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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)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE EQUIPMENT PURCHASE AGREEMENT**

#### **PURCHASE OF THE EQUIPMENT**

On 21 September 2022 (after trading hours), the Purchasers, both indirect wholly-owned subsidiaries of the Company, entered into the Equipment Purchase Agreement with the Vendor, pursuant to which the Purchasers agreed to purchase, and the Vendor agreed to sell, the Equipment at the consideration of RMB140,314,000 (equivalent to approximately HK\$159,509,400).

#### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios for the transactions contemplated under the Equipment Purchase Agreement exceeds 5% but all of the applicable percentage ratios are less than 25%, the entering into of the Equipment Purchase Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company and are subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

#### **INTRODUCTION**

On 21 September 2022 (after trading hours), the Purchasers, both indirect wholly-owned subsidiaries of the Company, entered into the Equipment Purchase Agreement with the Vendor, pursuant to which the Purchasers agreed to purchase, and the Vendor agreed to sell, the Equipment at the consideration of RMB140,314,000 (equivalent to approximately HK\$159,509,400).

## EQUIPMENT PURCHASE AGREEMENT

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

- Date:** 21 September 2022
- Parties:** (1) Purchaser 1;  
(2) Purchaser 2; and  
(3) Vendor
- Subject matter:** The Equipment, comprising 9 sets and 80 units of photovoltaic equipment and components
- Consideration:** RMB140,314,000 (equivalent to approximately HK\$159,509,400), tax inclusive
- The consideration was determined after arm's length negotiations between the two parties with reference to the market price of equipment with similar functions and performance.
- The consideration is expected to be funded by internal resources of the Group and an unsecured interest-free loan from Mr. Yu. This unsecured interest-free loan is expected to be received by the Group from a connected person upon normal commercial terms or better and not secured by the assets of the Group. Accordingly, upon grant by Mr. Yu, it will be fully exempted in accordance with Rule 14A.90 of the Listing Rules.
- The Directors considered that the consideration under the Equipment Purchase Agreement is fair and reasonable.
- Payment terms:** The consideration shall be paid by the Purchasers to the Vendor in the following manner:
- (i) RMB56,125,600 (equivalent to approximately HK\$63,803,700), being 40% of the consideration, shall be paid by Purchaser 1 within a week after the Equipment Purchase Agreement has become effective (the “**1st Installment**”);
  - (ii) RMB28,062,800 (equivalent to approximately HK\$31,901,900), being 20% of the consideration, shall be paid by Purchaser 1 within a week before the delivery of the Equipment (the “**2nd Installment**”); and

(iii) RMB56,125,600 (equivalent to approximately HK\$63,803,700), being 40% of the consideration, upon the signing of the Equipment Acceptance Certificate by the two parties, shall be paid by Purchaser 2, by six equal instalments within 12 months (payable every two months) after the Equipment are put into production.

Save as settlement of the 1st Installment and the 2nd Installment, all other rights and obligations in the Equipment Purchase Agreement shall be enjoyed and borne by Purchaser 2.

**Delivery terms:** Upon signing of the Equipment Purchase Agreement, the Vendor shall deliver the Equipment to the place designated by Purchaser 2 before the date requested by Purchaser 2

**Warranty period:** 12 months commencing from the second day after the two parties sign on the Equipment Acceptance Certificate

**Liability for breach:**

- (i) In case of late delivery by the Vendor, the Vendor shall pay Purchaser 2 a penalty of 1% of the total consideration on a daily basis. If the delivery is three weeks overdue, Purchaser 2 has the right to rescind the Equipment Purchase Agreement;
- (ii) In case of late commissioning by the Vendor, the Vendor shall pay Purchaser 2 a penalty of 1% of the total consideration on a daily basis. If the commissioning is three weeks overdue, Purchaser 2 has the right to rescind the Equipment Purchase Agreement;
- (iii) If the Vendor rescinds this contract without authorisation, the Vendor shall refund all the money received from Purchaser 2 and bear a penalty equal to 20% of the total consideration;
- (iv) The loss of production capacity, fragmentation, downgrade and other losses due to the downtime of the workshop caused by the Equipment shall be compensated at the price provided by Purchaser 2's finance department;
- (v) If the aforementioned liquidated damages are not sufficient to make up for the losses of the non-breaching party, the breaching party shall make up for it. Any liquidated damages and compensation payable by the Vendor, Purchaser 2 is entitled to deduct directly from the amount due.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUIPMENT PURCHASE AGREEMENT**

