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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)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF A SUBSIDIARY

DISPOSAL OF A SUBSIDIARY

On 30 November 2024, the Company and the Purchaser entered into the Disposal Agreement, pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, the Sale Shares, representing the entire issued share capital of the Target Company, at the Consideration of HK\$115,000,000.

Upon Completion, the Company ceased to have any equity interest in the Target Company and the Target Company ceased to be a subsidiary of the Company. Accordingly, the financial results of the Target Group were no longer consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceed(s) 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 30 November 2024, the Company and the Purchaser entered into the Disposal Agreement, pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, the Sale Shares, representing the entire issued share capital of the Target Company, at the Consideration of HK\$115,000,000.

THE DISPOSAL AGREEMENT

Principal terms of the Disposal Agreement are summarised below:

Date

30 November 2024

Parties

- (1) the Company; and
- (2) the Purchaser.

Subject matter

Pursuant to the Disposal Agreement, the Company agreed to sell, and the Purchaser agreed to purchase, the Sale Shares, representing the entire issued share capital of the Target Company, a direct wholly-owned subsidiary of the Company as at the date of the Disposal Agreement and immediately prior to Completion.

Consideration

The Consideration shall be HK\$115,000,000, which shall be settled by way of issuance and delivery of the Promissory Note duly executed by the Purchaser in favour of the Company upon Completion.

Promissory Note

The terms of the Promissory Note were negotiated on an arm's lengths basis and the details of which are set out below:

Issuer:	The Purchaser
Noteholder:	The Company
Principal amount:	HK\$115,000,000
Interest:	8% per annum
Maturity:	31 August 2025

Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to, among others, (i) the operational and financial performance of the Target Group; (ii) the business prospect of the Target Group; (iii) the fair value net asset value of the Target Group of approximately HK\$103 million as at 30 November 2024 (the “**Valuation**”) as appraised by an independent property valuer, which had taken into account the fair values of the investment properties of approximately HK\$206 million, the properties available for sale of approximately HK\$31 million, less the other assets and liabilities of approximately HK\$135 million; and (iv) the prevailing market conditions. The Directors consider that the Consideration, representing a slight premium to the Valuation, is fair and reasonable given those reasons as set out under the section headed “Reasons for and benefits of the Disposal” below.

Completion

Completion shall take place on the completion date falling within ten business days (or such other date as the Company and the Purchaser may mutually agree in writing) after the signing of the Disposal Agreement.

The Disposal was completed on 30 November 2024.

INFORMATION AND FINANCIAL INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the Marshall Islands with limited liability and a direct wholly-owned subsidiary of the Company as at the date of the Disposal Agreement and immediately prior to Completion. It is principally engaged in property development and investment.

The major assets of the Target Group are the Properties. The Properties comprise a hotel, a bungalow and condominium located in the Xintianpu Rural Wellness Centre in Zhejiang Province of the PRC. The total gross floor area of the Properties is approximately 24,100 square meters. The hotel and the bungalow were classified as investment properties, while the condominium was classified as properties available for sale.

The unaudited net profit/loss before taxation and after taxation of the Target Group for the two financial years ended 31 December 2022 and 2023 prepared in accordance with Hong Kong Financial Reporting Standards were as follows:

	For the year ended	
	31 December	
	2022	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Approximately)</i>	<i>(Approximately)</i>
Net (loss)/profit before tax	(529)	10,505
Net profit/(loss) after tax	502	9,209

As at 30 November 2024, the unaudited net asset value of the Target Group was approximately HK\$94,447,000.

The difference between the unaudited net asset value of the Target Group and the Valuation is attributable to change in fair value of investment properties and other assets.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in the business of (i) new energy and engineering, procurement and construction (“**EPC**”); (ii) green building and construction related business; (iii) smart energy management services; (iv) health and wellness; and (v) food and beverage supply chain.

INFORMATION ON THE PURCHASER

The Purchaser is a company established in the British Virgin Islands with limited liability. It is principally engaged in property management and investment holding.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the ultimate beneficial owner of the Purchaser is Tang Lijing.

To the best of the Directors’ knowledge, information and belief, each of the Purchaser and its ultimate beneficial owner is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As disclosed in the annual reports of the Company for the year ended 31 December 2023 and 31 December 2024, it is the Group’s strategy to have gradually expanded the business of new energy and EPC, and scaled down its operation in the construction sector.

