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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 TRANSACTION ACQUISITION OF 51% REGISTERED CAPITAL IN A COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES

On 19 December 2022, the Vendors, the Target Company, the Company and the Designated Subsidiary entered into the Agreement pursuant to which the Purchaser has agreed to purchase and the Vendors have agreed to sell the Sale Capital for a total Consideration of RMB145,600,000, which shall be settled by cash and/or allotment and issue of the Consideration Shares.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but are all less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

THE AGREEMENT

Date: 19 December 2022

Parties:

- (1) the Purchaser as purchaser
- (2) the Vendors as vendors
- (3) the Target Company as target company
- (4) the Designated Subsidiary as designated subsidiary

Vendor A is a PRC citizen and merchant. Vendor B is a PRC citizen and merchant. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors are Independent Third Parties.

The Company acts as the Purchaser under the Agreement and will designate the Designated Subsidiary to take up the Sale Capital.

The Target Company is a company established in the PRC with limited liability and is principally engaged in internet live broadcasting, KOL incubation and marketing and sales business in the PRC. To the understanding of the Company, the Target Company is the agent for live broadcasting and e-commerce business of “四火姐姐張琰琰”, a reputable artiste, celebrity and live broadcaster in the PRC.

The Designated Subsidiary is a company established in the PRC and is a wholly owned subsidiary of the Company.

Asset to be acquired

Pursuant to the Agreement, the Vendors have agreed to sell and the Purchaser has agreed to acquire the Sale Capital, representing 51% of the registered share capital of the Target Company, a company established in the PRC.

Consideration

The Consideration of RMB145,600,000 for the sale and purchase of the Sale Capital shall be settled by the Company to allot and issue to the Vendors the Consideration Shares credited as fully paid or in such other manner as may be agreed between the Company and the Vendors as follows:

- (1) as to RMB40,000,000 which will be settled by way of that upon fulfilment of the 1st Year Distribution Guarantee, the Purchaser shall allot and issue 400,523,564 Consideration Shares at the issue price of HK\$0.112 per Consideration Share to the Vendors provided that the allotment and issue of the relevant Consideration Shares will be on quarterly basis in line with the distribution(s) made by the Target Company to the Designated Subsidiary;
- (2) as to RMB48,000,000 which will be settled upon fulfilment of the 2nd Year Distribution Guarantee, by way of either (i) cash; or (ii) allotment and issue up to 192,251,310 Consideration Shares at the lowest issue price of HK\$0.28 or the then market price per Consideration Share (or combination of both) to the Vendors; and
- (3) as to RMB57,600,000 which will be settled upon fulfilment of the 3rd Year Distribution Guarantee, by way of either (i) cash; or (ii) allotment and issue up to 169,990,632 Consideration Shares at the lowest issue price of HK\$0.38 or the then market price per Consideration Share (or combination of both) to the Vendors.

The selection for payment methods for (2) and (3) above are subject to mutual agreement between the Purchaser and the Vendors provided that in the event that the 10-day average closing price per Share after fulfilment of the 2nd Year Distribution Guarantee or the 3rd Year Distribution Guarantee is less than HK\$0.28 or HK\$0.38, the Purchaser shall have the discretion to elect the payment method. If the aforesaid relevant share prices will be larger than HK\$0.28 or HK\$0.38, both parties shall be based on the view of realizing the value benefit for the Vendors, separately negotiate the specific payment method for the consideration.

The Consideration was determined with reference to the financial position of the Target Company and the Distribution Guarantee. The Consideration was arrived at after arm's length negotiations between the parties to the Agreement. The Directors consider that the terms and conditions of the Proposed Acquisition to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Consideration Shares

The first batch of the Consideration Shares will be issued at the issue price of HK\$0.112 per Consideration Share, which:

- (i) represents a discount of approximately 19.42% to the closing price of HK\$0.139 per Share as quoted on the Stock Exchange on the Last Trading Date; and
- (ii) represents a premium of approximately 1.63% over the average closing price of HK\$0.1102 per Share for the last five trading days up to and including the Last Trading Date.

The second batch of the Consideration Shares will be issued at the lowest issue price of HK\$0.28 per Consideration Share, which:

- (i) represents a premium of approximately 101% over the closing price of HK\$0.139 per Share as quoted on the Stock Exchange on the Last Trading Date; and
- (ii) represents a premium of approximately 154% over the average closing price of HK\$0.1102 per Share for the last five trading days up to and including the Last Trading Date.

