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CENTRAL HOLDING GROUP CO. LTD.

中環控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1735)

VOLUNTARY ANNOUNCEMENT IN RELATION TO THE ENTERING INTO OF THE SUPPLEMENTARY AGREEMENT TO THE HOTEL MANAGEMENT CONTRACT

Financial Adviser to the Company



Draco Capital Limited

This announcement is made by Central Holding Group Co. Ltd. (the “**Company**”) on a voluntary basis and does not constitute a notifiable transaction of the Company under Chapter 14 or a connected transaction of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Reference is made to the announcement of the Company dated 20 August 2020 (the “**1st Voluntary Announcement**”). Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the 1st Voluntary Announcement.

SUPPLEMENTARY AGREEMENT IN RELATION TO THE MANAGEMENT CONTRACT

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 23 December 2020 (after trading hours), Zhejiang Xintianpu Agricultural Travel Development Co. Ltd.* (浙江新田鋪農旅開發有限公司) (“**Zhejiang Xintianpu**”), an indirect wholly-owned subsidiary of the Company, Zhejiang Guoda Leidisen Hotel Management Co., Ltd.* (浙江國大雷迪森酒店管理有限公司) (the “**Hotel Manager**”) and Hongjin Capital Investment Management Co., Ltd.* (紅瑾資本投資管理有限公司) (“**Hongjin Capital**”), entered into a supplementary agreement (the “**Supplementary Agreement**”) to the Management Contract in relation to the provision of hotel management services to the Hotel.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Hotel Manager, Hongjin Capital and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The principal terms of the Supplementary Agreement are as follows:

- Parties : (i) Zhejiang Xintianpu
(ii) The Hotel Manager
(iii) Hongjin Capital
- Property Lease Contract : Zhejiang Xintianpu and Hongjin Capital entered into a property lease contract on 22 December 2020 (the "**Property Lease Contract**"), pursuant to which Zhejiang Xintianpu agreed to lease the Hotel to Hongjin Capital from 1 January 2021 to 31 December 2030, subject to the terms and conditions of the Property Lease Contract.
- Assignments of rights and obligations : During the term of the Property Lease Contract, rights arising from the ownership of the Hotel, including but not limited to the right to use, exclusive rights and obligations, etc. of Zhejiang Xintianpu on the Hotel, shall be assigned to Hongjin Capital from the date of the signing of the Supplementary Agreement.
- Undertaking of payment obligations : From the date when the Supplemental Agreement is signed by all parties, Zhejiang Xintianpu's payment obligations under the Hotel Management Contract, including but not limited to, preparation funds, working capital, welfare, management consulting service fee, basic management fee, the GOP Ratio bonus management fee, system service fee, trademark use, etc. shall be undertaken by Hongjin Capital. If Zhejiang Xintianpu has made the payments based on the Management Contract, Hongjin Capital shall return to Zhejiang Xintianpu in one lump sum within 5 working days from the effective date of the Supplemental Agreement.

The principal terms of the Property Lease Contract are as follows:

- Parties : (i) Zhejiang Xintianpu (Lessor)
(ii) Hongjin Capital (Lessee)

- Use of the property : The Hotel can only be used by Hongjin Capital to operate under the brand name of 'LANDISON' within the business scope specified in its business license. Without the prior written consent of Zhejiang Xintianpu, Hongjin Capital shall not change the brand name and the use of the Hotel.
- Lease term: : The lease term of the Hotel is from 1 January 2021 to 31 December 2030. If the delivery of the Hotel is delayed due to the construction progress or other reasons caused by Zhejiang Xintianpu, the renovation period, lease commencement date and expiration date of the Hotel shall be postponed accordingly.
- The construction and renovation period of the Hotel (the "**Renovation Period**") starts from the date of signing of the Property Lease Contract and ends on the delivery date of the Hotel on 1 August 2021. If the delivery date is changed, the Renovation Period shall be changed accordingly.
- Rent and other expenses : Hongjin Capital shall pay rent (tax included) to Zhejiang Xintianpu. The amount of monthly fixed rent is RMB750,552.25.
- The rent shall be calculated from the lease commencement date and shall be increased by 10% every three years. In case of insufficient deposit due to rent increase, Hongjin Capital shall make up the corresponding difference within the first month from the date of rent adjustment.
- Hongjin Capital shall pay lease deposit in the amount of RMB750,552.25, equivalent to one month's rent before the first term of the lease.
- During the lease period, all expenses incurred in using the Hotel, including but not limited to water, electricity, gas, communications, air-conditioning fees, property management fees, etc. and related equipment installation costs, shall be borne by Hongjin Capital. During the Renovation Period, Hongjin Capital shall be exempt from paying rent, but shall pay other expenses, including but not limited to garbage clearing fee, utility fees, etc. (if any). Unless otherwise stipulated in this contract, the payment of all the aforementioned expenses shall be subject to Zhejiang Xintianpu's written notice.

INFORMATION ABOUT HONGJIN CAPITAL

Hongjin Capital is a company incorporated in the People's Republic of China in November 2015 with limited liability and is principally engaged in the provision of investment management, project investment, investment consulting, corporate management consulting, asset management and hotel management.

REASONS FOR ENTERING INTO THE SUPPLEMENTARY AGREEMENT

The Supplementary Agreement offers the Company and its subsidiaries (the “**Group**”) an opportunity to lower the inherent risk of unstable cash flow associated with future operation of the Hotel and achieve a more stable cashflow from investment properties. The Supplementary Agreement is cost effective in terms of the costs of operation and administration as a result of the sharing of business management, manpower resources, back office support functions and other administrative services of Hongjin Capital. It will enhance the operational and decision-making efficiency of the Company through streamlining and standardizing the Company's business management structure to facilitate more efficient and expeditious management and to provide foundation for future business synergies.

The Directors are of the view that the entering into of the Supplementary Agreement is in the ordinary and usual course of business of the Company and considers that the terms of the Supplementary Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole and have been negotiated on an arm's length basis and on normal commercial terms.

The Board wishes to state that no forecast or prediction of the profits of the Group has been made with regard to the Supplementary Agreement.

By Order of the Board
Central Holding Group Co. Ltd.
Yu Zhuyun

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 23 December 2020

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.