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**CENTRAL DEVELOPMENT HOLDINGS LIMITED**

**中發展控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 475)**

**SUPPLEMENTAL AGREEMENT  
IN RELATION TO  
THE DISCLOSEABLE AND CONNECTED TRANSACTION**

**THE SUPPLEMENTAL AGREEMENT**

Reference is made to the announcement of the Company dated 19 August 2022 in relation to acquisition of 35% equity interest in the Target Company and the issue of Convertible Bonds under the general mandate.

Pursuant to the terms of the Supplemental Agreement, no transfer and/or assignment of Convertible Bonds will take place before JV Company obtains the Gas Business License. If the JV Company cannot obtain the Gas Business License on or before 30 June 2024, the Convertible Bonds will be automatically cancelled on 1 July 2024, the Company will transfer the shares of the Target Company to the Vendor and the Vendor will return the Convertible Bonds to the Company for nil consideration on or before 6 July 2024. If any party is subject to mandatory detention/quarantine/isolation due to government anti-epidemic measures, the dates mentioned herein above will be automatically extended according to the number of days affected.

Save as disclosed above, there is no other material variation to the Agreement.

**Completion of the Proposed Acquisition is conditional upon the fulfilment of the Conditions Precedent, which may or may not be fulfilled. Accordingly, the Proposed Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the Shares and other securities of the Company.**

Reference is made to the announcement of the Company dated 19 August 2022 (the “**Announcement**”) in relation to, among other things, the acquisition of 35% equity interest in the Target Company and the issue of Convertible Bonds under the general mandate. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

## **THE SUPPLEMENTAL AGREEMENT**

The Board announces that, on 15 November 2022, the Purchaser, the Vendor and the Target Company entered into a supplemental agreement to the Agreement (the “**Supplemental Agreement**”).

The principal terms of the Supplemental Agreement are as follows:

Date: 15 November 2022

Parties:

- (i) the Purchaser, as the purchaser;
- (ii) the Vendor, as the vendor; and
- (iii) the Target Company

### **Consideration**

The consideration of HK\$52,000,000 for the sale and purchase of the Sale Shares shall be settled by the Purchaser to procure the Company to allot and issue the Convertible Bonds to the Vendor within 1 month after the date of Completion (exclusive of any period that the securities of the Company must not be dealt in under the Listing Rules) on the condition that no transfer and/or assignment of Convertible Bonds shall take place before JV Company obtains the Gas Business License.

### **Post-Completion Obligations**

If the JV Company cannot obtain the Gas Business License on or before 30 June 2024, the Convertible Bonds will be automatically cancelled on 1 July 2024, the Company will transfer the shares of the Target Company to the Vendor and the Vendor will return the Convertible Bonds to the Company for nil consideration on or before 6 July 2024. If any party is subject to mandatory detention/quarantine/isolation due to government anti-epidemic measures, the dates mentioned herein above will be automatically extended according to the number of days affected.

## Principal Terms of the Convertible Bonds

- Conversion rights : the Bondholder will have the right to convert the whole or part of the principal amount of the Convertible Bond (in integral multiple of HK\$1 million or such lesser amount representing the entire outstanding principal amount of the Convertible Bond) into Conversion Shares at any time after JV Company has obtained the Gas Business License, on the date of the grant of the Gas Business License up to the close of business on the date falling 5 business days prior to the Maturity Date, provided that such conversion would not render Shares in the public hands being less than the minimum public float defined under Rule 8.08 of the Listing Rules or other relevant requirements under the Listing Rules and the Bondholder shall not exercise any conversion right unless it provides evidence to the reasonable satisfaction of exercising the conversion right that the Bondholder and persons acting in concert with it (as defined in the Takeovers Code) will not beneficially own 30% or more of the issued shares and/or or voting rights of the Company immediately after the conversion and/or trigger any mandatory general offer obligations under the Takeovers Code.
- Transferability : subject to all applicable laws and regulations and prior notification to the Company on the condition that no transfer and/or assignment shall take place before JV Company obtains the Gas Business License, the Convertible Bonds may be assigned or transferred in whole or in part of its principal amount outstanding (in integral multiple of HK\$1 million or such lesser amount representing the entire outstanding principal amount of the Convertible Bonds) to independent third parties, other than the connected person(s) of the Company.
- Restoration : If the JV Company cannot obtain the Gas Business License on or before 30 June 2024, the Convertible Bonds will be automatically cancelled on 1 July 2024, the Company will transfer the shares of the Target Company to the Vendor and the Vendor will return the Convertible Bonds to the Company for nil consideration on or before 6 July 2024. If any party is subject to mandatory detention/quarantine/isolation due to government anti-epidemic measures, the dates mentioned herein above will be automatically extended according to the number of days affected.