The third batch of the Consideration Shares will be issued at the lowest issue price of HK\$0.38 per Consideration Share, which:

- (i) represents a premium of approximately 173% over the closing price of HK\$0.139 per Share as quoted on the Stock Exchange on the Last Trading Date; and
- (ii) represents a premium of approximately 245% over the average closing price of HK\$0.1102 per Share for the last five trading days up to and including the Last Trading Date.

When allotted and issued, the total Consideration Shares will represent approximately:

- (i) 4.73% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) 4.52% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming no other change in the share capital other than the issue and allotment of the Consideration Shares).

The Consideration Shares are to be issued by the Company under the General Mandate. The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with all the Shares then in issue.

The issue prices were arrived at after arm's length negotiations between the parties to the Agreement after taking into account, among others, the prevailing market price of the Shares, the financial performance of the Group and the current market conditions.

An application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the Consideration Shares.

Distribution Guarantee and Adjustment to Consideration

The Vendors and the Target Company jointly undertakes that

- (1) within the period falling 365 days after the date of completion of registration of transfer of the Sale Capital, the Target Company shall pay dividend to the Designated Subsidiary of an after-tax dividend of not less than RMB40,000,000 (the “**1st Year Distribution Guarantee**”);
- (2) within the period from 366 days to 730 days after the date of completion of registration of transfer of the Sale Capital, the Target Company shall pay dividend to the Designated Subsidiary of an after-tax dividend of not less than RMB48,000,000 (the “**2nd Year Distribution Guarantee**”);
- (3) within the period from 731 days to 1095 days after the date of completion of registration of transfer of the Sale Capital, the Target Company shall pay dividend to the Designated Subsidiary of an after-tax dividend of not less than RMB57,600,000 (the “**3rd Year Distribution Guarantee**”, together with the 1st Year Distribution Guarantee and the 2nd Year Distribution Guarantee as the “**Distribution Guarantee**”).

In the event that the Distribution Guarantee for a particular period is not met, the consideration payable by the Purchaser for that particular period shall be deducted by the following amount:

The deduction amount = Guaranteed Dividend Amount – Actual Dividend Amount

In the event that the actual dividend amount is less than 50% of the guaranteed dividend amount, the Purchaser shall be entitled to terminate the Agreement and subject to compliance with the relevant Listing Rules, request the Vendors to acquire the Sale Capital.

In the event that (1) the Company fails to pay the Consideration in accordance with the Agreement; or (2) the Company is in breach of the terms of the Agreement such that the purpose of the Agreement cannot be achieved, the Vendors and the Target Company shall be entitled to terminate the Agreement and request the Designated Subsidiary to return the Sale Capital.

Conditions

Completion shall be conditional upon:

- (i) there being no breach of warranties or terms of the Agreement in relation to matters, facts or circumstances of the Vendors or the Target Company;
- (ii) the Stock Exchange having approved the allotment, issue and listing of, and permission to deal in, the Consideration Shares;
- (iii) the Vendors and the Target Company having issued an investment report on the Target Company and matters relating to the Agreement in the form and substance to the satisfaction of the Purchaser;

- (iv) if necessary, the Shareholders having passed at general meeting all necessary resolution(s) to approve the Proposed Acquisition and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares).

If the conditions have not been fulfilled (or waived by the Purchaser as the case may be) on or before 30 December 2022, or such later date as the Vendors and the Purchaser may agree, the Agreement shall cease and neither party to the Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place on the date on completion of registration of the transfer of the Sale Capital, which shall take place within 7 days upon fulfilment of the conditions precedent of the Agreement.

Pursuant to the terms of the Agreement, the Company shall assign a wholly owned subsidiary of the Company established in the PRC (the “**Designated Subsidiary**”) to take up the Sale Capital.

Upon Completion, the Company will be interested in 51% registered capital of the Target Company but the Target Company will not be accounted as subsidiary of the Company as the operations and the business decisions shall be vested in the Vendors. The remaining 49% of the registered capital of the Target Company will be owned as to 24.99% by Vendor A and as to 24.01% by Vendor B.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC in November 2021 with limited liability and is principally engaged in internet live broadcasting, sales and marketing, KOL incubation and sales and marketing with live broadcasting on the Internet.

