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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 RESOLVING OF HIGH SHAREHOLDING CONCENTRATION

This voluntary announcement is made by the Company to inform its Shareholders and potential investors on the shareholding structure of the Company as at 30 September 2022. This announcement is made in response to the SFC Announcement dated 6 December 2019 regarding the then high concentration of shareholding in the Company as at 18 November 2019.

The Board is satisfied that, based on the results of the Analysis and the information available as at 30 September 2022, (i) the shareholding concentration of the Company as at 18 November 2019 as stated in the SFC Announcement no longer exists as at 30 September 2022; and (ii) there has been no concentration of the shareholdings of the Company in the hands of a limited number of Shareholders as at 30 September 2022. The Board believes that the Company has complied with all the conditions for high shareholding concentration companies to regain eligibility for inclusion in Hang Seng Family of Indexes and is taking steps to seek re-inclusion in such index as soon as possible.

This is a voluntary announcement made by Central Holding Group Co. Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) to inform its shareholders (the “**Shareholders**”) and potential investors on the shareholding structure of the Company as at 30 September 2022.

This announcement is made in response to the shareholding concentration announcement issued in respect of the Company by the Securities and Futures Commission (the “**SFC**”) dated 6 December 2019 (the “**SFC Announcement**”) regarding the then high concentration of shareholding in the Company as at 18 November 2019.

BACKGROUND

According to the SFC Announcement, as at 18 November 2019, a group of 19 Shareholders held an aggregate of 51,296,000 shares of the Company (the “**Shares**”), representing 19.43% of the then total number of issued Shares. Such shareholding, together with an aggregate of 198,000,000 Shares (representing 75.00% of the then total number of issued

Shares) held by a controlling Shareholder, represented 94.43% of the then total number of issued Shares. Therefore, as at 18 November 2019, only 14,704,000 Shares (representing 5.57% of the then total number of issued Shares) were held by other Shareholders.

The board (the “**Board**”) of directors (the “**Directors**”) wishes to remind the Shareholders and potential investors that the information disclosed in the SFC Announcement only reflected the shareholding structure of the Company as at 18 November 2019.

THE ANALYSIS OF THE BOARD

In order to enhance greater transparency of the shareholding structure of the Company, the Board conducted an analysis of the shareholding structure of the Company based on the information provided by an independent service provider engaged by the Company (the “**Analysis**”). To the best of the knowledge, information and belief of the Board, having made all reasonable enquires, the updated shareholding structure of the Company as at 30 September 2022 is as follows:

Shareholders	Number of Shares held	Approximate percentage of total number of issued Shares (%) (Note 1)
Central Culture Resource Group Limited (“ Central Culture ”) (Note 2)	722,594,580	68.43
A group of 94 individual Shareholders who each held 10,000 Shares or more	279,946,600	26.51
A group of 5 institutional Shareholders who each held 10,000 Shares or more	1,418,000	0.13
A group of 11 corporate Shareholders who each held 10,000 Shares or more	51,135,739	4.84
Other Shareholders (Note 3)	<u>905,081</u>	<u>0.09</u>
TOTAL	<u><u>1,056,000,000</u></u>	<u><u>100.00</u></u>

Notes:

1. The approximate percentage of total number of issued Shares is rounded to the nearest two decimal places and may not add up to total due to rounding.
2. Central Culture is wholly owned by Mr. Yu Zhuyun (“**Mr. Yu**”), the chairman of the Board, the chief executive officer of the Company and an executive Director.
3. Other Shareholders (i) comprise Shareholders, which each holding less than 10,000 Shares and in aggregate, holding 582,621 Shares; and (ii) those that cannot be individually identified under the Analysis, representing approximately 0.06% and 0.03% of the entire issued share capital of the Company, respectively.

As set out in the above shareholding structure of the Company, as at 30 September 2022, an aggregate of 722,594,580 Shares were indirectly held by Mr. Yu, representing approximately 68.43% of the total number of issued Shares. Save for aforementioned, to the best of the knowledge, information and belief of the Board, having made all reasonable enquires, as at 30 September 2022, approximately 31.48% of the Shares were held by 110 identified Shareholders (comprising 94 individual Shareholders, 5 institutional Shareholders and 11 corporate Shareholders, each of such Shareholders held 10,000 Shares or more) and the remaining approximately 0.09% of the Shares were held by over 598 other Shareholders.

