

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Central Wealth Group Holdings Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



**中達集團控股有限公司**

**CENTRAL WEALTH GROUP HOLDINGS LIMITED**  
*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 139)**

**MAJOR TRANSACTION:  
PROPOSED DISPOSAL OF THE TARGET COMPANY  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

---

A notice convening the SGM to be held at Studio 5, Level 7, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Wednesday, 3 June 2020 at 9:40 a.m. (or immediately after the conclusion of the Company's annual general meeting to be held at the same venue on the same day at 9:30 a.m. or any adjournment thereof) is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed with this circular.

Whether or not you intend to attend the SGM (or any adjournment thereof), you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the SGM or any adjournment thereof (as the case may be).

Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event the form of proxy shall be deemed to be revoked.

24 April 2020

|                 |
|-----------------|
| <b>CONTENTS</b> |
|-----------------|

|  | <i>Page</i> |
|--|-------------|
| <b>DEFINITIONS</b> .....                                     | 1           |
| <b>LETTER FROM THE BOARD</b> .....                           | 5           |
| <b>APPENDIX I — FINANCIAL INFORMATION OF THE GROUP</b> ..... | I-1         |
| <b>APPENDIX II — PROPERTY VALUATION REPORT</b> .....         | II-1        |
| <b>APPENDIX III — GENERAL INFORMATION</b> .....              | III-1       |
| <b>NOTICE OF SGM</b> .....                                   | SGM-1       |

## DEFINITIONS

*In this circular, unless the context otherwise requires, the following terms have the following meanings:*

|                         |   |
|-------------------------|---|
| “associate(s)”          | has the meaning ascribed to it under the Listing Rules  |
| “Board”                 | board of Directors  |
| “Business Day(s)”       | 9:00 a.m. to 5:00 p.m. on any day (other than a Saturday, Sunday and public holidays and days on which a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong) on which licensed banks in Hong Kong are open for the transaction of normal banking business  |
| “close associate(s)”    | has the meaning ascribed to it under the Listing Rules  |
| “Company”               | Central Wealth Group Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 139)  |
| “Completion”            | completion of the Proposed Disposal in accordance with the Formal Agreement   |
| “Completion Accounts”   | 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 |
| “Completion Adjustment” | the adjustment to the Consideration set forth in the paragraph headed “Completion Adjustment” in the letter from the Board in this circular   |
| “Completion Date”       | 2 July 2020 or such other date the Vendor and the Purchaser may agree in writing  |
| “Conditions Precedent”  | conditions for Completion set forth in the paragraph headed “Conditions Precedent” in the letter from the Board in this circular  |
| “connected person(s)”   | has the meaning ascribed to it under the Listing Rules  |

## DEFINITIONS

|                           |   |
|---------------------------|---|
| “Consideration”           | HK\$380,000,000, being the aggregate consideration for the Proposed Disposal under the Formal Agreement (subject to the Completion Adjustment and the Post-Completion Adjustment)   |
| “Deed of Tax Indemnity”   | the deed of tax indemnity to be executed by the Vendor and the Guarantor in favour of the Purchaser and the Target Company  |
| “Director(s)”             | director(s) of the Company  |
| “Formal Agreement”        | the formal sale and purchase agreement dated 20 March 2020 entered into between the Vendor, the Purchaser and the Guarantor in relation to the Proposed Disposal  |
| “Group”                   | the Company and its subsidiaries  |
| “Guarantee”               | the deed of guarantee to be executed by the Guarantor in favour of the Purchaser  |
| “Guarantor”               | Mr. Chen Xiaodong, chairman of the Company  |
| “Hong Kong”               | the Hong Kong Special Administrative Region of the People’s Republic of China   |
| “Latest Practicable Date” | 20 April 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein   |
| “Listing Rules”           | Rules Governing the Listing of Securities on the Stock Exchange   |
| “NTAV”                    | 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 |
| “percentage ratio(s)”     | percentage ratio(s) as set out in Rule 14.07 of the Listing Rules   |
| “Preliminary SPA”         | preliminary sale and purchase agreement dated 4 February 2020 entered into between the Vendor and the Purchaser in relation to the Proposed Disposal, which has been superseded by the Formal Agreement   |

## DEFINITIONS

|                              |   |
|------------------------------|---|
| “Post-Completion Adjustment” | the post-Completion adjustment to the Consideration set forth in the paragraph headed “Post-Completion Adjustment” in the letter from the Board in this circular  |
| “Property”                   | property owned by the Target Company and located at No. 2, Lincoln Road, Kowloon, Hong Kong   |
| “Proposed Disposal”          | proposed disposal of the Sale Shares and the Sale Loans by the Vendor to the Purchaser on and subject to the terms and conditions of the Formal Agreement and the performance of the transactions contemplated thereunder   |
| “Purchaser”                  | Million Fortune Well Limited (福萬順有限公司), a company incorporated in the Republic of Seychelles with limited liability   |
| “Sale Loans”                 | all amounts, including principal and interests, owing by the Target Company to the Vendor as at Completion  |
| “Sale Shares”                | ten thousand (10,000) ordinary shares in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company as at the Latest Practicable Date   |
| “SFO”                        | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong  |
| “SGM”                        | special general meeting of the Company to be held at Studio 5, Level 7, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Wednesday, 3 June 2020 at 9:40 a.m. (or immediately after the conclusion of the Company’s annual general meeting to be held at the same venue on the same day at 9:30 a.m. or any adjournment thereof) to consider and, if thought fit, to approve the resolution(s) contained in the notice of the meeting which is set out on pages SGM-1 to SGM-3 of this circular |
| “Shareholder(s)”             | holder(s) of the Shares   |
| “Share(s)”                   | ordinary share(s) of HK\$0.01 each in the share capital of the Company  |
| “Share Option Scheme”        | the share option scheme adopted by the Company on 27 September 2013, with details set out in the circular of the Company dated 15 July 2013   |
| “Stock Exchange”             | The Stock Exchange of Hong Kong Limited   |

## DEFINITIONS

|                  |   |
|------------------|---|
| “Target Company” | Metro Victor Limited (進鴻有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Vendor as at the Latest Practicable Date |
| “Vendor”         | Sky Eagle Global Limited (天鷹環球有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company |
| “HK\$”           | Hong Kong dollars, the lawful currency of Hong Kong   |
| “sq. ft.”        | square feet   |
| “%”              | per cent  |



**中達集團控股有限公司**

**CENTRAL WEALTH GROUP HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 139)**

*Executive Directors:*

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

*Registered address:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent non-executive Directors:*

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

*Principal place of business  
in Hong Kong:*

Unit 6706B-08A, Level 67  
International Commerce Centre  
1 Austin Road West  
Kowloon, Hong Kong

24 April 2020

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION:  
PROPOSED DISPOSAL OF THE TARGET COMPANY  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcements of the Company dated 4 February 2020, 12 February 2020, 28 February 2020, 19 March 2020 and 23 March 2020 in relation to, among other things, the Proposed Disposal.

