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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)

MAJOR TRANSACTION IN RELATION TO THE EQUIPMENT PURCHASE AGREEMENT AND THE PREVIOUS EQUIPMENT PURCHASE AGREEMENT

THE EQUIPMENT PURCHASE AGREEMENT AND THE PREVIOUS EQUIPMENT PURCHASE AGREEMENT

On 22 May 2023 (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 RMB690,240,280 (equivalent to approximately HK\$775,550,876).

Within 12 months prior to the entering into of the Equipment Purchase Agreement, the Vendor and the Group have entered into the Previous Equipment Purchase Agreement on 21 September 2022 for the sale and purchase of the Previous Equipment at the consideration of RMB140,314,000 (equivalent to approximately HK\$157,656,180).

LISTING RULES IMPLICATIONS

The transactions contemplated under the Equipment Purchase Agreement and the Previous Equipment Purchase Agreement constitute a series of transactions made with the Vendor within a period of 12 months and shall be aggregated pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Equipment Purchase Agreement, both when calculated individually and when aggregated with that of the Previous Equipment Purchase Agreement, exceeds 25% but all of them are less than 100%, the entering into of the Equipment Purchase Agreement and the transactions contemplated thereunder constitute a major transaction of the Company and are subject to notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Equipment Purchase Agreement or is required to abstain from voting if a general meeting of the Company is to be convened to approve the transactions contemplated under the Equipment Purchase Agreement. The Company has obtained written approval regarding the transactions contemplated under the Equipment Purchase Agreement from Central Culture Resource Group Limited (as wholly owned by Yu Zhuyun, an executive Director and the chairman of the Board as well as the chief executive officer of the Company), which is a Shareholder holding 722,594,580 Shares, representing approximately 68.43% of the entire issued share capital of the Company, as at the date of this announcement. Accordingly, pursuant to Rule 14.44 of the Listing Rules, the Company is exempted from convening a general meeting of its Shareholders to approve the transactions contemplated under the Equipment Purchase Agreement.

A circular containing, among other things, (i) further information of the Equipment Purchase Agreement and the transactions contemplated thereunder; and (ii) other information required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 13 June 2023.

INTRODUCTION

On 22 May 2023 (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 RMB690,240,280 (equivalent to approximately HK\$775,550,876).

THE EQUIPMENT PURCHASE AGREEMENT

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

Date:	22 May 2023
Parties:	(1) Purchaser 1; (2) Purchaser 2; and (3) the Vendor
Subject matter:	The Equipment, being five fully automatic customised production lines for photovoltaic TOPCon battery, comprising TOPCon battery systems and related components

Consideration: RMB690,240,280 (equivalent to approximately HK\$775,550,876)

The consideration was determined after arm's length negotiations between the Purchasers and the Vendor with reference to the market price of equipment with similar function and performance.

The consideration is expected to be funded by internal resources of the Group.

The Directors considered that the consideration under the Equipment Purchase Agreement is fair and reasonable.

Payment terms: The consideration shall be paid to the Vendor by means of telegraphic transfer in the following manner:

- (i) RMB276,096,112 (equivalent to approximately HK\$310,220,351), being 40% of the total consideration, shall be paid by Purchaser 1 to the Vendor within one week after the Equipment Purchase Agreement is signed and becomes effective;
- (ii) RMB138,048,056 (equivalent to approximately HK\$155,110,175), being 20% of the total consideration, shall be paid by Purchaser 1 to the Vendor within one week after delivery and passing of the initial acceptance test of the Equipment; and
- (iii) RMB276,096,112 (equivalent to approximately HK\$310,220,351), being 40% of the total consideration, shall be paid by Purchaser 1 to the Vendor in six equal instalments (i.e. each in the amount of RMB46,016,018.67 (equivalent to approximately HK\$51,703,392)) within 12 months (i.e. payable every two months) after the Equipment Acceptance Certificate is signed by the parties and the Equipment are put into production.

Save for the settlement of consideration by Purchaser 1 after the Equipment Purchase Agreement is signed and becomes effective, all other rights and obligations in the Equipment Purchase Agreement shall be enjoyed and borne by Purchaser 2.

Delivery terms: After the Equipment Purchase Agreement is signed and becomes effective, the Vendor shall deliver the Equipment to the location designated by the Purchasers before the date requested by the Purchasers, with transportation costs and insurance fees to be borne by the Vendor.

Completion of delivery will take place upon signing of the Equipment Acceptance Certificate. Before completion of delivery, the Vendor shall bear all risks arising from damaged or lost goods.

Warranty period: 12 months commencing from the day after the Equipment Acceptance Certificate is signed by the parties, where the Vendor's responsibility for repair and maintenance as well as quality assurance shall extend to ancillary installation and materials as well as spare parts of the Equipment.