The abovementioned Analysis of the shareholding structure of the Company also revealed that as at 30 September 2022, the shareholding structure of the Company was geographically diversified across different locations in regions including but not limited to Hong Kong, China, Macau, Thailand and Singapore, Europe and the United States.

To further demonstrate that the Company's shareholding is no longer highly concentrated, the Company summarised, based on the Analysis, the percentage shareholdings by its top shareholders as at and since 23 April 2020 as follows:

	23 April 2020	17 July 2020	7 October 2021	30 September 2022
Top 10 Shareholders	82.54%	82.67%	78.70%	77.53%
Top 20 Shareholders	86.81%	87.00%	82.93%	82.92%

Accordingly, the number of Shares held by Shareholders apart from the 20 Shareholders with the largest shareholdings in the Company increased from approximately 13.19% of the total number of issued Shares as at 23 April 2020, to approximately 17.08% as at 30 September 2022.

In addition, the average daily transaction value of the Shares has increased from approximately HK\$2.3 million since 1 July 2019 up to 6 December 2019 (i.e. the date of the SFC Announcement), to approximately HK\$24.0 million for the period between 1 April 2022 and 30 September 2022. The Company considers that the increase in the average daily transaction value of the Shares over the period was supported by the improved shareholding structure.

ACTIONS TAKEN SINCE THE PUBLICATION OF THE SFC ANNOUNCEMENT

Since the publication of the SFC Announcement, the Board considers that the following actions have been taken which may have assisted to resolve the Company's high concentration of shareholding, a summary of which is as follows:

- (i) As disclosed in the circular of the Company dated 17 July 2020 and the announcements of the Company dated 29 June 2020 and 3 August 2020, a share subdivision of every then existing Share (both issued and unissued) of par value of HK\$0.01 into four Shares of par value of HK\$0.0025 each became effective on 5 August 2020. The Board considers that the share subdivision decreased the nominal value and trading price of

each Share and increased the total number of issued Shares, thus improved the liquidity in the trading of the Shares and broaden its Shareholders' base appeal to more investors.

- (ii) As disclosed in the announcement of the Company dated 19 January 2021, the Board was notified by Mr. Yu that 15,934,000 Shares held by Central Culture, were disposed of on 15 January 2021.
- (iii) As disclosed in the announcement of the Company dated 29 October 2021, the board lot size of the Shares was changed from 2,000 Shares to 1,000 Shares with effect from 30 November 2021. The Board considers that the change in board lot size reduced the board lot value of the Shares and thus improved the liquidity of the Shares and broaden the Company's shareholder base.
- (iv) As disclosed in the announcement of the Company dated 17 May 2022, the Board has been informed by Mr. Yu that (a) 2,000,000 Shares held by Central Culture, were disposed of to an individual for HK\$15.00 per Share on 16 May 2022; and (b) 50,991,420 Shares held by Central Culture, were awarded and transferred to strategy business partners and company staff at nil consideration on 16 May 2022.

In addition to the above announcements and circular of the Company, the Company has formulated and implemented an investor relations plan, including holding existing Shareholders meetings, investor conference calls, increasing international banks/brokers covering the Company's securities, managing relationships, and enhancing the Company's communication with public and potential investors so as to increase its presence in the market, etc.

The Board considers that this contributed to the broadening of the Shareholders' base, and the shareholding structure of the Company has been diversified, instead of being highly concentrated, as compared to that as at 18 November 2019.

CONCLUSION

In light of the above, the Company is of the view that the concern over the high shareholding concentration as mentioned in the SFC Announcement has been resolved and the high shareholding concentration of the Company as at 18 November 2019 as stated in the SFC Announcement should not be used as a basis for evaluating the current status of the shareholding structure of the Company.

The Board is satisfied that, based on the results of the Analysis and the information available as at 30 September 2022, (i) the shareholding concentration of the Company as at 18 November 2019 as stated in the SFC Announcement no longer exists as at 30 September 2022; and (ii) there has been no concentration of the shareholdings of the Company in the hands of a limited number of Shareholders as at 30 September 2022. The Board believes that the Company has complied with all the conditions for high shareholding concentration companies to regain eligibility for inclusion in the Hang Seng Family of Indexes and is taking steps to seek re-inclusion in such index as soon as possible.

By order of the Board
Central Holding Group Co. Ltd.
Yu Zhuyun
*Chairman, Chief Executive Officer
and Executive Director*

Hong Kong, 31 October 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.