On 4 February 2020, the Board announced that the Vendor and the Purchaser entered into the Preliminary SPA, pursuant to which the Group, through the Vendor, conditionally agreed to dispose to the Purchaser the Sale Shares and the Sale Loans at the Consideration.

## LETTER FROM THE BOARD

On 23 March 2020, the Board announced that the Vendor, the Purchaser and the Guarantor entered into the Formal Agreement in respect of the Proposed Disposal, which supersedes the Preliminary SPA and contains substantially the same material terms of the Preliminary SPA except those disclosed in the announcement dated 23 March 2020.

As one of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Proposed Disposal exceeds 25% but all of them are less than 75%, the Proposed Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) further details of the Proposed Disposal; (ii) financial information of the Group; (iii) the property valuation report prepared by Ascent Partners Valuation Services Limited, an independent professional valuer to the Company; (iv) other information as required to be contained in the circular under the Listing Rules; and (v) the notice of the SGM.

### THE FORMAL AGREEMENT

Date: 20 March 2020

#### Parties:

Vendor : Sky Eagle Global Limited, a wholly-owned subsidiary of the Company  
Purchaser : Million Fortune Well Limited  
Guarantor : Mr. Chen Xiaodong

#### Subject matter to be disposed of

Pursuant to the Formal Agreement, the Vendor conditionally agreed to:

- (i) dispose to the Purchaser, the whole of the Vendor's legal and beneficial interests in the Sale Shares comprising ten thousand (10,000) ordinary shares in the share capital of the Target Company free from all the encumbrances together with all rights now and hereafter attaching or accruing thereto, at Completion; and
- (ii) assign to the Purchaser as beneficial owner, the Sale Loans owing by the Target Company to the Vendor as at Completion free from all the encumbrances together with all rights now and hereafter attaching or accruing thereto. For illustrative purpose, the Sale Loans amounted to approximately HK\$51,888,000 as at the Latest Practicable Date and is expected to amount to approximately HK\$207,543,000 as at the Completion Date after the discharge of the relevant mortgage on the Property.



## LETTER FROM THE BOARD

### Conditions Precedent

Completion of the Proposed Disposal shall be subject to and conditional upon the following 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 procured 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 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.

## LETTER FROM THE BOARD

The Purchaser may waive (in whole or in part) any of the Conditions Precedent and 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 ("**Initial Deposit**"), which has been paid on the date of the Preliminary SPA;
- (b) as to HK\$52,000,000 as further deposit ("**Further Deposit**", together with the Initial Deposit, the "**Deposits**"), 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) shall be paid to the Vendor upon Completion (which shall take place at or before 2:00 p.m. on the Completion Date).

The Deposits shall be paid by the Purchaser to the Vendor's solicitors as stakeholder who shall not release the same to the Vendor until the Completion.

### Completion Adjustment

The Vendor shall deliver to the Purchaser or the Purchaser's solicitors at least five days prior to the Completion Date 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>LETTER FROM THE BOARD</b> |
|------------------------------|

(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).

Based on the latest management accounts of the Target Company, the breakdown of the NTAV as at the Latest Practicable Date and the expected NTAV as at the Completion Date are as follow:

|                                | <b>The NTAV<br/>as at the Latest<br/>Practicable Date</b> | <b>The expected<br/>NTAV as at the<br/>Completion<br/>Date</b> |
|--------------------------------|---|--|
|                                | <i>HK\$'000</i>   | <i>HK\$'000</i>  |
| Deposits and other receivables | 48  | 48   |
| Cash and bank balances         | 107   | —  |
| Other payables and accruals    | (10)  | —  |
|                                | 145   | 48   |
| NTAV                           | 145   | 48   |

The Completion Adjustment is not subject to any cap and based on the latest management accounts of the Target Company, it is expected that the Completion Adjustment would be approximately HK\$48,000.

**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.

The Post-Completion Adjustment is not subject to any cap and based on the latest management accounts of the Target Company and subject to the relevant post-Completion audit, it is expected that there would be no material Post-Completion Adjustment.

**Basis of determining the Consideration**

The Consideration was determined after arm’s length negotiations between the parties to the Formal Agreement with reference to (i) the preliminary valuation of the Property of HK\$390,000,000 as at 31 December 2019 conducted by an independent valuer and (ii) the then property market condition.

Ascent Partners Valuation Services Limited, an independent valuer to the Company, has carried out the valuation of the Property and the date of valuation was 29 February 2020. The valuer valued the property interests of the Property on market basis and the direct comparison method based on prices realized on actual sales of comparable properties is made. Comparable properties of similar size, character and location are analyzed and carefully weighed against all

## **LETTER FROM THE BOARD**

the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values. For details, please refer to the valuation report of the Property set out in Appendix II to this circular.

### **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.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will be deconsolidated from the Group.

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 Deposits (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 execute the Deed of Tax Indemnity with and in favour of the Purchaser and the Target Company on the Completion Date covenanting to pay and/or indemnifying the Purchaser and the Target Company (as the case may be) any unpaid tax liabilities payable by the Target Company up to and inclusive of the Completion Date and the Vendor shall not be liable for any Purchaser's claim to the extent that provision or reserve in respect thereof has been made in the accounts of the Target Company and/or the Completion Accounts.