## EFFECT OF PROPOSED ACQUISITION ON THE SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately after full conversion of the Convertible Bonds:

Shareholders	As at the date of this Announcement		Immediately after completion of allotment and issue of the Convertible Bonds upon exercise of the conversion rights in full (Note 1)	
	Number of Shares	Approximate percentage (Note 5)	Number of Shares	Approximate percentage (Note 5)
Resources Rich	204,718,000 (Note 2)	52.82%	204,718,000 (Note 2)	44.71%
Mr. Hu Yangjun	3,066,000 (Note 3)	0.79%	3,066,000 (Note 3)	0.67%
Mr. Hu Yishi	2,736,000 (Note 4)	0.71%	2,736,000 (Note 4)	0.6%
The Vendor	–	–	70,270,270	15.35%
Public Shareholders	<u>177,044,000</u>	<u>45.68%</u>	<u>177,044,000</u>	<u>38.67%</u>
Total	<u><u>387,564,000</u></u>	<u><u>100%</u></u>	<u><u>457,834,270</u></u>	<u><u>100%</u></u>

Note:

- The numbers are for illustration purpose only. Pursuant to the Agreement, the Vendor will only convert the Convertible Bonds in a manner that will (i) not upset the public float of Shares on the Stock Exchange; and (ii) not trigger any mandatory general offer obligation under Rule 26 of the Takeovers Code.
- 50% of the entire issued share capital of Resources Rich is owned by Mr. Hu Yangjun while the other 50% is owned by Mr. Hu Yishi. Mr. Hu Yangjun and Mr. Hu Yishi are deemed to be interested in all the Shares in which Resources Rich is interested by virtue of the SFO.
- Mr. Hu Yangjun had a direct interest of 3,066,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yangjun, within the meaning of Part XV of the SFO. Ms. Zhang Qi is the spouse of Mr. Hu Yangjun. Accordingly, she is deemed to be interested in the same number of Shares and underlying Shares in which Mr. Hu Yangjun is interested in pursuant to the SFO.

4. Mr. Hu Yishi had a direct interest of 2,736,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yishi, within the meaning of Part XV of the SFO. Ms. Lin Min, Mindy is the spouse of Mr. Hu Yishi. Accordingly, she is deemed to be interested in the same number of Shares and underlying Shares in which Mr. Hu Yishi is interested in pursuant to the SFO.
5. The percentage figures included in this table are subject to rounding adjustment.
6. The figures above assume that other than the Conversion Shares, no further Shares are issued or repurchased by the Company, and no Shares are sold or purchased by the Vendor or his associate(s), in each case on or after the date of this announcement and up to the date the allotment and issue of and the Conversion Shares.

The Proposed Acquisition will not result in change in control of the Company.

