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## **CENTENARY UNITED HOLDINGS LIMITED**

### **世紀聯合控股有限公司**

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

**(Stock Code: 1959)**

## **DISCLOSEABLE TRANSACTION IN RELATION TO PROPERTY LEASE AGREEMENT**

On 29 March 2022, Foshan Centenary Lianshun New Energy Automobile Co., Ltd., an indirect wholly-owned subsidiary of the Company, entered into the Property Lease Agreement with the Lessor on the leasing of the Property for the Group's construction of a new-energy vehicle dealership store from 15 April 2022 to 10 June 2036.

Under IFRS 16 Leases, the lease will be recognised as a right-of-use asset for an amount of approximately RMB11,700,000, which will be calculated by reference to the present value of the aggregate lease payments to be made under the Lease Agreement.

As one or more of the applicable percentage ratios of the right-of-use asset to be recognised under the Lease Agreement are more than 5% but all are less than 25%, the transaction contemplated under the Lease Agreement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules, but exempt from the shareholders' approval requirement.

On 29 March 2022, the Lessee and the Lessor entered into the Lease Agreement on the leasing of the Property for the Group's construction of a new-energy vehicle dealership store from 15 April 2022 to 10 June 2036.

## Lease Agreement

Overview of the principal terms of the Lease Agreement:

<b>Date</b>	29 March 2022
<b>Parties</b>	Foshan Hezhan Yinghui Property Management Co., Ltd. (as the Lessor); and Foshan Centenary Lianshun New Energy Automobile Co., Ltd. (as the Lessee).
<b>The Property</b>	part of the first floor of Block 1, No. 55, West Jili Avenue, Chancheng District, Foshan City.
<b>Use of the Property</b>	for the construction of a new-energy vehicle dealership store.
<b>Lease term</b>	from 15 April 2022 to 10 June 2036.
<b>Rent payment cycle</b>	once every three months.
<b>Rent</b>	<p>from 1 June 2022 to 31 May 2025, the total rent for every three months is RMB248,430.</p> <p>From 1 June 2025 to 31 May 2028, the total rent for every three months is RMB268,304.</p> <p>From 1 June 2028 to 31 May 2031, the total rent for every three months is RMB289,769.</p> <p>From 1 June 2031 to 31 May 2034, the total rent for every three months is RMB312,951.</p> <p>From 1 June 2034 to 10 June 2036, the total rent for every three months is RMB337,987. (The rent for less than three months is calculated by multiplying the average daily rent for the current cycle by the number of days)</p> <p>Rent excludes management fees, utilities and all other expenses (to be borne by the Lessee).</p>
<b>Security deposit</b>	RMB248,430 (equivalent to the rent for the first three months).

## **CONSIDERATION PAYABLE AND RIGHT-OF-USE ASSET RECORDED AFTER SIGNING OF THE LEASE AGREEMENT**

Under IFRS 16 Leases, the lease will be recognised as a right-of-use asset for an amount of approximately RMB11,700,000 (approximately HK\$14,040,000), which is calculated by reference to the present value of the aggregate lease payments to be made under the Lease Agreement. The Group will pay the rent and security deposit under the Lease Agreement in internal cash.

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

The Group will enter into the Lease Agreement to build a new-energy vehicle sales store in Foshan, a city in the Greater Bay Area, which is in line with the Company's development strategy of "Entering the Greater Bay Area, Embracing New Energy". It actively strives for the franchise rights of competitive electric vehicle brands. The cross-regional development of automobile sales and service network will help the Group seize a share in the new-energy vehicle market in the Greater Bay Area, and promote the future development and expansion of the Group's businesses. The Property is located near the toll station in the former Xinjitian exit of Foshan-Kaiping Expressway, Nanzhuang Town, Chancheng District, Foshan City. As the Company considers that the Property is located in the automobile consumption market with relatively high consumption potential in Foshan and other automobile brands will open sales stores there in the near future, the Group negotiated with the Lessor to enter into a long-term lease contract, hoping to bring ideal income through stable development.

The terms of the Lease Agreement were arrived at after arm's length negotiations, and the rent was determined with reference to the prevailing market rent for similar comparable properties in the vicinity. The Board believes that the terms of the Lease Agreement are entered into on normal commercial terms in the ordinary and usual course of business of the Group and that the terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION ABOUT THE PARTIES**

The Lessee is an indirect wholly-owned subsidiary of the Company and is principally engaged in the sales of new-energy vehicles, the distribution of used vehicles, the retail of auto parts and components, and the operation of electric vehicle charging infrastructure in Mainland China.

The Lessor is a limited liability company incorporated in the PRC, whose businesses cover property leasing, property management, and real estate development. The Lessor is directly held as to 44% by Chen Zhenhao, and as to 7% by Yang Letao, Liang Zhijian, Liang Shuying, Jian Wenjie, Chen Zhisheng, Chen Xien, Huo Zhijun and Wei Shaoxia, respectively. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Lessor and the above parties are third parties independent of the Company and its connected persons.

## **LISTING RULES IMPLICATIONS**

Under IFRS 16 Leases, if the Company enters into the Lease Agreement as the Lessee, a right-of-use asset will be recognised in its financial statements and the transaction under such Lease Agreement will be treated as the acquisition of an asset for the purposes of the Listing Rules.

As one or more of the applicable percentage ratios of the right-of-use asset recognised under the Lease Agreement are more than 5% but all are less than 25%, the transaction contemplated under the Lease Agreement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules, but exempt from the shareholders' approval requirement.

## DEFINITIONS

“Company”	Centenary United Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability (SEHK stock code: 1959);
“Group”	the Company and its subsidiaries;
“Board”	the Board of Directors of the Company;
“Director(s)”	director(s) of the Company;
“Lessee”	Foshan Centenary Lianshun New Energy Automobile Co., Ltd., a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company;
“Lessor”	Foshan Hezhan Yinghui Property Management Co., Ltd., a limited liability company established in the PRC;
“The Lease Agreement”	the Property Lease Agreement entered into between the Lessee and the Lessor on 29 March 2022;
“The Property”	the property leased by the Lessee under the Lease Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region of the PRC and Taiwan of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Stock Exchange” The Stock Exchange of Hong Kong Limited;

“%” percent.

*In this announcement, for illustration purposes only, RMB is converted into HK\$ at the rate of RMB1.00 = HK\$1.20.*

By order of the Board  
**Centenary United Holdings Limited**  
**Law Hau Kit**  
*Chairman, Executive Director and Chief Executive Officer*

Hong Kong, 29 March 2022

*As at the date of this announcement, the executive Directors are Mr. Law Hau Kit, Mr. Chen Shaoxing and Ms. Li Huifang; the non-executive Director is Mr. Woo King Hang; and the independent non-executive Directors are Mr. Li Wai Keung, Mr. Hui Chun Tak and Ms. Yan Fei.*