company. The effective interest rates of the fixed-rate bank borrowings of approximately HK\$43,786,000 bear interest rate of 3.05% to 6.9% per annum. The variable-rate bank borrowings of approximately HK\$951,894,000 bear interest ranged from one year Loan Prime Rate (“LPR”) plus 1.55% to 1.75% per annum and five years LPR plus 0.90% to 1.15% per annum issued by The People’s Bank of China and at HIBOR plus 0.5%.

The loan from Independent Third Party of approximately HK\$7,603,000 is secured by certain trade receivables and bear fixed interest at 9.3% per annum.

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 30 September 2024, the Group did not have any other debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans, bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or other borrowings, mortgages, charges, guarantees, obligation under finance leases, promissory note or other material contingent liabilities.

3. WORKING CAPITAL SUFFICIENCY

The Directors, after due and careful enquiry, are of the opinion that, taking into account the internal financial resources and credit facilities available to the Group and the effects of the entering into of the New Equipment Lease Agreements and the transactions contemplated thereunder, and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for a period of at least 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The National Energy Administration of the PRC (the “NEA”) released its 2024 energy work plan laying out a roadmap aimed at bolstering the green and low-carbon transition of the country’s energy sector while boosting energy security.

The NEA has set a target to secure the energy supply in the PRC at about 4.98 billion tons of standard coal equivalent for 2024. It has also outlined strategies for maintaining stable coal production growth, keeping crude oil output above 200 million tons, and achieving a rapid increase in natural gas production. The plan has also forecast that the total installed power generation capacity will reach around 3.17 billion kilowatts, with electricity generation expected to reach approximately 9.96 trillion kilowatt-hours.

Key to the NEA’s strategy is optimising the energy structure in the PRC, with an ambition to raise the installed capacity of non-fossil fuel energy to around 55% of the total capacity. On the other hand, wind and solar power are projected to contribute over 17% to the national electricity supply, and natural gas will reach about 18.9% in the total energy consumption mix.

The NEA also aims to transform energy consumption patterns in line with the clean and low-carbon development trend, intensify the substitution of clean and low-carbon energy, and drive energy-saving, pollution reduction, and carbon reduction in the energy sector. Furthermore, the strategy calls for the promotion of a green and low-carbon lifestyle and production modes and advancing energy technology innovation.

Based on the above, the Group is committed to respond to the national policies with the concept of carbon neutrality by further implementing green building and construction through use of scientific management and technical improvement to achieve low carbon and green environmental protection. The Group is devoted to combine its existing building and construction related business to practise the concept of green development through photovoltaic new power generation system and energy storage technology to create an energy-saving and sustainable living environment.

The Group will continue to seek new green energy business opportunities, and develop its high-efficiency N-type battery and advanced photovoltaic component (“**PV component**”) supply business in Fengtai County and Tongcheng City. As at the Latest Practicable Date, the capacity of high efficiency N-type battery is 2GW and advanced PV component is 6GW. Phase III construction of the 6GW battery in Fengtai County is expected to be completed and put into production in the fourth quarter of 2024 and the Phase I construction of the 6GW battery in Tongcheng City is expected to be completed in the first quarter of 2025.

Since 2023, the Group has gradually expanded into the business of new energy and engineering, procurement and construction (“**EPC**”). Satisfactory performance was recorded since 2023. The Group seeks to seize business opportunities in the segments of green buildings and new green energy to obtain higher returns for the Shareholders. The Group is also committed to responding to national policies on carbon neutrality by further leveraging its competitive strength in areas of green buildings and construction through use of scientific management and technical improvement with an aim to achieve low carbon and green environmental protection. In particular, the Group is devoted to building on the foundation of its existing building and construction related business to practice the concept of green development through investing in photovoltaic new power generation system and energy storage technology to help create an energy-saving and sustainable living environment.

As at the Latest Practicable Date, the Group had five main segments, which are (i) new energy and EPC; (ii) green building and construction related business; (iii) smart energy management services; (iv) health and wellness; and (v) food and beverage supply chain. The Group expects that the revenue from other business segments would deteriorate after 2023 as the Group’s business strategy is to focus and put more resources in the new energy and EPC segment and downscale the remaining segments. However, as at the Latest Practicable Date, the Company has no concrete plans regarding the adjustment of scale of the business segments yet.