### **REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT**

It is mandatory for the JV Company to obtain the Gas Business License prior to the commencement of gas business operation. Despite the Vendor has guaranteed to the Company that the conditions for applying for the Gas Business License will be met and various procedures and materials have been approved by the PRC government, the PRC government will only grant the Gas Business License if the trial operation is normal. Although there is sufficient assurance provided by the Vendor that there should be no obstacle for the JV Company to obtain the Gas Business License and there will be no legal and procedural impairment arising from the Vendor obstructing the JV Company from obtaining the Gas Business License prior to issuing the Convertible Bonds to the Vendor, the actual result of the trial operation is outside the control of the Vendor and the Company. The Supplemental Agreement is a measure in place to protect Company's interest should the trial operation fails and/or the Gas Business License is not granted after Completion.

### **THE GENERAL MANDATE**

The Conversion Shares upon exercise in full of the Convertible Bonds will be allotted and issued pursuant to the General Mandate.

### **EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

The Company had not carried out any equity fund raising activities in the 12 months immediately preceding the date of this announcement.

### **APPLICATION FOR LISTING**

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. The Conversion Shares, when allotted and issued, will rank pari passu in all respects with all the existing Shares in issue.

## **LISTING RULES IMPLICATIONS**

### **Discloseable Transaction**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Acquisition is more than 5% but less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Group under Chapter 14 of the Listing Rules.

### **Connected Transaction**

As at the date of this announcement, the Vendor, being the ultimate beneficial owner of 49% of the equity interest in Chengdu Kaibangyuan through Sichuan Huahan which is wholly owned by Zhongtouhongsheng, the entire equity interest in which is owned by the Vendor, is a substantial shareholder of the Chengdu Kaibangyuan, an indirect non-wholly owned subsidiary of the Company. Hence, the Vendor is a connected person of the Company at the subsidiary level of the Company under the Listing Rules, and the Proposed Acquisition constitutes a connected transaction of the Group under Chapter 14A of the Listing Rules. The Proposed Acquisition and the issue of Convertible Bonds as Consideration, but for Rule 14A.37 of the Listing Rules, are subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The Company has applied for, and on 25 August 2022, the Stock Exchange has granted, a waiver from the requirement for the Company to convene a general meeting under Rule 14A.37 of the Listing Rules on the basis that: (i) to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder had a material interest in the Proposed Acquisition and issue of Convertible Bonds as Consideration, and no Shareholder would be required to abstain from voting if the general meeting of the Company was convened to approve the Proposed Acquisition and issue of Convertible Bonds as Consideration; and (ii) written approvals by Resources Rich which is directly interested in 204,718,000 Shares and such Shares constituted approximately 52.82% of the total number of Shares as at the date of this announcement, had been obtained by the Company for implementing the Proposed Acquisition and issue of Convertible Bonds as Consideration in lieu of convening a general meeting.

None of the Directors has a material interest in the Agreement and the transactions contemplated thereunder and therefore none of the Director was required to abstain from voting on the relevant board resolutions in respect to approving the Proposed Acquisition and the issue of Convertible Bonds.

## **GENERAL**

The Directors (including the independent non-executive Directors) are of the view that although the Proposed Acquisition and the issue of Convertible Bonds are not conducted in the ordinary and usual course of business of the Company, they are in the interests of the Company and the Shareholders as a whole.

The Independent Board Committee, comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Proposed Acquisition and the issue of Convertible Bonds. The Company has appointed an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing, among other things, (i) further details of the Proposed Acquisition and the issue of the Convertible Bonds; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser; and (iv) other information as required under the Listing Rules, will be despatched by the Company to the Shareholders in accordance with the requirements of the Listing Rules. The circular is expected to be despatched by the Company to the Shareholders on or before 18 November 2022.

By Order of the Board  
**Central Development Holdings Limited**  
**Wu Hao**  
*Chairman and Executive Director*

Hong Kong, 15 November 2022

*As at the date of this announcement, the Board consists of three executive Directors, namely Mr. Wu Hao, Mr. Hu Yangjun and Mr. Chan Wing Yuen, Hubert; a non-executive Director, namely Mr. Li Wei Qi, Jacky; and three independent non-executive Directors, namely Mr. Jin Qingjun, Ms. Sun, Ivy Connie and Ms. Zhong Yingjie, Christina.*