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中達集團控股有限公司

CENTRAL WEALTH GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 139)

DISCLOSEABLE AND MAJOR TRANSACTION ACQUISITION OF SHARES IN SENWORTH LIMITED

On 4 November 2022 (after trading hours), the Purchaser entered into the 2022 Sale and Purchase Agreement with the Vendor B pursuant to which the Vendor B agreed to sell and the Purchaser agreed to acquire the 2022 Sale Shares for a total consideration of HK\$80,640,000.

As the relevant percentage ratio(s) exceed 5% but all relevant percentage ratios are below 25%, the 2022 Acquisition and the transactions contemplated thereunder constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and are subject to the announcement under Chapter 14 of the Listing Rules.

As the relevant percentage ratio(s) of the 2022 Acquisition and the 2023 Acquisition in aggregation exceed 25% but are below 100%, the 2023 Acquisition in aggregation with the 2022 Acquisition and the transactions contemplated thereunder constitute a major transaction on the part of the Company under Chapter 14 of the Listing Rules and are subject to ratification and approval by the Shareholders at the SGM.

Reference is made to the announcements of the Company dated 29 and 30 November 2023 (the “**Announcements**”) in relation to the 2023 Acquisition. Unless the context requires otherwise, capitalized terms used herein shall bear the same meanings as defined in the Announcements.

THE 2022 ACQUISITION

On 4 November 2022 (after trading hours), the Purchaser entered into the 2022 Sale and Purchase Agreement with the Vendor B pursuant to which the Vendor B agreed to sell and the Purchaser agreed to acquire the 2022 Sale Shares for a total consideration of HK\$80,640,000.

2022 Sale and Purchase Agreement

Date: 4 November 2022 (after trading hours)

Parties: (1) Vendor B
(2) Purchaser

The Vendor B is an individual and is a merchant. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor B is an Independent Third Party.

The Purchaser is a wholly owned subsidiary of the Company incorporated in the British Virgin Islands and is principally engaged in investment holdings.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor B has conditionally agreed to sell the 2022 Sale Shares, representing 24% of the issued share capital of the Target Company.

Consideration

The total consideration payable by the Purchaser to the Vendor B under the 2022 Sale and Purchase Agreement is HK\$80,640,000, of which HK\$30,000,000 would be satisfied in cash and the remaining balance of HK\$50,640,000 would be satisfied by issuing 2022 Promissory Notes to the Vendor B (or such other method of payment as the Vendor B and the Purchaser may agree).

The consideration for the 2022 Acquisition was determined with reference to the net asset value of the Target Company and arrived at after arm's length negotiations between the relevant parties to the 2022 Sale and Purchase Agreement. The Directors (including the independent non-executive Directors) consider the terms of the 2022 Acquisition (including but not limited to the consideration) to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

2022 Promissory Notes

The terms of the 2022 Promissory Notes have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer

The Purchaser

Principal amount

HK\$50,640,000

Interest

The 2022 Promissory Notes carried interest at the interest rate of 3% per annum. Interest would be payable in lump sum upon maturity.

The interest rate was determined after arm's length negotiations with reference to the lending rate of loans of financial institutions.

Maturity

A fixed term of two years from the date of issue of the 2022 Promissory Notes.

Early repayment

The Purchaser could, at its option, early repay the 2022 Promissory Note with outstanding interest accrued thereon in whole or in part in integral multiples of principal amount of HK\$1 million by giving a prior ten Business Days' written notice to the relevant Vendor.

Transferability

The 2022 Promissory Note is transferrable in integral multiples of principal amount of HK\$1 million.

Completion

Completion of the 2022 Acquisition has taken place in March 2023. The consideration of the 2022 Acquisition was settled by the Purchaser in accordance with the terms of 2022 Sale and Purchase Agreement, although the Purchaser early redeemed the 2022 Promissory Note in first half of 2023 in light of the then cash position of the Group and in order to save interest expenses under the 2022 Promissory Note.