Pursuant to the Deed of Tax Indemnity, the Vendor and the Guarantor will agree and undertake to indemnify and at all times keep each of the Purchaser and the Target Company fully indemnified from and against, amongst others, the amount of any tax liabilities made

## **LETTER FROM THE BOARD**

against the Target Company, up to the Completion Date. There is no cap for the indemnity and no claim may be brought against the Vendor and/or the Guarantor under the Deed of Tax Indemnity after the expiry of seven years (two years for the Guarantor) from the date of the Deed of Tax Indemnity and the Vendor and/or the Guarantor shall not be liable for any claim unless the Vendor has received written notice from the Purchaser or the Target Company prior to the expiry of the seven-year period giving reasonable details of the relevant claim.

### **Director's guarantee**

Pursuant to the Formal Agreement, the Guarantor, being a Director and a director of the Vendor, has agreed to execute the Guarantee 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 for a period of two years after Completion.

As disclosed in the paragraph headed "Information about the Vendor and the Group" in this letter from the Board, the Vendor is an investment holding company incorporated in the British Virgin Islands. It is not unusual for purchasers of investment holding companies to require vendors that are investment holding offshore companies to provide tax indemnities for up to seven years (due to the general statutory limitation of six years after the relevant year of assessment) and guarantees to protect their own interests. Upon the request of the Purchaser and after arm's length negotiation between parties to the Formal Agreement, the Vendor and the Guarantor agreed to provide the Deed of Tax Indemnity and the Guarantee.

Having considered, among other factors, (i) the market sentiment in the residential property market in Hong Kong, details of which are set out in the paragraph headed "Reasons and benefits of the Proposed Disposal" in this letter from the Board; (ii) the valuation of the Property of HK\$390,000,000 as at 29 February 2020; and (iii) the amount of the potential tax liabilities involved in the Deed of Tax Indemnity, which is expected to be immaterial, the Board considers that the provision of the Deed of Tax Indemnity (including the indemnity period for the indemnity) as part of the Proposed Disposal to be fair and reasonable and in the interests of the Shareholders as a whole.

### **INFORMATION ABOUT THE TARGET COMPANY**

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. The Target Company is the legal and beneficial owner of the Property. Other than holding the Property, the Target Company has no other material business operation or major asset. The major liabilities of the Target Company consist of the Sale Loans and the relevant mortgage on the Property.

The Target Company is currently holding the Property located at No. 2, Lincoln Road, Kowloon, Hong Kong. The Property is a house with a gross floor area of approximately 6,702 sq. ft. and a saleable area of approximately 6,659 sq. ft. The Property comprises a 3-storey garden house with a swimming pool on the ground floor with an internal staircase and a lift. The Property is currently used for domestic purpose. The Group acquired the Vendor and the Target Company in 2016 at a consideration of HK\$227,000,000. For details, please refer to the circular of the Company dated 31 March 2017.

## LETTER FROM THE BOARD

As disclosed in the circular of the Company dated 31 March 2017, the Property was subject to a tenancy agreement with monthly rental of HK\$450,000. Such tenancy agreement was terminated on 31 March 2019. Since then and as at the Latest Practicable Date, the Group was unable to secure another tenant for the Property and the Property had been vacant. No other investment in the Property or any impairment thereto had been made since the relevant acquisition.

The valuation report of the Property is set out in Appendix II to this circular.

### Financial information of the Target Company

The following table sets out the financial information of the Target Company:

|                                   | <b>For the<br/>year ended<br/>31 December<br/>2018</b> | <b>For the<br/>year ended<br/>31 December<br/>2019</b> |
|-----------------------------------|--|--|
|                                   | (Audited)  | (Audited)  |
|                                   | <i>HK\$'000</i>  | <i>HK\$'000</i>  |
| Net profit/(loss) before taxation | 4,506  | (49,461)   |
| Net profit/(loss) after taxation  | 4,506  | (49,461)   |

The net loss of the Target Company for the year ended 31 December 2019 was mainly attributable to the loss on the revaluation of the Property of HK\$45,000,000 and the interest payments for the relevant mortgage loan on the Property of approximately HK\$5,472,000.

As at 31 December 2019, the audited net asset value of the Target Company was approximately HK\$185,286,000.

### INFORMATION ABOUT THE PURCHASER

The Purchaser is a company incorporated in the Republic of Seychelles with limited liability. It is principally engaged in investment holding and its ultimate beneficial owner is Chen Zhiqiang (陳志強). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons and there was no past or current business dealing between the Purchaser and the Company or its connected persons.

### INFORMATION ABOUT THE VENDOR AND THE GROUP

The Vendor is a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

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

## **LETTER FROM THE BOARD**

### **FINANCIAL IMPACT ON THE GROUP**

The Group will no longer hold any issued share in the Target Company upon the Completion.

The deficit between the Consideration and the net book value of the Target Company as at 31 December 2019 is approximately HK\$9,989,000. It is expected that the Group will record a loss on the Proposed Disposal in the amount of approximately HK\$10,369,000, which is calculated based on (i) the Consideration; (ii) the carrying value of the Sale Loan; (iii) the audited net asset value of the Target Company; and (iv) the estimated transaction costs in relation to the Proposed Disposal. The actual loss on the Proposed Disposal to be recorded by the Group is subject to audit and may be different from the expected amount as stated above.

Upon Completion, the Target Company will cease to be an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be deconsolidated from the Group. Assuming the Proposed Disposal had been completed as at 31 December 2019, the total assets of the Group will decrease by approximately HK\$166.4 million, and the total liabilities of the Group will decrease by approximately HK\$156.0 million. A loss on disposal of approximately HK\$10.4 million is recognised as the difference between the cash consideration and the carrying amounts of the Target Company and the Sale Loan as at 31 December 2019.

### **INTENDED USE OF PROCEEDS**

The Group has no urgent funding need and has yet to identify any other investment opportunities as at the Latest Practicable Date. As such, the net proceeds under the Proposed Disposal will be used for the general working capital of the Group. The Group will continue to explore other investment opportunities to increase the return to the Shareholders.