The unaudited financial information of the Target Company for the period from its establishment date to 30 November 2022 prepared in accordance with the accounting principles generally accepted in the PRC are as follows:

	For the period of establishment ended 30 November 2022
	<i>RMB'000</i>
Turnover	8,232,790
Net profit(loss) before taxation	1,518,709
Net profit(loss) after taxation	1,495,018
Net asset value	1,166,861

REASONS FOR THE PROPOSED ACQUISITION

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

The Directors have been actively seeking and identifying further investment opportunities in order to maximize the return of the Shareholders.

Central Wealth Group acquired 51% equity interest in Yiyou Culture Media Company (易侑文化傳媒公司), which is a company focusing on e-commerce live and operations such as celebrity linkage, short video shooting, account incubation, brand marketing and brand incubation.

The Company has 四火姐姐 and other gold-star anchors. The Board believes that there is significant potential in various business areas in the PRC, including social e-commerce, internet live streaming and short video. 四火姐姐, a famous actress and gold-star anchor, has more than 20 years of experience in the film and television industry, and has been involved in dozens of classic productions; is known as a model of labor in the industry; has served 10,000 brands over the past two years; has created a live broadcast with transactions amounting to RMB340 million; has reached deep cooperation with overseas brands, such as Gulsha (Turkey), Premier (Israel), Bmark (Japan), Jeanette (France) (法國讓緹絲), etc. 四火姐姐 has over 4.4 million fans on Taobao and Tik Tok, and the monthly advertising profits and live broadcasting profits are very substantial and growing rapidly. The Company will continue to take advantage of e-commerce live platform and accelerate the acquisition of leading companies in the industry to build national talents and national brands, create an ecological chain via real-time streaming and expand the Company's influence in the live-broadcasting field. The Company believes that the business of the Target Company has growth potential and the investment in the Target Company is in the interest of the Company and the interests of the Company and the Shareholders as a whole.

In view of the growing potential of the Target Company, the Directors (including the independent non-executive Directors) expect that the Proposed Acquisition will generate return to the Group and the Board is of the view that the terms of the Proposed Acquisition are fair and reasonable and the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but are all less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

The Consideration Shares will be issued under the General Mandate.

DEFINITIONS

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

“Agreement”	the conditional agreement dated 19 December 2022 and entered into among the Vendors, the Target Company, the Designated Subsidiary and the Purchaser in relation to the sale and purchase of the Sale Capital
“associates”	has the meaning ascribed to this term under the Listing Rules

“Board”	the board of Directors
“Company”	Central Wealth Group Holdings Limited, a company incorporated in Bermuda with limited liability the issued shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Capital in accordance with the terms and conditions of the Agreement
“connected person”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the consideration to be satisfied by the Purchaser to the Vendors for the sale and purchase of the Sale Capital
“Consideration Shares”	an aggregate of up to 762,765,506 new Shares to be allotted and issued by the Company to the Vendors credited as fully paid for the purpose of the settlement of the Consideration
“Designated Subsidiary”	深圳中達企業諮詢有限公司 (Shenzhen Central Wealth Enterprises Consultancy Co., Ltd*), a wholly owned subsidiary of the Company established in the PRC as the designated subsidiary to take up the sale capital
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 2 June 2022
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the Listing Rules
“Last Trading Day”	19 December 2022, being the last trading day immediately before entering into the Agreement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China

“Proposed Acquisition”	the proposed acquisition of the Sale Capital by the Purchaser subject to and upon the terms and conditions of the Agreement
“Purchaser”	the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Capital”	51% of the entire registered capital of the Target Company, which is legally and beneficially owned by the Vendors
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	杭州易侑文化傳媒有限公司 (Hangzhou Yiyou Culture Media Co., Ltd.*), a company incorporated in the PRC with limited liability
“Vendor A”	李旻駿 (Li Minjun*)
“Vendor B”	羅艷芳 (Luo Yanfang*)
“Vendors”	together the Vendor A and Vendor B

For the purpose of this announcement and solely for the purpose of illustration only, all amounts in RMB are translated into HK\$ at an exchange rate of HK\$1:RMB0.89169.

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

Hong Kong, 19 December 2022

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*)
Ms. Chen Jingxian (*Vice Chairman*)
Mr. Yu Qingrui
Ms. Song Caini
Mr. Chen Hongjin

Independent non-executive Directors

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

* *For identification purpose only*