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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 HOTEL MANAGEMENT CONTRACT



Draco Capital Limited
Financial Adviser to the Company

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**”).

THE HOTEL MANAGEMENT CONTRACT

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 20 August 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 and Zhejiang Guoda Leidisen Restaurant Management Co.,Ltd. (浙江國大雷迪森酒店管理有限公司) (the “**Hotel Manager**”), entered into a hotel management contract (the “**Management Contract**”) in relation to the provision of hotel management services to Quzhou Zhonghuan Landison Retreat Hotel* (衢州中環雷迪森莊園酒店) (the “**Hotel**”) which is owned and under development by Zhejiang Xintianpu.

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 and its ultimate beneficial owners is an Independent Third Party to the Company and its connected persons (as defined in the Listing Rules).

The principal terms of the Management Contract:

- Parties : (i) Zhejiang Xintianpu
(ii) The Hotel Manager
- Provision of hotel management services : Zhejiang Xintianpu shall appoint the Hotel Manager to provide hotel management services to manage and operate the Hotel with a view to establish the Hotel into a cultural themed resort hotel with the “LANDISON Hotels & Resorts” brand (雷迪森度假品牌) in accordance with the terms of the Management Contract.
- Term : 10 years starting from the soft opening day (the “**Soft Opening Day**”) (being the day following the construction period which is expected to be 2.5 years from the date of the Management Contract (the “**Construction Period**”))
- Hotel management Service Fee : (i) A fixed consulting management fee of RMB800,000 for the Construction Period shall be charged by the Hotel Manager to Zhejiang Xintianpu, of which
- 50% shall be payable within 7 business days from the date of the signing of the Management Contract;
 - 30% shall be payable within 7 business days from 12 months after the date of the signing of the Management Contract;
 - 20% shall be payable within 7 business days from the Soft Opening Day.
- (ii) The basic management fee of a percentage of the revenue derived by the Hotel per month shall be charged by the Hotel Manager to Zhejiang Xintianpu and payable within 10 business days from the end of each month.

- (iii) The GOP Ratio bonus management fee, which shall be calculated based on the bonus percentage of the annual gross operating profit (“**GOP**”) of the Hotel, which shall be payable within 25 days of the first month of the following year.

Other auxiliary services : LANDISON central reservation system, “YEARNING CLUB” membership program, hotel management system, sales channels via the Hotel Manager online flag stores and room reservation channels

INFORMATION ABOUT ZHEJIANG XINTIANPU AND THE HOTEL MANAGER

Zhejiang Xintianpu is a company incorporated in the People’s Republic of China (the “**PRC**”) in October 2019 with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the agricultural tourism development, research and development and sales of tourist products, tourist attraction development, construction and development, property development, residential construction and landscaping construction.

The Hotel Manager is a company incorporated in the PRC in October 2005 with limited liability and is principally engaged in the provision of hotel management, hospitality advisory service, property management and related consulting services. The Hotel Manager has established a well-known hotel and tourism group with the brands of “LANDISON” and “YEARNING CLUB” and is currently managing more than 100 hotel and tourism projects with more than 22,000 beds and providing advisory and consulting services to more than 20 hospitality projects in the PRC.

REASONS FOR ENTERING INTO THE CONTRACT

The Company always strives to improve the Company’s business operations and financial position by proactively seeking business opportunities that would diversify the Company’s existing business portfolio, broaden its source of income and enhance value to the shareholders. The Directors considers that entering into the Management Contract will enable the Company and the Hotel Manager to seize this cooperation opportunity and jointly develop the Hotel and its project zone into properties with the theme of “Rural and Wellness Complex” by leveraging the Hotel Manager’s extensive experience in the hotel industry with the well-known brands of “LANDISON” and “YEARNING CLUB” which have been established for years and expertise in the development, management and operation of hotel projects.

The Directors are of the view that the entering into of the Management Contract is in the ordinary and usual course of business of the Company and considers that the terms of the Management Contract are fair and reasonable and in the interests of the Company and the 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 Management Contract.

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

Hong Kong, 20 August 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, Mr. Gao Jian and Ms. Zhu Yujuan; and the independent non-executive Directors are Dr. Li David Xianglin, Mr. Wang Wenxing and Dr. Zhou Chunsheng.