### **REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL**

The Hong Kong economy contracted in 2019. Exports and domestic demand worsened significantly. The social issues happened in 2019 and the recent novel Coronavirus disease (COVID-19) outbreak have heavily damaged the economy of Hong Kong and China. In light of the current property market condition, the Board expects that the residential property market in Hong Kong will further deteriorate in the coming future. Thus, the Board considers that the Proposed Disposal and the disposal of the Property represent an appropriate opportunity to realise the Group's investment.

The Board considers that the terms of the Proposed Disposal and the Formal Agreement (including the Consideration and the Deed of Tax Indemnity) are fair and reasonable and in the interests of the Shareholders as a whole.

## **LETTER FROM THE BOARD**

### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Proposed Disposal exceeds 25% but all of them are less than 75%, the Proposed Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

As the Guarantor is a Director, the provision of guarantee and/or indemnity pursuant to the Formal Agreement, the Guarantee and/or Deed of Indemnity constitutes a connected transaction in the form of financial assistance in favour of the Group. However, since such guarantee and/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.

To the best knowledge, information and belief of the Directors and having made reasonable enquiries, no Shareholder is materially involved in or interested in the Preliminary SPA, the Formal Agreement and the transactions contemplated thereunder which requires him/her/it to abstain from voting on the proposed resolution(s) to approve the Preliminary SPA, the Formal Agreement and the transactions contemplated thereunder at the SGM.

### **SGM**

The SGM will be held at Studio 5, Level 7, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Wednesday, 3 June 2020 at 9:40 a.m. (or immediately after the conclusion of the Company's annual general meeting to be held at the same venue on the same day at 9:30 a.m. or any adjournment thereof) for the Shareholders to consider and, if thought fit, to approve the Preliminary SPA, the Formal Agreement and the transactions contemplated thereunder by way of ordinary resolution(s). The resolution(s) approving the Proposed Disposal will be conducted by way of a poll at the SGM. The notice convening the SGM is set out on pages SGM-1 to SGM-3 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof should you so wish and in such event the form of proxy shall be deemed to be revoked.



## LETTER FROM THE BOARD

### RECOMMENDATION

The Directors are of the view that the terms of the Preliminary SPA, the Formal Agreement and the transactions contemplated thereunder have been negotiated on an arm's length basis and on commercial terms which are fair and reasonable, and are in the interests of the Shareholders and the Company as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the SGM to approve the Preliminary SPA, the Formal Agreement and the transactions contemplated thereunder.

**Completion is subject to the fulfilment of the Conditions Precedent, the Proposed Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

### FURTHER INFORMATION

Your attention is also drawn to the information set out in the Appendices to this circular.

Yours faithfully,  
By and on behalf of the Board  
**Central Wealth Group Holdings Limited**  
**Chen Xiaodong**  
*Chairman*

## 1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 31 December 2019 is disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cwghl.com>):

- The audited consolidated financial statements of the Group for the year ended 31 December 2019 have been set out on pages 1 to 27 of the results announcement of the Company published on 25 March 2020 (the “**2019 Results Announcement**”). Please also see below the link to the 2019 Results Announcement:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0325/2020032501894.pdf>

- The audited consolidated financial statements of the Group for the year ended 31 December 2018 have been set out on pages 66 to 228 of the annual report 2018 of the Company published on 29 April 2019. Please also see below the link to the annual report 2018:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn20190429779.pdf>

- The audited consolidated financial statements of the Group for the year ended 31 December 2017 have been set out on pages 62 to 172 of the annual report 2017 of the Company published on 25 April 2018. Please also see below the link to the annual report 2017:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0425/ltn20180425843.pdf>

**2. STATEMENT OF INDEBTEDNESS OF THE GROUP**

As at the close of business on 29 February 2020, being the latest practicable date for the purpose of this statement of indebtedness, the indebtedness of the Group was as follows:

|  | <b>As at<br/>29 February<br/>2020<br/>HK\$'000</b> |
|--|--|
| <b>Current</b>                           |  |
| Bank borrowings — secured and guaranteed | 113,105  |
| Bank overdrafts — secured and guaranteed | 115,384  |
| Other borrowings — secured               | 182,409  |
| Other borrowings — unsecured             | 215,000  |
| Lease liabilities                        | <u>18,813</u>                                      |
|  | 644,711  |
| <b>Non-current</b>                       |  |
| Bank borrowings — secured and guaranteed | 146,926  |
| Notes payable                            | 92,100   |
| Lease liabilities                        | <u>3,367</u>                                       |
|  | 242,393  |
| Total indebtedness                       | <u>887,104</u>                                     |

**Bank borrowings — secured and guaranteed**

The bank borrowings were secured and guaranteed, inter alia, by the following:

- (a) The bank borrowings of approximately HK\$225,031,000 were interest-bearing at range of 3.38% to 3.63% per annum and were secured by investment property of the Group and corporate guarantee provided by the Company; and
- (b) The bank borrowing of approximately HK\$35,000,000 was interest-bearing at 3.44% per annum and were secured by listed securities held by certain margin clients of the Group and corporate guarantee provided by the Company.

**Bank overdrafts — secured and guaranteed**

The bank overdrafts were secured and guaranteed, inter alia, by the followings:

- (a) Bank overdrafts of approximately HK\$85,492,000 were interest-bearing at range of 5.25% to 5.38% per annum and were secured by listed securities held by certain margin clients of the Group and corporate guarantee provided by the Company; and
- (b) The bank overdraft of approximately HK\$29,892,000 was interest-bearing at 4.88% per annum and was secured by investment property of the Group and corporate guarantee provided by the Company.

**Other borrowings — secured**

Margin loan facilities provided by independent securities brokers to the Group of approximately HK\$182,409,000 were interest-bearing at range of 8.25% to 14% per annum and were secured by listed securities held by the Group which were repayable within twelve months from the first drawdown date.

**Other borrowings — unsecured**

Loans provided by a subsidiary of former associate with an aggregate principal amount of HK\$215,000,000 at an interest rate of 8% per annum and were unsecured.

**Notes payable**

As at 31 December 2019, seven-year 4% coupon unlisted and unsecured notes with a principal amount of HK\$92,100,000 (the “Notes”) were issued by the Company on 10 January 2017. The Notes will mature on 9 January 2024.

