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## **DENOX ENVIRONMENTAL & TECHNOLOGY HOLDINGS LIMITED** **迪諾斯環保科技控股有限公司**

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

**(Stock Code: 1452)**

### **DISCLOSEABLE TRANSACTION** **FINANCE LEASE AGREEMENT**

#### **THE FINANCE LEASE AGREEMENT**

The board (the “**Board**”) of directors (the “**Directors**”) announces that on 29 May 2025 the Lessee, entered into the Finance Lease Agreement with the Lessor, the details of which are set out in this announcement.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the transactions contemplated under the Finance Lease Agreement exceed 5% but is less than 25%, the Finance Lease Agreement constitutes as a disclosable transaction of the Company and are therefore subject to the reporting and announcement requirements but is exempt from the circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

#### **THE FINANCE LEASE AGREEMENT**

On 29 May 2025, the Lessee (as the seller) and the Lessor (as the purchaser) entered into the Finance Lease Agreement, pursuant to which (i) the Lessee has agreed to sell the Leased Assets to the Lessor at a consideration of RMB10,000,000; and (ii) the Lessor has agreed to lease back the Leased Assets to the Lessee for a term of 36 months for a total lease payment of RMB10,886,768.

Date : 29 May 2025

The seller and the Lessee : Beijing Denox Environmental & Technology Co., Ltd.\* (北京迪諾斯環保科技控股有限公司), an indirect wholly-owned subsidiary of the Company; and

The Purchaser and : Maxwealth Financial Leasing Co., Ltd\* (永赢金融租賃有限公司),  
the Lessor an indirect wholly-owned subsidiary of Bank of Ningbo Co., Ltd\*  
(寧波銀行).

### **Consideration for the sale and purchase of the Leased Assets**

The consideration for the sale and purchase of the Leased Assets is RMB10,000,000, which has been agreed after arm's length negotiations between the Lessee and the Lessor with reference to the net book value of the Leased Assets of around RMB8,970,599.44, and after taking into account various factors, including the age and conditions of the Leased Assets.

The consideration for the purchase of the Leased Assets shall be payable by the Lessor to the Lessee in one lump-sum payment within ten business days upon the fulfilment of certain conditions under the Finance Lease Agreement, including but not limited to (1) the Lessee provides the required guarantees to the satisfaction of the Lessor; and (2) the Lessor having received the relevant documentary proof confirming ownership of the Leased Assets.

### **Leaseback arrangement**

Pursuant to the Finance Lease Agreement, the Leased Assets will be leased back to the Lessee for a term of 36 months commencing from the day the consideration for the transfer of the Leased Assets has been paid by the Lessor (the **"Lease Period"**).

During the Lease Period, the ownership of the Leased Assets shall be vested in the Lessor. The Lessor has purchased insurance for the Leased Assets during the Lease Period. Upon the expiry of the Lease Period, the Lessor will transfer the Leased Assets to the Lessee at the consideration of RMB1 in nominal value.

### **Lease Payment**

Under the Finance Lease Agreement, the total lease payment is RMB10,886,768 (the **"Lease Payment"**), including the finance lease principal of RMB10,000,000 and the finance lease interest of RMB886,768. The finance lease interest rate was 2.96%, which was calculated based on the total interest expense over the three-year lease term relative to the principal amount, with reference to the prevailing five year loan prime rate (**"LPR"**) of 3.5% announced by the People's Bank of China on the date of execution of the Finance Lease Agreement.

The Lease Payment has been agreed after arm's length negotiations between the parties with reference to the net book value of the Leased Assets and prevailing market prices of the same category of finance lease products in the PRC and shall be payable by 36 equal monthly installments during the Lease Period in which the first and subsequent monthly installments have already been paid by the Lessee to the Lessor commencing on 20 June 2025 as per the Finance Lease Agreement.

There will not be any gain or loss accrued to the Company when initially entered into the sale of the Leased Assets under the Finance Lease Agreement, and interest expenses will be incurred over the Lease Period. The proceeds from transactions under the Finance Lease Agreement have been applied towards business operations and working capital needs of the Group.

