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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)

UPDATE ANNOUNCEMENT MAJOR TRANSACTION PROPOSED DISPOSAL OF THE TARGET COMPANY EXECUTION OF FORMAL AGREEMENT

Reference is made to the announcements of Central Wealth Group Holdings Limited (the “**Company**”) dated 4 February 2020 (the “**First Announcement**”), 12 February 2020, 28 February 2020 and 19 March 2020 (the “**Fourth Announcement**”) in relation to the proposed disposal of the entire issued share capital in and the shareholders’ loan of Metro Victor Limited (進鴻有限公司) (the “**Proposed Disposal**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the First Announcement.

The Board hereby announces that on 20 March 2020 (after trading hours), the Vendor, the Purchaser and Mr. Chen Xiaodong (the “**Guarantor**”), chairman of the Company, entered into a formal sale and purchase agreement for the Proposed Disposal (the “**Formal Agreement**”), which supersedes the Preliminary SPA and contains substantially the same material terms of the Preliminary SPA as disclosed in the First Announcement, save and except for the following terms.

THE FORMAL AGREEMENT

Date: 20 March 2020 (after trading hours)

Parties: (1) the Vendor;
(2) the Purchaser; and
(3) the Guarantor.

Conditions Precedent

Completion of the Proposed Disposal (the “**Completion**”) shall be subject to and conditional upon the following conditions (“**Conditions Precedent**”):

- (a) the Vendor having shown and proved that the Target Company has a good title to the Property in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Cap.219 of the laws of Hong Kong);
- (b) there having been no outstanding tax demands, notices, orders, complaints or requirements issued by any governmental body, authority or department to the Target Company in respect of the Property or any part thereof or requiring compliance with the terms of the government lease in respect of the Property;
- (c) the Vendor having at its own costs and expenses procure a release(s)/discharge(s) of all the charge(s)/mortgage(s) and incumbrance of whatsoever nature on the Property to the intent that the Property should be free from all the encumbrances upon Completion;
- (d) the Vendor having delivered vacant possession of the Property to the Purchaser and/or the Target Company;
- (e) the Target Company having no liabilities or indebtedness (whether actual or contingent) as at Completion other than the Sale Loans;
- (f) there having been no breach of the warranties set out in the Formal Agreement (the “**Warranties**”) from the date of the Formal Agreement up to and inclusive of the date of the Completion (the “**Completion Date**”);
- (g) all the Warranties remaining true and accurate in all respects as at Completion;
- (h) satisfactory completion of due diligence review by the Purchaser on the business, financial, legal and other aspects of the Target Company before Completion and reasonably satisfied with the results thereof;
- (i) the Vendor having duly complied with the Formal Agreement in all respects insofar as the same are to be complied with on or before Completion.
- (j) all necessary licence, consent, approval, authorisation, permission, waiver, order, exemption, qualification, registration, certificate, authority or other approval required to be obtained on the part of the Vendor and the Target Company in respect of the Preliminary SPA, the Formal Agreement and the transactions contemplated thereunder having been obtained, remaining in full force and effect and not being revoked; and
- (k) the Shareholders having resolved at a general meeting to approve the Preliminary SPA, the Formal Agreement and the transactions contemplated thereunder in accordance with the Listing Rules.

The Purchaser may waive (in whole or in part) any of the Conditions Precedent, such waiver shall be effective only if it is made in writing and notified to the Vendor’s solicitors.

The Vendor and the Guarantor shall use their best endeavours to procure and ensure that all the Conditions Precedent are fulfilled as early as practicable. The Vendor and the Guarantor shall at all times after the date of the Formal Agreement keep the Purchaser fully informed in writing in respect of all the matters in connection with the fulfilment of the Conditions Precedent. In the event that any of the Conditions Precedent is not fulfilled (or waived by the Purchaser) at least 14 Business Days before the Completion Date, the Purchaser shall be entitled to rescind the Formal Agreement upon giving written notice with immediate effect to the Vendor without liability on the part of the Purchaser.

Upon such rescission by the Purchaser, all moneys paid by the Purchaser to the Vendor under the Preliminary SPA and the Formal Agreement shall be returned to the Purchaser forthwith and the Purchaser shall also be entitled to recover from the Vendor damages (if any) which the Purchaser may sustain by reason of such failure on the part of the Vendor.

Consideration

The Consideration for the Proposed Disposal is HK\$380,000,000, which shall be paid by the Purchaser to the Vendor in the following manner:

- (a) as to HK\$5,000,000 as initial deposit (the “**Initial Deposit**”), which has been paid on the date of the Preliminary SPA;
- (b) as to HK\$52,000,000 as further deposit (the “**Further Deposit**”), which has been paid on 28 February 2020; and
- (c) the balance of the Consideration (being HK\$323,000,000 subject to the completion adjustment set forth in the paragraph headed “Completion Adjustment”) shall be paid to the Vendor upon Completion (which shall take place at or before 2:00 p.m. on the Completion Date).