**Lease liabilities**

As at 29 February 2020, the Group had lease liabilities for future minimum lease payments in respect of the leased premises of the Group. These lease liabilities will fall due as follows:

|   | <b>As at<br/>29 February<br/>2020<br/>HK\$'000</b> |
|---|--|
| Maturity analysis — contractual undiscounted cash flows |  |
| — Less than one year                                    | 19,333   |
| — Over one year but less than 5 years                   | <u>3,400</u>                                       |
| Total undiscounted lease liabilities                    | 22,733   |
| Less: future finance charge                             | <u>(553)</u>                                       |
| <b>Present value of lease liabilities</b>               | <b><u><u>22,180</u></u></b>                        |

The Group's lease liabilities represented the present value of the lease payments that were not yet paid under the tenancy agreements for offices for the operation, which were discounted by using the rate implicit in the lease.

### **Contingent liabilities**

At the close of business on 29 February 2020, the Group did not have any other contingent liabilities in existence.

Save as aforementioned or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of the Group's business, at the close of business on 29 February 2020, the Group did not have any other outstanding borrowings, loan capital issued and outstanding or agreed to be issued, bank overdrafts, debt securities, term loans, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

### **3. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

Reference is made to the 2019 Results Announcement, which sets out the financial information of the Group for the year ended 31 December 2019 (the "Year").

The Group recorded a revenue of approximately HK\$947.7 million for the Year, compared to a revenue of approximately HK\$174.5 million for the year ended 31 December 2018. It was mainly attributable to the commission income generated from the provision of Debt Capital Market (the "DCM") services of approximately HK\$790.6 million. The net profit before tax for the Year was approximately HK\$248.5 million as compared to the net loss before tax of approximately HK\$58.9 million for the year ended 31 December 2018. The significant increase in revenue and net profit before tax for the Year was mainly attributable to the outstanding performance in the provision of DCM services.

Notwithstanding the above, as disclosed in the section headed "Management Discussion and Analysis" of the 2019 Results Announcement, the Group will continue to stay alert, but positive, to pursue its prudent investment strategy in developing its existing and new businesses. The United States (the "U.S.") and China signed a preliminary agreement of a "phase one" trade deal in January 2020. Under the agreement, China will boost its purchases of United States manufactured goods, agricultural products, energy and services over the next two years. Although the U.S. and China at least promised a cease-fire between the world's two biggest economies, the trade wars are far from over. Global debts hit a record high in 2019, led by a surge in borrowings in the U.S. and China. The global economy faces escalating risks from rising levels of corporate debt, with companies around the world needing to repay or refinance over the next few years. The recent outbreak of the new coronavirus has seriously damaged the global economy. The global number of confirmed cases of the new coronavirus has overtaken that of the 2003 SARS outbreak, as the virus was pandemic and spread across the world. The sudden restrictions on travel to and from different cities and countries to combat the coronavirus could hit the global economy especially in the tourism and retail sales sectors. The economic impact will be significant if the virus continues to spread.

Upon Completion, the Target Company will no longer be an indirect wholly-owned subsidiary of the Company and its financial information will be deconsolidated from the consolidated financial statements of the Group.

Looking forward, after the Completion, the Group will continue with the existing principal business of the Group in securities Brokerage & margin financing, DCM business, asset management and financial investments and services. After taking into account the factors set out in the section headed “Reasons for and benefits of the Proposed Disposal”, the Board considers that the Proposed Disposal is beneficial to the Group. The Group will continue to strive for business growth and seize opportunities in order to bring greater returns to the Shareholders.

#### **4. MATERIAL ADVERSE CHANGE**

Save as disclosed above, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, the date to which the latest published audited financial statements of the Group were made up.

#### **5. WORKING CAPITAL**

Taking into account the present financial resources available to the Group, including internally generated funds and available credit facilities, the effect of the Proposed Disposal, and in the absence of unforeseeable circumstances, the Directors, after due and careful consideration, are of the opinion that the Group has sufficient working capital for its present requirements for at least 12 months from the date of this circular.

*The following is the text of a letter and valuation certificate dated 24 April 2020 prepared for the purpose of incorporation in this circular received from Ascent Partners Valuation Service Limited, an independent valuer, in connection with its valuation as at 29 February 2020 of the property interests to be disposed of the Group.*



Suite 2102, Hong Kong Trade Centre  
161-167 Des Voeux Road Central  
Hong Kong  
Tel: 3679-3890  
Fax: 3579-0884

Date: 24 April 2020

The Board of Directors  
**Central Wealth Group Holdings Limited**  
Unit 6706B-08A, Level 67  
International Commerce Centre  
1 Austin Road West, Kowloon  
Hong Kong

Dear Sir/Madam,

**RE: Valuation of No. 2 Lincoln Road, Kowloon, Hong Kong (the “Property”)**

In accordance with the instructions received from Central Wealth Group Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for us to carry out a valuation of the Property, we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as 29 February 2020 (referred to as the “**Valuation Date**”) for the purpose of incorporation in the circular of the Group. This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumptions, valuation considerations, title investigation and limiting conditions of this valuation.

**BASIS OF VALUATION**

Our valuation of the property interests represents the market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”. Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

**VALUATION METHODOLOGY**

We have valued the property interests of Property on market basis and the direct comparison method is adopted where comparison based on prices realised on actual sales price of comparable property is made. Comparable properties of similar size, character, and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values.

**VALUATION CONSIDERATIONS**

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards (2017 Edition) published by The Hong Kong Institute of Surveyors.

**VALUATION ASSUMPTIONS**

Unless otherwise stated, our valuation has been made on the assumption that the seller sells the property interests on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the value of the property interests. We have also assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of all laws, except only where otherwise stated. Based on this report, we have further assumed that, for any use of the Property, all required licenses, permit, certificate and authorizations have been obtained.

No allowance has been made in our valuation for any charges, mortgages or amount owing on any property interests nor for any expense or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have assumed that no unauthorized alternation, extension or addition has been made in the Property and the owners of the Property have free and uninterrupted rights to use and dispose of the Property for the whole of the unexpired term of Land Grant.