Immediately before Completion of the 2022 Acquisition, the Purchaser was interested in 25% of the issued share capital of the Target Company. Upon Completion of the 2022 Acquisition, the Purchaser was interested in 49% of the issued share capital of the Target Company and the 2022 Sale Shares will be classified as investments in associated company in accordance with applicable accounting standards.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holdings. As at the time of entering into of the 2022 Sale and Purchase Agreement, the Target Company was owned as to 25% by the Vendor B, as to 25% by the Purchaser and as to 50% by two Independent Third Parties. The Target Company holds 90% equity interests in Tianshun Property, a company established in the PRC with limited liability. Tianshun Property in turn holds 50% equity interests in Guangda Property, a company established in the PRC with limited liability. Guangda Property holds the land use rights of the Property.

Set out below is the financial information of the Target Group:

	For the six months ended 30 June 2022 HK\$'000 (Unaudited)	For the year ended 31 December 2021 HK\$'000 (Unaudited)	For the year ended 31 December 2020 HK\$'000 (Unaudited)
Revenue	3,561	–	–
Profit (Loss) before taxation	209,094	104,552	(437)
Profit (Loss) after taxation	209,094	104,552	(437)
Net asset value	347,737	103,612	(940)

The Property is a piece of land located in Shantou City, Guangdong Province, the PRC with gross area of approximately 44,755.57 sq. m. for property development. The land use right is from 11 March 1998 to 12 November 2066.

REASONS FOR THE 2022 ACQUISITION

The Group is principally engaged in securities and futures dealing business, financial investments and money lending business.

The Directors have always been proactive in seeking opportunities for diversifying of the scope of business of the Group. The Directors considered that the 2022 Acquisition represents an investment opportunity to participate in the PRC property investment market and the Group will have the benefits from the long term appreciation of the price in properties in the PRC.

The Directors are optimistic to the long term property market in the PRC. In view of the possibility of future long term appreciation in value of the Property, the Directors believe that the investment in the 2022 Sale Shares would be beneficial to the Group. Taking into consideration of the aforesaid, the Directors (including the independent non-executive Directors) consider that the terms of the 2022 Acquisition are fair and reasonable and are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

SUPPLEMENTAL INFORMATION

Reference is made to the Announcements in relation to the 2023 Acquisition. As at the date of this announcement, the Company has no intention to amend the method of payment with the Vendor and further announcement(s) will be made when there is change of method of payment of consideration under the Sale and Purchase Agreement.

The Board considers that the net asset value of the Target Company is a fair and reasonable benchmark in determining the Target Company's value in light of its business nature. The net asset value of the Target Company is based on, among others, the valuation of land use rights in the PRC and the liabilities of the Target Company. As such, the Company considers that the net asset value of the Target Company is a fair and reasonable yardstick for determining the consideration.

To the best of the knowledge of the Company, the parties holding the remaining 26% interest in the Target Company are Mr. Shio Tian Ho (25%) and the Vendor B (1%) respectively. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the shareholders of the Target Company are Independent Third Parties.

The 2023 Acquisition was completed in early December 2023 and in the event that the 2023 Acquisition would not be approved and ratified by the Shareholders at the SGM, it is the understanding between the Purchaser and the Vendor that there will be reversal of the transaction as if the Sale and Purchase Agreement were not entered into.

LISTING RULES IMPLICATION

As the relevant percentage ratio(s) exceed 5% but all relevant percentage ratios are below 25%, the 2022 Acquisition and the transactions contemplated thereunder constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and are subject to the announcement under Chapter 14 of the Listing Rules.

As the relevant percentage ratio(s) of the 2022 Acquisition and the 2023 Acquisition in aggregation exceed 25% but are below 100%, the 2023 Acquisition in aggregation with the 2022 Acquisition and the transactions contemplated thereunder constitute a major transaction on the part of the Company under Chapter 14 of the Listing Rules and are subject to the announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A SGM will be convened and held for the Shareholders to approve the 2022 Acquisition and the 2023 Acquisition and the transactions contemplated thereunder. To the best knowledge, information and belief of the Directors and having made reasonable enquiries, no Shareholder is involved in or interested in the 2022 Sale and Purchase Agreement and/or the Sale and Purchase Agreement and the transactions contemplated thereunder which requires him/her/it to abstain from voting on the proposed resolution(s) to approve the 2022 Acquisition and the 2023 Acquisition and the transactions contemplated thereunder at the SGM.