### **Guarantee and Security**

The guarantee and security arrangements under the Finance Lease Agreement are set out as below:

- (1) Gu'an Denox provides a guarantee for the debt of the Lessee under the Finance Lease Agreement;
- (2) The Lessee has provided a security interest over the Leased Assets under the Finance Lease Agreement, up to a maximum principal cap of RMB11,118,714.72; and
- (3) If the Lessee defaults, the Lessor is entitled to dispose of the secured assets to satisfy outstanding debts under the Finance Lease Agreement. The security also covers interest, overdue interest, penalties, damages, and enforcement costs incurred under the Finance Lease Agreement.

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

The Directors believe that the Group will be able to derive immediate liquidity through the sale and leaseback arrangement under the Finance Lease Agreement for its business operations and working capital needs, without selling off its core production equipment assets.

The Directors are of the view that the terms and conditions of the Finance Lease Agreement is on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders as a whole.

### **INFORMATION OF THE PARTIES**

#### **The Lessee**

The Lessee is principally engaged in design, development, manufacture and sales of DeNOx catalysts in the PRC.

#### **The Lessor**

The Lessor is a limited liability company established under the laws of the PRC. The Lessor is wholly-owned by Bank of Ningbo Co., Ltd.\* (寧波銀行), a PRC company listed on the Shenzhen Stock Exchange (Stock code: 002142). The Lessor is principally engaged in the financial leasing

business. To the best of the knowledge and information of the Directors, the Lessor and its ultimate beneficial owners are Independent Third Parties of the Company and its connected persons (as defined in the Listing Rules).

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the transactions contemplated under the Finance Lease Agreement exceed 5% but is less than 25%, the Finance Lease Agreement constitute as a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **NON-COMPLIANCE WITH LISTING RULES**

The Finance Lease Agreement was executed on 29 May 2025, and no approval was sought from the Board by the relevant personnel. The Company wishes to clarify that it was an honest but mistaken belief that entering into the Finance Lease Agreement was merely a renewal of the previous finance lease agreement signed with the Lessor on 25 October 2023, and therefore a second disclosure was not necessary since the counterparty was the same. Consequently the Company considers that entering into the Finance Lease Agreement is in the ordinary and usual course of business and therefore did not constitute as a notifiable transaction subject to the requirements of Chapter 14 of the Listing Rules. As a result, the Company failed to conduct or update the relevant size tests at the time of entering into the Finance Lease Agreement and did not make the requisite announcement under Chapter 14 of the Listing Rules within the prescribed timeframe.

The Company should have complied with the relevant reporting and announcement requirements under Chapter 14 of the Listing Rules in respect of the Finance Lease Agreement as and when such obligations arose. Regrettably, the Company acknowledges that such compliance with the Listing Rules has been delayed due to its unintentional and inadvertent oversight. To prevent similar non-compliance in the future, the Company has implemented and will implement certain remedial actions with immediate effect.

## **REMEDIAL ACTIONS**

The Board has acknowledged that prior remedial actions and control measures may have been insufficiently comprehensive or inadequately implemented, therefore the Board will enhance the following remedial actions to strengthen its internal controls and procedures and prevent the recurrence of similar incidents in the future:

1. the Company has published this announcement to inform the Shareholders of the relevant details of the entering into the Finance Lease Agreement and to fulfill its disclosure obligations under the Listing Rules;