Other special assumptions of the property interests, if any, have been stated out in the footnotes of the valuation certificate attached herewith.

**TITLE INVESTIGATION**

We have carried out title searches at the Land Registry for the property interests located in Hong Kong. We have been, in some instances, provided with the extracts of the documents relating to the Property. However, we have not verified ownership of the Property to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.



**LIMITING CONDITIONS**

We have inspected the exterior, and wherever possible, the interior of the Property but no structural survey had been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that the Property is free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the copies of documents handed to us are correct.

We have not carried out any soil investigations to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. We do not make any allowance for contamination or pollution of the land, if any, which may have been caused by past usage.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the property interests.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

**REMARKS**

We have prepared the valuation based on pertinent information and market data made available to us at the Valuation Date. Nevertheless, we notice that the outbreak of COVID-19 has caused massive global political, social and economic disturbance on top of the recent tension over international trade dispute. The disturbance may cause fluctuations to the property market. Given the pandemic persists and it should therefore be noted that any disturbance or other unexpected circumstances after the Valuation Date may affect the value of the Property.

Unless otherwise stated, all monetary amounts stated in this report are in Hong Kong Dollars (HKD).

Our valuation certificate in respect of the property interests is herewith attached.

Yours faithfully,  
For and on behalf of  
**Ascent Partners Valuation Service Limited**  
**Stephen Y. W. Yeung**  
MFin BSc(Hons) Land Adm. MHKIS MCIREA RPS(GP)  
*Principal*

*Mr. Stephen Y. W. Yeung is a Registered Professional Surveyor (General Practice Division) and a Professional Member of The Hong Kong Institute of Surveyors with over 10 years' experience in valuation of properties in HKSAR and mainland China. Mr. Yeung is also a valuer on the List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by HKIS.*

## VALUATION CERTIFICATE

## Property interests to be disposed of by Group in Hong Kong

| Property                       | Description and tenure  | Particular of Occupancy                           | Market Value in existing state as at 29 February 2020 |
|--------------------------------|---|---|---|
| No. 2 Lincoln Road, Kowloon    | The Property comprises a 3-storey garden house erected on a parcel of land with a registered site area of approximately 11,169 sq.ft. completed in 2006.  | The Property was vacant as at the valuation date. | HKD390,000,000  |
| New Kowloon Inland Lot No. 705 | <p>The vertical access is served by an internal staircase and a lift. Swimming pool and garden are located on the ground floor of the Property.</p> <p>The Property is currently used for domestic purpose.</p> <p>The gross floor area and the saleable area of the Property are approximately 6,702 sq.ft. and 6,659 sq.ft respectively.</p> <p>The areas of ancillary accommodations including flat roof, top roof and garden/ swimming pool/open space are approximately 506 sq.ft., 1,710 sq.ft. and 8,740 sq.ft. respectively.</p> <p>New Kowloon Inland Lot No. 705 is held under Government Lease for a term of 75 years renewable for 24 years commencing from 1 July 1898 and statutorily extended until 30 June 2047.</p> <p>The Government rent payable for the Property is an amount equal to 3% of the rateable value for the time being.</p> |   | (Hong Kong Dollar Three Hundred Ninety Million)       |

*Notes:*

- (1) The registered owner of the Property is Metro Victor Limited vide Memorial No. 10050602690456 dated 20 April 2010.
- (2) The Property is subject to encumbrances as listed below:
  - (i) An Occupation Permit No. KN22/2006 dated 29 November 2006;
  - (ii) A Mortgage in favor of Public Bank (Hong Kong) Limited vide Memorial No. 12092101970147 dated 28 August 2012;
  - (iii) A Deed of Variation in favor of Public Bank (Hong Kong) Limited vide Memorial No. 17102401040130 dated 12 October 2017;
  - (iv) An Assignment of Rental in favor of Public (Hong Kong) Limited vide Memorial No. 17102401040147 dated 12 October 2017; and

- (v) A Second Legal Charge in favor of Public Bank (Hong Kong) Limited vide Memorial No. 18010200960034 dated 28 December 2017.
- (3) The Property lies within an area zoned “Residential (Group C)” under the approved Kowloon Tong Outline Zoning Plan No. S/K18/19 dated 16 January 2015.
- (4) Pursuant to the Government Lease of New Kowloon Inland Lot No. 705 in respect of the Property, it contains, inter alia, the following development covenants:
- “...And will during the whole of the said term hereby granted keep and maintain on the said piece or parcel of ground hereby demised a messuage or dwelling house which said messuage or dwelling house shall be of the same type of building elevation character and description and shall front and range in a uniform manner with the buildings immediately adjacent thereto the whole to be done to the satisfaction of His said Majesty’s Director of Public Works...”
- (5) The Property is located in Kowloon Tong, a low-density luxurious residential area, on the west side to the junction of Lincoln Road and Waterloo Road. The neighbourhood is mainly composed of villa type developments and the district is home to many prestigious schools, such as Maryknoll Convent School, Diocesan Preparatory School, La Salle College and Yew Chung International School as well other international schools. The City University of Hong Kong and Hong Kong Baptist University are also located in the vicinity. Nearby attractions include Festival Walk shopping centre and Kowloon Walled City Park. In addition, the Kowloon Tong Club is next to the Property. Kowloon Tong MTR Station of both East Rail and Kwun Tong Line is within 15-minute walking distance to the Property.
- (6) The Group acquired the property on 9 May 2017 by means of acquisition of the sale share and the assignment of the sale loan. (the consideration was HK\$227,000,000 and the outstanding bank loan was HK\$179,000,000)
- (7) The Group has confirmed as follows:
- (i) No options or rights of pre-emption concerning or affecting the Property;
  - (ii) No environmental issues such as breach of environmental regulations;
  - (iii) No investigations notices, pending litigation, breach of law or title defects affecting the Property;
  - (iv) No plans for construction, renovation, improvement or development of the Property; and
  - (v) No plans to dispose of or change the use of the Property.
- (8) The inspection was performed by Mr. Stephen Yeung on 7 February 2020.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests of the Directors and chief executives of the Company in the Shares and underlying Shares (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange were as follows:

### Long position

| Name of Director | Capacity  | Number of Shares interested | Approximate percentage of the Company's issued share capital<br>(Note 7) |
|------------------|---|-----------------------------|--|
| Chen Xiaodong    | Beneficial owner (Note 1)                           | 131,020,246                 | 0.82%  |
| Xu Ke            | Beneficial owner (Note 2)                           | 1,125,701,571               | 7.05%  |
|                  | Interests held by a controlled corporation (Note 3) | 2,000,000,000               | 12.52%   |
|                  |   | 3,125,701,571               | 19.57%   |
| Yu Qingrui       | Beneficial owner (Note 4)                           | 126,845,610                 | 0.79%  |
| Lam Hay Yin      | Beneficial owner (Note 5)                           | 146,800,000                 | 0.92%  |
| Wu Ming          | Beneficial owner (Note 6)                           | 90,990,000                  | 0.57%  |

#### Note:

- As at the Latest Practicable Date, among 131,020,246 Shares interested, 4,180,246 Shares were beneficially held by Chen Xiaodong and Chen Xiaodong was also granted an option to subscribe for 126,840,000 Shares under the Share Option Scheme.
- As at the Latest Practicable Date, all the 1,125,701,571 Shares interested were beneficially held by Xu Ke.

3. These Shares were held by Dragon Regal Holdings Limited, which was wholly owned by Xu Ke.
4. As at the Latest Practicable Date, among 126,845,610 Shares interested, 5,610 Shares were beneficially held by Yu Qingrui and Yu Qingrui was also granted an option to subscribe for 126,840,000 Shares under the Share Option Scheme.
5. As at the Latest Practicable Date, Lam Hay Yin was granted an option to subscribe for 146,800,000 Shares under the Share Option Scheme.
6. As at the Latest Practicable Date, among 90,990,000 Shares interested, 3,990,000 Shares were beneficially held by Wu Ming and Wu Ming was also granted an option to subscribe for 87,000,000 Shares under the Share Option Scheme.
7. The percentage represents the number of Shares interested divided by the number of the Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in any Shares or underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

Save as disclosed in part (d) of the paragraph headed “7. MATERIAL CONTRACTS” below, the Directors confirm that there is no contract or arrangement subsisting at the date hereof in which a Director is materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which, since 31 December 2019, the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, Mr. Yu Qingrui, being an executive Director, is also an executive director of Future World Financial Holdings Limited, which, as at the Latest Practicable Date, is (through its subsidiary) interested in 946,721,316 Shares, representing approximately 5.93% of the existing issued share capital of the Company. Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had any interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into a service contract with any member of the Group which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

### 4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than a Director or chief executive of the Company) had or were deemed or taken to have an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long position in Shares:

| <b>Name of substantial shareholder</b>    | <b>Capacity</b>                           | <b>Number of Shares interested</b> | <b>Approximate percentage of the Company's issued share capital (Note 2)</b> |
|---|---|------------------------------------|--|
| Chen Xiangru                              | Beneficial owner                          | 2,065,692,548                      | 12.94%   |
| Dragon Regal Holdings Limited             | Beneficial owner                          | 2,000,000,000                      | 12.52%   |
| Golden Horse Hong Kong Investment Limited | Beneficial owner                          | 946,721,316<br>(Note 1)            | 5.93%  |
| Future World Financial Holdings Limited   | Interest held by a controlled corporation | 946,721,316<br>(Note 1)            | 5.93%  |

*Note:*

1. These Shares were held by Golden Horse Hong Kong Investment Limited, which was 100% controlled by Future World Financial Holdings Limited
2. The percentage represents the number of Shares interested divided by the number of the Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any other interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

## 5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

## 6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group, or has or may have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

## 7. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business of the Group, were entered into by the Company or its subsidiaries within the two years immediately preceding the date of this circular and are or may be material:

- (a) the placing agreement dated 21 May 2018 entered into between the Company (as issuer) and Central Wealth Securities Investment Limited (“CWSI”), a wholly-owned subsidiary of the Company, (as placing agent) pursuant to which, the Company agreed to place, through the placing agent on a best effort basis, a maximum of 2,000,000,000 Shares at the placing price of HK\$0.1 per Share to not less than six places who and whose ultimate beneficial owner(s) would be independent third parties not connected with the Company and its connected persons;
- (b) the loan agreement dated 14 June 2018 entered into between Top Billion Finance Limited, a wholly-owned subsidiary of the Company, (“**Top Billion**”) (as lender) and a borrower pursuant to which, the lender has agreed to provide an unsecured loan of HK\$40,000,000 to the borrower at an interest rate of 9% per annum for a term commencing from 14 June 2018 and ending on 13 June 2019;
- (c) the loan agreement dated 9 August 2018 entered into between Top Billion (as lender) and a borrower pursuant to which, the lender has agreed to provide an unsecured loan of HK\$10,000,000 to the borrower at an interest rate of 7% per annum for a term of twelve months commencing from the date of drawing appearing on the first notice of drawing given by the borrower;
- (d) the brokerage services and margin financing agreement dated 17 August 2018 entered into between CWSI and Mr. Xu Ke, an executive Director, pursuant to which CWSI has agreed to provide brokerage services and margin financing to Mr. Xu Ke on a non-exclusive basis for a term commencing from the date of the agreement and ending on 31 December 2020;