A circular containing, among others, (1) details of the 2022 Acquisition and the 2023 Acquisition and the transactions contemplated thereunder; and (2) a notice of the SGM will be despatched to the Shareholders on or before 16 February 2024 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Due to an inadvertent oversight, the 2022 Acquisition was not timely disclosed by the Company in accordance with the requirements under the Listing Rules, and the Company unintentionally and inadvertently failed to comply the requirements under Chapter 14 of the Listing Rules timely. This announcement is made by the Company so as to re-comply with the Listing Rules requirements.

Due to inadvertent oversight with the misunderstanding (1) the 2022 Sale and Purchase Agreement date was more than twelve months preceding the 2023 Sale and Purchase Agreement; and (2) the 2022 Acquisition and the 2023 Acquisition were negotiated separately with different Independent Third Parties, the Company did not aggregate the 2022 Acquisition with the 2023 Acquisition, and the Company unintentionally and inadvertently failed to comply with the Shareholders' approval requirements in respect of the 2023 Acquisition for major transaction under Chapter 14 of the Listing Rules. As disclosed in this announcement, the Company will seek Shareholders' approval and ratification at the forthcoming SGM so as to re-comply with the Listing Rules requirements.

In order to prevent similar occurrence of non-compliance in future, the Company has taken and will take the following remedial actions:

- (i) the Company had reviewed transactions conducted and checked whether it is necessary for the Company to comply with any requirements under the Listing Rules. Save as disclosed in this announcement, the Company did not discover other transaction which would be required to comply with the requirements under the Listing Rules;
- (ii) the Company has published this announcement in relation to the 2022 Acquisition to re-comply with the Listing Rules requirements and will seek Shareholders' approval and ratification at the forth coming SGM in respect of the 2023 Acquisition and the transactions contemplated thereunder;
- (iii) the Company has conducted its internal review about the transactions and will review and update the procedures of notifiable transaction of the Company and implement the necessary measures to enhance the internal control of the Company; and
- (iv) relevant trainings have been provided to the relevant personnel(s) of the Group in relation to the requirements under Chapters 13, 14 and 14A of the Listing Rules to get themselves familiar with the requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“2022 Acquisition”	the acquisition of the 2022 Sale Shares as contemplated under the 2022 Sale and Purchase Agreement
“2022 Promissory Note”	the promissory note issued by the Purchaser to Vendor B to settle part of the consideration payable under the 2022 Sale and Purchase Agreement
“2022 Sale and Purchase Agreement ”	the conditional sale and purchase Agreement dated 4 November 2022 and entered into between the Purchaser and the Vendor B in respect of the sale and purchase of the 2022 Sale Shares

“2022 Sale Shares”	24 ordinary shares to be sold by the Vendor B to the Purchaser under the 2022 Sale and Purchase Agreement, representing 24% of the issued share capital of the Target Company
“2023 Acquisition”	the acquisition of the Sale Shares as contemplated under the Sale and Purchase Agreement as announced on 29 November 2023
“SGM”	the special general meeting of the Company to be held and convened for approving and ratifying the 2023 Acquisition and the transactions contemplated thereunder
“Vendor B”	Mr. Chen Yihao, the vendor under the 2022 Sale and Purchase Agreement

By order of the Board
Central Wealth Group Holdings Limited
Chen Xiaodong
Chairman

Hong Kong, 29 January 2024

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors

Mr. Chen Xiaodong (*Chairman*)
Mr. Li Jing (*Chief Executive Officer*)
Mr. Yu Qingrui
Ms. Song Caini
Mr. Chen Hongjin

Independent non-executive Directors

Mr. Kwok Chi Kwong
Mr. Wu Ming
Ms. Li Meifeng