As disclosed in the interim results announcement of the Company published on 31 August 2022, the Group has already begun to seek for new green energy business opportunities earlier this year. The Equipment to be acquired are mainly for the purpose of setting up 2 production lines of 2GW components to be produced by the Group in a new plant at Fengtai County, Anhui Province. This in turn, would allow the Group to tap into the photovoltaic business and diversify the business operation of the Group and would contribute towards the Group's trading of green building materials business. The Group believes that the development of photovoltaic business will bring synergy and strengthen the revenue base of the Group.

The Purchasers have taken into account the market reputation, the expertise and product quality of the Vendor and compared the market price of equipment with similar functions and performance before entering into the Equipment Purchase Agreement and the terms of the Equipment Purchase Agreement are arrived at after arm's length negotiation between the two parties. The Directors are of the view that the terms of the Equipment Purchase Agreement are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE PARTIES TO THE EQUIPMENT PURCHASE AGREEMENT**

The Group is principally engaged in the business of (i) building works and trading of construction materials; (ii) property development and investment; (iii) property management services; (iv) food and beverage supply chain; (v) health and wellness; and (vi) smart logistics and information system.

The Purchasers are both recently established and will be principally engaged in, among others, (i) green building and ecological habitat development; (ii) manufacturing and sales of green building materials and new energy investment; and (iii) intelligent property services.

To the best knowledge of the Directors, the Vendor is principally engaged in, among others, (i) development, design, sales, maintenance and technical services of photovoltaic power station projects; (ii) research and development, manufacturing, processing and sales of photovoltaic equipment and components; and (iii) research and development of new energy and new materials.

To the best of the Directors' knowledge, information and belief by having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons as at the date of this announcement.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios for the transactions contemplated under the Equipment Purchase Agreement exceeds 5% but all of the applicable percentage ratios are less than 25%, the entering into of the Equipment Purchase Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company and are subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Board”	the board of Directors
“Company”	Central Holding Group Co. Ltd., a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Equipment”	2 fully automatic production lines for photovoltaic modules, comprising 9 sets and 80 units of photovoltaic equipment and components
“Equipment Acceptance Certificate”	the equipment acceptance certificate to be signed by the Vendor and the Purchasers upon passing of the inspection of the Equipment
“Equipment Purchase Agreement”	the equipment purchase agreement dated 21 September 2022 entered into between the Purchasers as the purchasers and the Vendor as the vendor in relation to the purchase of the Equipment
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yu”	Mr. Yu Zhuyun, the chairman of the Board, the chief executive officer of the Company and an executive Director
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchasers”	Purchaser 1 and Purchaser 2
“Purchaser 1”	中環中清(安徽)新能源光伏科技有限公司 (Zhonghuan Zhongqing (Anhui) New Energy Photovoltaic Technology Co. Ltd.*), a company established in the PRC and is indirectly wholly owned by the Company

“Purchaser 2”	中環中清(安徽)光伏組件有限公司 (Zhonghuan Zhongqing (Anhui) Photovoltaic Module Co. Ltd.*), a company established in the PRC and is indirectly wholly owned by the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	中環艾能(江蘇)科技有限公司(Zhonghuan Aineng (Jiangsu) Technology Co. Ltd.*), a company established in the PRC
“%”	per cent

\* For identification purposes only

*Translation of Renminbi into Hong Kong dollars is based on the exchange rate of HK\$1 = RMB0.87966.*

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

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 21 September 2022

*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.*