- Liability for breach:
- (i) In the event of late delivery by the Vendor, the Vendor shall pay the Purchasers a penalty of 0.1% of the total consideration of the Equipment Purchase Agreement on a daily basis. If delivery is three weeks overdue, the Purchasers shall have the right to terminate the Equipment Purchase Agreement and receive a penalty fee equivalent to 20% of the total consideration of the Equipment Purchase Agreement, together with a refund of any money paid to the Vendor;
 - (ii) In the event of delay in commissioning by the Vendor, the Vendor shall pay the Purchasers a penalty of 0.1% of the total consideration of the Equipment Purchase Agreement on a daily basis. If commissioning is three weeks overdue, the Purchasers shall have the right to terminate the Equipment Purchase Agreement;
 - (iii) If the Vendor terminates the Equipment Purchase Agreement without consent of the Purchasers, the Vendor shall refund any money received from the Purchasers and bear a penalty equivalent to 20% of the total consideration of the Equipment Purchase Agreement;
 - (iv) Any loss of production capacity, fragmentation, downgrade and/or other damages due to downtime caused by the Equipment shall be compensated by the Vendor at the price determined by the Purchasers; and
 - (v) If the aforementioned liquidated damages are insufficient to make up for the losses of the non-breaching party, the breaching party shall be liable for the shortfall. For any liquidated damages and compensation payable by the Vendor, the Purchasers are entitled to deduct the same directly from the amount payable to the Vendor.

Effective date: The Equipment Purchase Agreement shall take effect upon execution by the parties, subject to compliance with any applicable provisions of the Listing Rules and/or requirements of the relevant regulatory authorities (as the case may be).

THE PREVIOUS EQUIPMENT PURCHASE AGREEMENT

Within 12 months prior to the entering into of the Equipment Purchase Agreement, the Group has also entered into the Previous Equipment Purchase Agreement with the Vendor on 21 September 2022 for the sale and purchase of the Previous Equipment at the consideration of RMB140,314,000 (equivalent to approximately HK\$157,656,180). Please refer to the Previous Equipment Purchase Announcement and the Previous Equipment Purchase Supplemental Announcement for further details of the Previous Equipment Purchase Agreement and the transactions contemplated thereunder.

INFORMATION ON THE PURCHASERS

Both of the Purchasers are companies established in the PRC with limited liability and indirect wholly-owned subsidiaries of the Company. While Purchaser 1 is principally engaged in, among others, (i) green building and ecological habitat development; (ii) new energy and engineering, procurement and construction of photovoltaic products (“EPC”), Purchaser 2 is principally engaged in manufacturing and sales of TOPCon battery and photovoltaic products.

INFORMATION ON THE VENDOR

The Vendor is a company established in the PRC with limited liability. To the best knowledge of the Directors, it is principally engaged in, among others, (i) development, design, sales, maintenance of, and provision of technical services for, 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 having made all reasonable enquiries, as at the date of the Announcement, the identities of the ultimate beneficial owners of the Vendor are those stated in the Previous Equipment Purchase Supplemental Announcement. Please refer to the Previous Equipment Purchase Supplemental Announcement for details.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules) as at the date of this announcement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUIPMENT PURCHASE AGREEMENT

The Group is principally engaged in the business of (i) building works and construction related business in the PRC and Hong Kong; (ii) food and beverage supply chain; (iii) health and wellness; (iv) smart logistic and information technology system; and (v) new energy and EPC.

As disclosed in the annual report of the Company published on 28 April 2023, the Group has already begun to seek for new green energy business opportunities in the third quarter of 2022. The Equipment to be acquired under the Equipment Purchase Agreement are mainly for the purpose of setting up five production lines for photovoltaic TOPCon battery. The Directors believe that the purchase of the Equipment would allow the Group to tap into the photovoltaic business and diversify the business operations of the Group, as well as contribute towards the Group's business in the manufacturing and sales of photovoltaic battery. The Directors believe that the development of photovoltaic business will bring synergy to the Group's business and strengthen the revenue base of the Group, which will in turn enhance return to the Shareholders.

The Group has taken into account the market reputation, 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 Purchasers and the Vendor. 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.

LISTING RULES IMPLICATIONS

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A circular containing, among other things, (i) further information of the Equipment Purchase Agreement and the transactions contemplated thereunder; and (ii) other information required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 13 June 2023.

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 (stock code: 1735)
“Director(s)”	the director(s) of the Company
“Equipment”	five fully automatic customised production lines for photovoltaic TOPCon battery, comprising TOPCon battery systems and related components
“Equipment Acceptance Certificate”	the equipment acceptance certificate to be signed by the Purchasers and the Vendor upon passing of the final acceptance test of the Equipment
“Equipment Purchase Agreement”	the equipment purchase agreement dated 22 May 2023 entered into between the Vendor (as vendor) and the Purchasers (as purchasers) in relation to the sale and 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
“PRC”	the People’s Republic of China, which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Equipment”	two fully automatic production lines for photovoltaic modules, comprising nine sets and 80 units of photovoltaic equipment and components, being the subject matter of the Previous Equipment Purchase Agreement

“Previous Equipment Purchase Agreement”	the equipment purchase agreement dated 21 September 2022 entered into between the Vendor (as vendor) and the Group (as purchaser) in relation to the sale and purchase of the Previous Equipment
“Previous Equipment Purchase Announcement”	the announcement of the Company dated 21 September 2022 in relation to the entering into of the Previous Equipment Purchase Agreement
“Previous Equipment Purchase Supplemental Announcement”	the announcement of the Company dated 27 September 2022 providing supplemental information on the ultimate beneficial owners of the Vendor
“Purchasers”	Purchase 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)先進電池製造有限公司 (Zhonghuan Zhongqing (Anhui) Advanced Battery Manufacturing 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
“TOPCon”	tunnel oxide passivated contact
“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

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

Hong Kong, 22 May 2023

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.

For the purpose of this announcement, translation of Renminbi into Hong Kong dollars is based on the exchange rate of HK\$1 = RMB0.89.

** For identification purposes only*