Looking forward, with favourable policies of the PRC government in respect of new energy, the Group plans to further develop its new energy and EPC business in the PRC. Meanwhile, the Group will coordinate domestic and overseas market resources for optimising assets allocation, thereby realising scale expansion and intensive development of photovoltaic power and other new energy businesses.

In addition to the ongoing development of the existing new energy businesses of the Group, the Group will also strive to keep up with the industry’s new technology development trends, and actively promote the combination of energy and data by capturing new opportunities arising from the clean energy industry ecosystem. Furthermore, the Group plans to focus on integrated energy business with an emphasis on big data, and integrate various types of resources including distributed energy, energy storage, hydrogen energy and user loads. In this connection, the Group will research on the areas of, and promote, multi-energy complementary integrated services and terminal energy solutions based on renewable energy, with an aim to realising business optimisation and transformation, as well as sustainable development of the Group through value creation.

All in all, the Group will continue to strive for sustainable income and balanced growth, and achieve sustainable gains for the Shareholders. The Group will also continue to review its working capital level on an on-going basis in order to achieve its business objectives.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement contained in this circular or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors' and chief executive's interests in the Shares

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or are required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in the Shares

Name of Director	Capacity/ Nature of interest	Number of Shares held/ interested in	Approximate percentage of interest in the Company
Mr. Yu Zhuyun	Interest in a controlled corporation (<i>Note</i>)	2,890,378,320	68.43%
Mr. Li Menglin	Beneficial owner	320,000	0.01%
Ms. Zhu Yujuan	Beneficial owner	480,000	0.01%

Note: Mr. Yu Zhuyun holds the entire issued share capital in Central Culture and Central Culture holds approximately 68.43% of the total number of issued Shares. Therefore, Mr. Yu Zhuyun is taken to be interested in the number of Shares held by Central Culture pursuant to Part XV of the SFO.

(ii) *Long positions in the ordinary shares of associated corporations of the Company*

Name of Director	Name of associated corporation	Capacity/Nature of interest	Number of shares held/ interested	Percentage of issued share capital
Mr. Yu Zhuyun	Central Culture	Beneficial owner	50,000	100%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein.

Mr. Yu Zhuyun is the sole director of Central Culture.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(ii) **Substantial shareholders' interests in the Shares**

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) or corporations had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to the section 336 of the SFO, or which would directly or indirectly amount to 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Long positions in the Shares

Name of Shareholder	Capacity/ Nature of interest	Number of Shares held/ interested in	Approximate percentage of interest in the Company
Central Culture	Beneficial owner	2,890,378,320	68.43%

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any person (other than the Directors and the chief executives of the Company) or corporation who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or which would directly or indirectly amount to 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up.

As at the Latest Practicable Date, none of the Directors was materially interested, whether directly or indirectly, in any contract or arrangement which is significant in relation to the business of the Group.

6. COMPETING INTEREST

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors or their respective close associates (as defined in the Listing Rules) had an interest which competed or is likely to compete, either directly or indirectly, with the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

Save as disclosed below, no material contract (not being contracts entered into in the ordinary course of business of the Group) has been entered into by any member of the Group within the two years immediately preceding the date of this circular:

