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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 A STRATEGIC COOPERATION AGREEMENT

This announcement is made by Central Holding Group Co. Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

THE AGREEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 14 September 2022 (after trading hours), Central Digitech (Jiangsu) Smart Technology Co., Ltd.* (中環數科(江蘇)智能科技有限公司) (“**Central Digitech**”), an indirect wholly-owned subsidiary of the Company, and the Yangzhou branch office of China Telecom Corporation Limited, a company listed on the Shanghai Stock Exchange (stock code: 601728) and the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 728) (“**China Telecom (Yangzhou)**”) entered into a strategic cooperation agreement (the “**Agreement**”).

Pursuant to the Agreement, China Telecom (Yangzhou) has agreed to give priority to Central Digitech when selecting cooperation partner in respect of the energy-efficient industrial internet of things (“**IIoT**”) solutions contracts (each a “**Contract**”, collectively, the “**Contracts**”) that it secured during the Term (as defined below), and Central Digitech has agreed to provide products, services and operational support in respect of the Contracts.

THE PRINCIPAL TERMS OF THE AGREEMENT

Principal terms of the Agreement are as follows:

Date:	14 September 2022
Parties:	(i) China Telecom (Yangzhou) (ii) Central Digitech
Term:	3 years (from 14 September 2022 to 13 September 2025) (the “ Term ”)

Provision of energy-efficient IIoT solutions services:	China Telecom (Yangzhou) and Central Digitech shall cooperate to provide customers with products and services relating to energy-efficient IIoT systems, including but not limited to digital lumens, IoT interconnectors, E2C software products, smart illumination software products, indoor positioning software products, wireless backbone network software products, industrial air compressor AI energy-saving products and industrial air-conditioning AI energy-saving products.
Mode of cooperation:	<p>China Telecom (Yangzhou) shall focus on building customer relations, expanding the market and entering into Contracts with end-user customers, and give priority to Central Digitech when selecting cooperation partner in respect of the Contracts.</p> <p>Central Digitech shall focus on providing operational support for supplying energy-efficient IIoT products and services and after-sales services in respect of the Contracts.</p> <p>Both parties mutually agreed that, within three years, they strive for securing contracts from not fewer than 300 government or corporate customers within the region of Yangzhou, the People’s Republic of China (the “PRC”) and the total amount of signed contract will not be less than RMB300,000,000 (the “Joint Target”).</p>
Payment method:	Product costs and service fees in respect of the Contracts, to be agreed between both parties by separate agreements, shall be made payable by China Telecom (Yangzhou) to Central Digitech on a monthly basis.
Rights and obligations of China Telecom (Yangzhou):	<p>China Telecom (Yangzhou) shall:</p> <ul style="list-style-type: none"> (a) have the right to determine the price of the Contracts at its sole and absolute discretion, and adjust marketing and products pricing policies according to market conditions; (b) have the right to conduct quality checks on the services provided by Central Digitech and require Central Digitech to carry out rectification works according to the terms and conditions of the Agreement, as well as its internal standards and management requirements; (c) provide Central Digitech with the necessary platform and operational platform interface for the carrying out of the Contracts;

- (d) cooperate with Central Digitech regarding the implementation and testing works on Yangzhou Telecom Platform* (揚州電信平台) (the “**Telecom Platform**”) in respect of the Contracts, including but not limited to providing Central Digitech with the relevant technical documentation for connecting and loading Central Digitech’s energy-efficient IIoT systems on the Telecom Platform and coordinating with Central Digitech on testing works in relation to loading of platform operational functions;
- (e) make use of its resources (e.g. platform, manpower and funding, etc.) to provide the necessary assistance in conducting promotional and marketing activities for the securing of the Contracts, including but not limited to formulating missions, assessment indicators and sales management policies for the securing of the Contracts according to the Joint Target within 30 days after the signing of the Agreement; and
- (f) recommend Central Digitech’s products and software services to its other branch offices within the Jiangsu province of the PRC and facilitate collaboration.

Rights and obligations of
Central Digitech:

Central Digitech shall:

- (a) have the right to require China Telecom (Yangzhou) to provide all necessary network interface specifications and relevant technical standards, and cooperate in operational testing for the carrying out of the Contracts;
- (b) provide services to customers of the Contracts through the Telecom Platform;
- (c) be responsible for before-sales, on-sales and after-sales services, and project implementation and delivery, including but not limited to (i) supplying standardised ancillary products to energy-efficient industrial IIoT systems, (ii) the deployment, testing, and provision of upgrades, maintenance and customer training services relating to the relevant systems and softwares, and (iii) handling issues arising from system malfunction;
- (d) supply products and services to customers of the Contracts through China Telecom (Yangzhou), and cooperate with China Telecom (Yangzhou) in settling bills with end customers of the Contracts;

- (e) ensure it has all necessary qualifications and capabilities for carrying out its responsibilities under the Agreement;
- (f) ensure the quality, safety and operational stability of the products and services so provided, including but not limited to the stable operation of the relevant systems;
- (g) ensure that the products and services provided in respect of each of the Contracts (i) comply with the relevant policies, laws and regulations of the PRC, (ii) do not harm the interests of the customers, and (iii) do not infringe the legitimate rights and interests of third parties (including but not limited to intellectual property rights); and
- (h) ensure the running of a 24/7 communication channel with China Telecom (Yangzhou).

Termination:

The Agreement shall be terminated prior to the expiry of its Term if one or more of the following events has/have occurred:

- (a) China Telecom (Yangzhou) having given Central Digitech prior written notice of its intention to terminate the Agreement in the event that it shall cease or terminate the Agreement for reasons relating to network and equipment, given that China Telecom (Yangzhou) shall fully compensate Central Digitech for the costs of all installations, technology or manpower that have already been incurred by Central Digitech;
- (b) any of the parties having committed a breach of the terms and conditions of the Agreement resulting in the Agreement being unable to carry out, the non-defaulting party has the right to terminate the Agreement; and
- (c) the Agreement being unable to carry out due to force majeure and both parties mutually agree to early terminate the Agreement.

INFORMATION ABOUT CHINA TELECOM (YANGZHOU)

China Telecom (Yangzhou) is a company established in the PRC with limited liability. It is principally engaged in fundamental telecommunications services, value-added telecommunications services and communication facilities leasing. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, China Telecom (Yangzhou) and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")).

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Board believes that the strategic cooperation as contemplated and outlined in the Agreement will allow the Group to leverage its experience and capabilities in the IIoT solutions market. The Board also believes that the strategic investment may expand the Group's business scope, broaden its income sources and enhance its financial performance. The Board also considers that the strategic investment will show its support with the relevant laws and regulations and the relevant policy guidelines introduced by the PRC government to focus on environmental governance, energy conservation, "carbon neutrality" and "emission peak", as well as beneficial to the future growth of the Group and will be in the interests of the Company and its shareholders (the "Shareholders") as a whole.

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

Shareholders and potential investors should note that the Agreement merely provides a strategic cooperation framework between the Group and China Telecom (Yangzhou). The terms of the cooperation contemplated under the Agreement are subject to the terms of any definitive agreements which the Group and China Telecom (Yangzhou) may subsequently enter into from time to time. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules.

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

Hong Kong, 15 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.

* *For identification purposes only*