Completion Adjustment

The Vendor shall deliver to the Purchaser or the Purchaser’s solicitors at least five days prior to the Completion Date the draft Completion Accounts (the “**Pro forma Accounts**”). If the NTAV as shown in the Pro forma Accounts is more or less than zero, the balance of the Consideration shall be adjusted upwards or downwards (as the case may be) accordingly in the manner as follows:

- (a) it shall be added to the balance of the Consideration all current tangible assets of the Target Company as shown in the Pro forma Accounts (up to and inclusive of the Completion Date), utilities and other miscellaneous deposits, prepaid government rent, rates, management fee and other expenses relating to the Property (up to and inclusive of the Completion Date); and
- (b) it shall be deducted from the balance of the Consideration all liabilities of the Target Company as shown in the Pro forma Accounts (other than the Sale Loans).

For the purpose of this announcement,

- (1) “**Completion Accounts**” means the management accounts of the Target Company comprising the unaudited balance sheet (consolidated or otherwise) and the unaudited profit and loss account of the Target Company, prepared in accordance with generally accepted accounting principal, standards, and practices in Hong Kong, for the period from 1 January 2020 up to and inclusive of the Completion Date certified to be true and correct by all the director(s) of the Target Company; and
- (2) “**NTAV**” means the aggregate of all tangible assets of the Target Company which are readily convertible into cash or cash equivalents (excluding the Property, any intangible assets and other fixed assets and deferred tax), less the aggregate of all liabilities (actual, contingent or otherwise but excluding the Sale Loans) and provisions of the Target Company as at the Completion Date.

Post-Completion adjustment

The Vendor undertakes to deliver to the Purchaser or the Purchaser’s solicitors within 30 days from the Completion Date the audited Completion Accounts. If the NTAV as shown in the audited Completion Accounts is more or less than the NTAV as shown in the Completion Accounts, the Purchaser or the Vendor (as the case may be) shall pay the difference to the other party within five days from the date of receipt of the audited Completion Accounts.

Completion

Completion shall take place on 2 July 2020 (or such other date as the Vendor and the Purchaser may agree in writing) at or before 2:00 p.m..

Should the Vendor (other than due to the default of the Purchaser) fail to complete the sale of the Sale Shares and/or the Sale Loans in accordance with the terms and conditions of the Formal Agreement, the Vendor shall immediately return to the Purchaser the Initial Deposit and the Further Deposit (and any other amount paid by the Purchaser to the Vendor, whether as part of the Consideration or not) whereas the Purchaser shall be entitled to recover from the Vendor damages (if any) which the Purchaser may sustain by reason of such failure on the part of the Vendor.

Should the Purchaser (other than due to the default of the Vendor) fail to complete the purchase of the Sale Shares and/or the Sale Loans in accordance with the terms and conditions of the Formal Agreement, the Vendor may forthwith determine the Formal Agreement by giving written notice of termination to the Purchaser or the Purchaser’s solicitors. The Vendor shall then be entitled to forfeit an amount equivalent to 10% of the Consideration as agreed liquidated damages but not as penalty without prejudice to any other rights and remedies of the Vendor including the right to sue for specific performance and/or damages.

Release of Mortgage, Assignment of Rental and Legal Charge

Pursuant to the Formal Agreement, the Vendor shall procure repayment of all amounts owing by the Target Company under the relevant mortgage, assignment of rental and legal charge on the Property on or before the Completion Date and that valid release in respect thereof, among other things, will be delivered to the Purchaser or the Purchaser's solicitors within 21 days from the Completion Date.

DEED OF TAX INDEMNITY

Pursuant to the Formal Agreement, the Vendor and the Guarantor have agreed to enter into a deed of tax indemnity (the "**Deed of Tax Indemnity**") with and in favour of the Purchaser and the Target Company on the Completion Date, pursuant to which the Vendor and the Guarantor agree to indemnify the Purchaser and the Target Company from and against certain tax liabilities of the Target Company for a period of seven years (two years for the Guarantor) following the Completion, subject to the terms and limitations therein.

DIRECTOR'S GUARANTEE

Pursuant to the Formal Agreement, the Guarantor has agreed to execute a deed of guarantee (the "**Guarantee**") for a period of two years after Completion in favour of the Purchaser upon signing of the Formal Agreement unconditionally and irrevocably guaranteeing the due observance and performance by the Vendor of all of its obligations in accordance with the Formal Agreement and/or the Deed of Tax Indemnity.

As the Guarantor is a Director, the provision of guarantee or indemnity pursuant to the Formal Agreement, the Guarantee and Deed of Indemnity constitutes a connected transaction in the form of financial assistance in favour of the Group. However, since such guarantee or indemnity is on normal commercial terms or better and no security over the assets of the Group will be granted, it will therefore be exempt from all reporting, announcement and independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

Save for the aforesaid, all the other material terms in relation to the Proposed Disposal remain unchanged.

As disclosed in the Fourth Announcement, a circular (the "**Circular**") containing, among other things, (i) further details of the Proposed Disposal; (ii) financial information of the Group; (iii) valuation report on the Property to be prepared by an independent professional valuer to the Company; and (iv) other information as required to be contained in the Circular under the Listing Rules together with a notice of the SGM and a form of proxy will be despatched to the Shareholders on or before 29 April 2020.

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

Hong Kong, 23 March 2020

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

Executive Directors

Mr. Chen Xiaodong (*Chairman*)
Mr. Xu Ke (*Chief Executive Officer*)
Mr. Yu Qingrui
Ms. Lam Hay Yin

Independent non-executive Directors

Mr. Kwok Chi Kwong
Mr. Wu Ming
Mr. Liu Hongwei