- (e) the loan agreement dated 30 August 2018 entered into between Top Billion (as lender) and a borrower pursuant to which, the lender has agreed to provide an unsecured loan of HK\$7,000,000 to the borrower at an interest rate of 7% per annum for a term of twelve months commencing from the date of drawing appearing on the first notice of drawing given by the borrower;
- (f) the loan agreement dated 3 September 2018 entered into between Top Billion (as lender) and a borrower pursuant to which, the lender has agreed to provide an unsecured loan of HK\$5,000,000 to the borrower at an interest rate of 7% per annum for a term of twelve months commencing from the date of drawing appearing on the first notice of drawing given by the borrower;
- (g) the loan agreement dated 7 December 2018 entered into between Top Billion (as lender) and a borrower pursuant to which, the lender has agreed to provide a revolving loan facility in the principal amount of HK\$50,000,000 to the borrower at an interest rate of 12% per annum to be charged on the outstanding amount of the revolving loan facility for a period of one year after the date of the agreement;
- (h) the loan agreement dated 24 January 2019 entered into between Top Billion (as lender) and a borrower pursuant to which, the lender has agreed to provide a loan in the principal amount of USD\$5,000,000 to the borrower at an interest rate of 6.5% per annum for a term of fourteen days from the date of drawdown;
- (i) the loan agreement dated 3 May 2019 entered into between Top Billion (as lender) and a borrower pursuant to which, the lender has agreed to provide an unsecured loan of HK\$1,000,000 to the borrower at an interest rate of 9% per annum for a term commencing from 3 May 2019 and ending on 13 June 2019;
- (j) the loan agreement dated 14 June 2019 entered into between Top Billion (as lender) and a borrower pursuant to which, the lender has agreed to provide a revolving loan facility in the principal amount of HK\$90,000,000 to the borrower at an interest rate of 9% per annum to be charged on the outstanding amount of the revolving loan facility for a period of two years after the date of the agreement;
- (k) the Preliminary SPA; and
- (l) the Formal Agreement.

## 8. EXPERT AND CONSENT

The following is the qualifications of the experts who have given an opinion or advice contained in this circular:

| Name   | Qualification                   |
|--|---------------------------------|
| Ascent Partners Valuation<br>Service Limited | Independent professional valuer |

As at the Latest Practicable Date, the above expert did not, directly or indirectly, have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

The valuation report from Ascent Partners Valuation Service Limited is prepared for incorporation in this circular. The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report or statements and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Company were made up.

## 9. MISCELLANEOUS

- (a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The principal place of business in Hong Kong is located at Unit 6706B-08A, Level 67, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.
- (c) The principal share registrar and transfer office of the Company in Bermuda is located at MUFG Fund Services (Bermuda) Limited, 26 Burnaby Street, Hamilton HM 11, Bermuda.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is located at Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The company secretary of the Company is Mr. Szeto Pui Tong Patrick. He is a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (f) In case of any discrepancy, the English text of this circular and the form of proxy shall prevail over the Chinese text.

## 10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company at Unit 6706B-08A, Level 67, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong during normal business hours on any Business Day from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the Preliminary SPA;

- (c) the Formal Agreement;
- (d) the annual reports of the Company for each of the two financial years ended 31 December 2018;
- (e) the 2019 Results Announcement published by the Company on 25 March 2020;
- (f) the property valuation report from Ascent Partners Valuation Service Limited, the text of which is set out in Appendix II to this circular;
- (g) the material contracts referred to in the section headed “7. Material Contracts” in this Appendix;
- (h) the written consent of the expert referred to in the section headed “8. Expert and Consent” in this Appendix; and
- (i) this circular.



# 中達集團控股有限公司

CENTRAL WEALTH GROUP HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 139)

## NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** a special general meeting (the “**SGM**”) of Central Wealth Group Holdings Limited (the “**Company**”) will be held at Studio 5, Level 7, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Wednesday, 3 June 2020 at 9:40 a.m. (or immediately after the conclusion of the Company’s annual general meeting to be held at the same venue on the same day at 9:30 a.m. or any adjournment thereof) for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions:

### ORDINARY RESOLUTIONS

**“THAT**

- (a) the preliminary sale and purchase agreement (the “**Preliminary SPA**”) dated 4 February 2020 entered into between Million Fortune Well Limited as purchaser (the “**Purchaser**”) and Sky Eagle Global Limited as vendor (the “**Vendor**”) and the formal agreement dated 20 March 2020 (the “**Formal Agreement**”) entered into between the Purchaser as purchaser, the Vendor as vendor, Mr. Chen Xiaodong, chairman of the Company, as guarantor of the Vendor in relation to the disposal of the entire issued share capital of Metro Victor Limited and the shareholder’s loan owing by Metro Victor Limited to the Vendor for a total consideration of HK\$380,000,000 (subject to adjustment) (the “**Proposed Disposal**”) (copies of the Preliminary SPA and the Formal Agreement have both been produced to the meeting, marked “A” and “B” respectively and both initialed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder (including but not limited to the execution of a deed of tax indemnity by the Vendor in favour of the Purchaser and Metro Victor Limited), be and are hereby approved, confirmed and ratified; and
- (b) the directors of the Company be and are hereby authorised to implement and take all such steps and do all such acts and things and execute all such documents (including under seal, where applicable) which they consider necessary, desirable or expedient

## NOTICE OF SGM

to give effect to the Preliminary SPA, the Formal Agreement, the Proposed Disposal and the transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its shareholders as a whole.”

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

Hong Kong, 24 April 2020

*Notes:*

- (a) Any member of the Company entitled to attend and vote at the SGM is entitled to appoint a proxy to attend and vote instead of him/her/it. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
- (b) In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM (i.e. not later than 9:40 a.m. on Monday, 1 June 2020) or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the SGM or any adjournment thereof and in such event the form of proxy shall be deemed to be revoked.
- (c) For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Friday, 29 May 2020 to Wednesday, 3 June 2020, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the SGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 28 May 2020.
- (d) References to time and dates in this notice are to Hong Kong time and dates.

## NOTICE OF SGM

As at the date of this notice, the board of directors of the Company 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

### **PRECAUTIONARY MEASURES AT THE SPECIAL GENERAL MEETING**

In view of the recent developments of the Novel Coronavirus (COVID-19) pandemic, and taking into consideration of the guidelines issued by the Government of Hong Kong, the Company will implement the following preventive measures at the special general meeting to protect attending Shareholders from the risk of infection:

- Compulsory body temperature check will be conducted for every shareholder or proxy at the entrance of the venue.
- Every shareholder or proxy is required to wear medical face mask throughout the meeting.
- No refreshment will be served.

Any person who does not comply with the precautionary measures may be denied entry into the special general meeting venue.

The Company wishes to remind all Shareholders that physical attendance in person at the special general meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the Chairman of the Meeting as their proxy to vote on the relevant resolutions at the special general meeting as an alternative to attending the special general meeting in person.