- (a) the equipment purchase agreement dated 21 September 2022 entered into among (1) Zhonghuan Zhongqing (Anhui) New Energy Photovoltaic Technology Co. Ltd.* (中環中清(安徽)新能源光伏科技有限公司) (now known as Zhonghuan Low Carbon (Anhui) New Energy Photovoltaic Technology Co. Ltd.* (中環低碳(安徽)新能源光伏科技有限公司)) (“**Zhonghuan Low Carbon**”), (2) Zhonghuan Zhongqing (Anhui) Photovoltaic Module Co. Ltd.* (中環中清(安徽)光伏組件有限公司) (now known as Zhonghuan Low Carbon (Anhui) New Energy Photovoltaic Module Technology Co., Ltd.* (中環低碳(安徽)新能源光伏組件科技有限公司)) (collectively, the “**Purchasers 1**”), both indirect wholly-owned subsidiaries of the Company as at the date of the agreement, and (3) Zhonghuan Aineng (Jiangsu) Technology Co. Ltd.* (中環艾能(江蘇)科技有限公司) (the “**Vendor**”), pursuant to which the Purchasers 1 agreed to purchase, and the Vendor agreed to sell, two fully automatic production lines for photovoltaic modules, comprising nine sets and 80 units of photovoltaic equipment and components, at the consideration of RMB140,314,000 (please refer to the announcements of the Company dated 21 September 2022 and 27 September 2022 for details);
- (b) the equipment purchase agreement dated 22 May 2023 entered into among (1) Zhonghuan Low Carbon, (2) Zhonghuan Zhongqing (Anhui) Advanced Battery Manufacturing Co. Ltd.* (中環中清(安徽)先進電池製造有限公司) (now known as Zhonghuan Xin Neng (Anhui) Advanced Battery Manufacturing Co. Ltd.* (中環新能(安徽)先進電池製造有限公司)) (collectively, the “**Purchasers 2**”), both indirect wholly-owned subsidiaries of the Company as at the date of the agreement, and (3) the Vendor, pursuant to which the Purchasers 2 agreed to purchase, and the Vendor agreed to sell, five fully automatic customised production lines for photovoltaic TOPCon battery, comprising TOPCon battery systems and related components, at the consideration of RMB690,240,280 (please refer to the announcement of the Company dated 22 May 2023 and the circular of the Company dated 25 August 2023 for details);
- (c) the equity subscription and investment agreement dated 29 May 2023 entered into among (1) Central Green Building & Energy Resources Group (HK) Limited (“**Central Green**”), an indirect wholly-owned subsidiary of the Company and the sole shareholder of the Zhonghuan Low Carbon immediately prior to the completion of the Investment (as defined below), (2) Zhonghuan Low Carbon, an indirect wholly-owned subsidiary of the Company immediately prior to the completion of the Investment (as defined below), and (3) Anhui Zhoulai Holding (Group) Co., Ltd.* (安徽州來控股(集團)有限公司) (the “**Investor**”), pursuant to which the Investor agreed to invest in Zhonghuan Low Carbon in an aggregate amount of RMB600,000,000, representing approximately 42.86% of the enlarged registered capital of Zhonghuan Low Carbon, which comprises (i) the conversion of a loan in

the amount of RMB350,000,000 owing by Zhonghuan Low Carbon to the Investor into conversion capital of RMB350,000,000; and (ii) the subscription of RMB250,000,000 as additional capital by way of cash contribution (please refer to the announcement of the Company dated 29 May 2023 for details);

- (d) the supplemental equity subscription and investment agreement dated 29 May 2023 entered into among Central Green, Zhonghuan Low Carbon and the Investor, pursuant to which it was agreed that the capital contributed by the Investor to Zhonghuan Low Carbon would, in aggregate, be increased from RMB600,000,000 to RMB700,000,000, representing approximately 46.67% of the enlarged registered capital of Zhonghuan Low Carbon (please refer to the announcement of the Company dated 29 May 2023 for details);
- (e) the Equipment Lease Agreement 1;
- (f) the Equipment Lease Agreement 2;
- (g) the Equipment Lease Agreement 3; and
- (h) the Equipment Lease Agreement 4.

9. MISCELLANEOUS

- (a) The registered office, principal share registrar and transfer office of the Company is situated at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (b) The headquarters and principal place of business of the Company in Hong Kong is at Unit 2102-03 & 10-12, 21/F, K. Wah Centre, 191 Java Road, North Point, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.
- (d) The company secretary of the Company is Mr. Tung Tat Chiu, Michael, a practicing solicitor in Hong Kong and a China-Appointed Attesting Officer.
- (e) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be on display on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.centralenergy.cn) for a period of 14 days from the date of this circular:

- (a) the Equipment Lease Agreement 1;
- (b) the Equipment Lease Agreement 2;
- (c) the Equipment Lease Agreement 3; and
- (d) the Equipment Lease Agreement 4.