2. the Company will conduct a thorough and comprehensive review of its internal control mechanisms, focusing on classification, tracking, and escalation processes for notifiable and/or connected transactions under Chapter 14 and Chapter 14A of the Listing Rules. This review aims to identify any weaknesses or lapses that may have contributed to the delayed disclosure of notifiable and connected transactions and strengthen compliance controls going forward;
3. the Company will require the finance department to submit more detailed monthly financial updates to the Board, enabling the Board to have more frequent monitoring of financial matters and to identify potential notifiable transactions in a timely manner;
4. the Company will enhance its compliance framework by providing targeted training sessions for the Directors and senior management and personnel involved in finance lease arrangement in the fourth quarter of 2025 on the requirements of the Listing Rules, including but not limited to the identification and disclosure of notifiable transactions, as well as other applicable laws and regulations;
5. all finance department managers and above will be required to study and fully understand the requirements of the five size tests under the Listing Rules. The attendees of such training sessions must undergo related assessments, and only those who passed the assessment will be considered to have completed their compliance training;
6. the Company commits to further consulting with external legal advisers, financial advisers and/or the Stock Exchange promptly in all future cases where there is any doubt or uncertainty regarding the classification or notification obligations of transactions;
7. the Company will rigorously apply the calculation of the size test on a stand-alone basis and an aggregate basis, prior to entering into agreements for all finance and/or finance lease transactions and ensure timely updating when there are any changes, to ascertain whether such transactions are notifiable under the Listing Rules and to make announcements promptly as required;
8. the Company will further refine and formalize its disclosure procedures for financial transactions, with a particular focus on those involving financing, guarantees, pledges and/or equity pledges that may have material impact on the balance sheet, so that disclosure obligations can be timely fulfilled;
9. the Company will improve its information disclosure policy by establishing a dedicated register for notifiable and/or connected transaction information, to systematically record and track all potential notifiable and/or connected transactions in a timely manner to ensure compliance with the Listing Rules; and
10. the Company will issue specific guidelines regarding notifiable transactions and connected transactions in accordance with the Listing Rules, and plans to finalise and distribute such guidelines internally within the Group as soon as reasonably practicable.

Going forward, the Company will use its best endeavours to carry out necessary measures and appropriate actions to ensure full compliance with the requirements under the Listing Rules by performing the relevant corporate governance procedures and making appropriate disclosures in a timely manner.

## DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Denox Environmental & Technology Holdings Limited (迪諾斯環保科技控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability and the shares of which are listed on the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“DeNOx”	the process of reducing NOx concentration in industrial flue gas emissions;
“Director(s)”	the director(s) of the Company;
“Finance Lease Agreement”	the finance lease agreement entered between the Lessor and the Lessee on 29 May 2025;
“Group”	the Company and its subsidiaries;
“Gu’An Denox”	Gu’an Denox Environmental Equipment Manufacturing Co., Ltd.* (固安迪諾斯環保設備製造有限公司), a company established under the laws of the PRC with limited liability on 27 August 2010 and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	any individual(s) who is/are independent of and not connected with (within the meaning of the Listing Rules) any director, chief executive or substantial shareholder of the Company and its connected persons;

“Leased Assets”	the leased assets under this finance lease agreement include a vacuum extruder, a pre-extruder, a rotary cutter, a manipulator, a set of first and second stage drying and roasting belt kiln equipment, a honeycomb catalyst electric heating belt calcining furnace, a 53-meter double-layer electric heating belt furnace, electric heating belt hot air drying furnaces, a single-station quantitative coating machine and automated production line system, precision steel mesh production lines, and a pre-filter.
“Lessee”	Beijing Denox Environmental & Technology Co., Ltd.* (北京迪諾斯環保科技有限公司), a company established in the PRC with limited liability on 30 September 2010 and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement;
“Lessor”	Maxwealth Financial Leasing Co., Ltd* (永贏金融租賃有限公司), a company established in the PRC with limited liability in May 2015 and is a wholly-owned subsidiary of Bank of Ningbo Co., Ltd* (寧波銀行);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
%	per cent.

By Order of the Board  
**Denox Environmental & Technology Holdings Limited**  
**Zhao Shu**  
*Chairlady*

Hong Kong, 9 September 2025

*As at the date of this announcement, the Board comprises Ms. Zhao Shu and Mr. Li Ke as executive Directors; Mr. Li Xingwu as non-executive Director; and Ms. Chan Yeuk Wa, Dr. Wang Xueqian and Mr. Ong Chor Wei as independent non-executive Directors.*

*\* For identification purposes only*