To align with the Group’s strategy and having taken into account that (i) the construction sector has been facing headwinds due to market overcapacity, uncertain regulatory environment and geopolitical tensions; (ii) the fair value of investment properties held by the Target Group had been decreasing in recent years, from approximately HK\$222 million as at 31 December 2023 to approximately HK\$206 million as at the date of the Disposal, and is expected to decrease further given the above-mentioned factors, and (iii) the Company could recognise a gain from the Disposal, the Board is of the view that the Disposal is a good opportunity to realise the value of the Target Group and the Properties, reduce further financial commitments of the Group on the Target Group and redirect the Group’s resources and focus on its new energy and EPC business, an area where the Board believes the future lies.

The Directors are therefore of the view that the terms of the Disposal Agreement are fair and reasonable, and the entering into of the Disposal Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Company ceased to have any equity interest in the Target Company and the Target Company ceased to be a subsidiary of the Company. Accordingly, the financial results of the Target Group were no longer consolidated into the consolidated financial statements of the Group.

The Company recognised an audited gain on disposal from the Disposal of approximately HK\$9,328,000, which was calculated based on (i) the Consideration received in the Promissory Note; (ii) less the net assets disposed of; and (iii) less the reclassification of cumulative translation reserve upon the Disposal to profit or loss.

The Board intends to apply the net proceeds from the Disposal towards the general working capital of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceed(s) 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

However, the Company had not timely complied with the relevant requirements for a discloseable transaction under Chapter 14 of the Listing Rules. The Company would like to stress that the omission to comply with the requirements under Chapter 14 of the Listing Rules in respect of the Disposal was wholly unintentional and was due to an inadvertent miscalculation of the applicable percentage ratios in respect of the Disposal by the relevant staff responsible for the Disposal. As a result, such staff was not aware that the Disposal constituted a discloseable transaction and failed to timely communicate the matter to the management of the Company. Once the Company realised that the Disposal constitutes a discloseable transaction, prompt remedial action has been taken by the Company to report and announce the same by way of the issuance of this announcement.

To prevent similar incidents in the future, the Company will adopt the following remedial measures to strengthen the relevant internal control procedures of the Group:

- (i) providing further guidance materials and trainings on regulatory compliance matters relating to notifiable transactions to not only the Directors, senior management and responsible staff but also to employees in different departments who might be involved in relevant transactions to reinforce their knowledge with respect to the compliance requirements of the Listing Rules, especially the proper calculation methodology of the percentage ratios in respect of notifiable transactions under the Listing Rules;
- (ii) improving the communication and coordination mechanism for notifiable transactions by requesting relevant staff responsible for any proposed transaction to report to the finance department of the Company before entering into any agreement, rather than just those that they consider would constitute notifiable transactions, and provide the finance department of the Company with the draft agreement and the proposed date of execution of any legally-binding agreement. The finance department of the Company shall then calculate the size tests applicable to the proposed transaction and promptly

report any transaction which may constitute notifiable transactions to the management of the Company, who shall then further assess the proposed transactions and ensure such transactions will be conducted in compliance with the applicable requirements under the Listing Rules. If the finance department of the Company has any query regarding the classification of any proposed transaction, it may consult external legal advisers and/or accounting professionals of the Company as and when appropriate and necessary; and

- (iii) reviewing its internal control and compliance system regularly and monitoring the ongoing compliance with the Listing Rules on a continuing basis.

The remedial measures mentioned in paragraphs numbered (i) and (ii) above will be implemented by the Company by the end of June 2025. Other remedial measures will be implemented on an ongoing basis by the Company.

The Board is of the view that the above remedial measures will (i) enhance the practical knowledge of the responsible staff; and (ii) strengthen the coordination and reporting arrangement between various departments of the Company, thereby improving effective compliance of the Company and preventing reoccurrence of similar incidents in the future.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Central New Energy Holding Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange (stock code: 1735)
“Completion”	completion of the Disposal pursuant to the Disposal Agreement
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration payable for the Sale Shares pursuant to the Disposal Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the sale and purchase of the Sale Shares pursuant to the terms of the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement dated 30 November 2024 entered into between the Company and the Purchaser in relation to the Disposal
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which shall, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Promissory Note”	the promissory note in the principal amount of HK\$115,000,000 issued by the Purchaser to the Company to settle the Consideration
“Properties”	a hotel, a bungalow and condominium located in the Xintianpu Rural Wellness Centre in Zhejiang Province of the PRC
“Purchaser”	Charming Brand Development Limited, a company established in the British Virgin Islands with limited liability
“Sale Shares”	50,000 ordinary shares in the share capital of the Target Company with a par value of US\$1.00 each, representing the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.000625 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Central Property Group Ltd, a company established in the Marshall Islands with limited liability, and a direct wholly-owned subsidiary of the Company as at the date of the Disposal Agreement and immediately prior to Completion
“Target Group”	the Target Company and its subsidiaries

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent

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

Hong Kong, 11 June 2025

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.