

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.



CENTRAL DEVELOPMENT HOLDINGS LIMITED

中發展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 475)

**SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION INVOLVING
THE ACQUISITION OF 51% OF EQUITY INTERESTS
IN THE TARGET COMPANY**

Reference is made to the announcement (the “**Announcement**”) of Central Development Holdings Limited (the “**Company**”) dated 11 October 2020 in relation to the Acquisition. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Announcement.

The Board wishes to provide further information in relation to the Acquisition.

BASIS OF THE CONSIDERATION

As disclosed in the Announcement, the consideration for the Acquisition of RMB30,600,000 was determined based on arm’s length negotiations between the parties after taking into account of, among other factors, the valuation of fair value of significant assets of the Target Company as at 31 July 2020, conducted by an independent valuer engaged by the Company. According to the valuation prepared by the independent valuer, the nature of significant assets of the Target Company are the property interests in the Filling Station and the Office Premises, the machinery, equipment, fixtures and fittings of the Filling Station (the “**Fixed Assets**”) and relevant permits (the “**Operating Rights**”) in relation to operation of the Filling Station (collectively, the “**Significant Assets**”).

The fair value of the Significant Assets as at 31 July 2020 valued by the independent valuer is in the range of approximately RMB60 to 61 million. On the other hand, based on the unaudited financial information of the Target Company as at 31 July 2020, the carrying amount of total assets amounted to approximately RMB21,583,000. The Board considers that the carrying amount of the Significant Assets are measured at cost basis only, providing the investment cost spent by the Target Company for reference, but without truly and accurately reflecting the potential economic benefits to be brought by the Significant Assets to the Target

Company in the course of operation and management of the Filling Station, and the strategic value(s) that the Target Company will bring to the Group (as disclosed in the section headed “Reasons for and Benefits of the Acquisition” of the Announcement). In view of the above, to determine the fairness and reasonableness of the consideration, the Board considers that it is in the best interest of the Company to appoint an independent valuer for revaluations of the Significant Assets and it is fair and reasonable to determine the consideration with reference to the fair value of the Significant Assets valued by an independent valuer.

The independent valuer has valued the property interests of the Filling Station and the Office Premises by using (i) direct comparison method which made reference to comparable sales evidence as available in the relevant market, and (ii) replacement cost new method which mainly considered the current cost to replace the assets under valuation in new condition. The valuation is based on principal assumptions including, but not limited to, that these property interests are free from encumbrances, restrictions and outgoings of any onerous nature, the owner has free and uninterrupted rights to use these property interests for the whole of the unexpired term as granted and that all the required licenses or consents either have been or can be obtained or renewed.

The independent valuer has valued the Fixed Assets by using (i) replacement cost new method which mainly considered the current cost of comparable machinery and equipment, and (ii) reproduction cost new method which primarily made reference to appropriate price or cost indices to the historical cost of the Fixed Assets. The valuation is based on principal assumptions including, but not limited to, that the Fixed Assets are in satisfactory working condition and usefulness and remain in use in their working place, with the benefit of continuity of the tenure of the land and buildings where the Fixed Assets are situated into the foreseeable future.

Additionally, the independent valuer has valued the Operation Rights by using excess earnings method which primarily considered and analysed economic benefits and costs of a combined asset group over a remaining economic life. The valuation is based on principal assumptions including, but not limited to, no legal obstacle in obtaining the relevant approvals and licenses for the operation at the Filling Station and the subject intangible asset will not be infringed upon in a manner which would materially affect the profitability of the business.

In the circumstances, the Board is of the view that the relevant basis, assumptions and valuation methodologies regarding the valuation are comparable to the market practice and scope of work of the independent valuer is appropriate for the relevant engagement. The Board is also of the view that the fair value is a reasonable and unbiased estimate of the intrinsic value of the Significant Asset. In this connection, the Board considers that the consideration was suitably determined with reference to the valuation and was therefore fair and reasonable. The basis of consideration was also agreed and accepted by the Vendor. The consideration of RMB30,600,000 has been calculated with reference to the fair value of the Significant Assets provided by the independent valuer (rounded to RMB60,000,000 as agreed by the Company and the Vendor) as at 31 July 2020 and multiplied by 51% of equity interests in the Target Company.

PAYMENT TERMS AND CONDITIONS PRECEDENT

The Group will settle the consideration of RMB30,600,000 in cash and/or by bank transfer.

Regarding paragraph 8 of the section headed “Post-Completion Obligations” of the Announcement, the Board would like to clarify and supplement that while the Vendor and the Target Company undertake to use its commercially reasonable best efforts to make the Target Company obtain the necessary certificates, licenses and approvals for the lawful operations of natural gas stations before the Completion Date, including but not limited to the Gas Business Licence* and the Gas Cylinder Filling Licence* (the “**Gas Filling Approvals**”), if they cannot be achieved, the Vendor and the Target Company also undertake to use its commercially reasonable best efforts to ensure the Target Company obtain the Gas Filling Approvals after the Completion Date and, as shall be explained below, it is expected that they can be obtained or before 30 September 2021. The paragraph should be read as follows:

“The Vendor and the Target Company undertake to use its commercially reasonable best efforts to make the Target Company obtain the necessary certificates, licenses and approvals for the lawful operations of natural gas stations before the Completion Date, including but not limited to the Gas Business Licence* and the Gas Cylinder Filling Licence*, and shall continue to do so after the Completion Date (if applicable).”

The application process of Gas Filling Approvals can be proceeded after the termination of the Lease Agreement which will take place before the Completion and is anticipated to be completed on or before 30 September 2021. As disclosed in the Announcement, the Target Company has already reserved spaces for an LNG filling station when the Filling Station was built, and is actively preparing for the expansion of the Filling Station into LNG filling service with a view to develop the Filling Station into a comprehensive filling station. The Board considers that the application process of the Gas Filling Approvals could be shortened and expected to be completed on or before 30 September 2021.

The Board confirms that the operation of the Filling Station with respect to oil (i.e. gasoline, diesel) filling will be legal and valid upon Completion of the Acquisition. The Target Company will operate LNG filling services when the Gas Filling Approvals are obtained.

Save as supplemented and disclosed above, the contents in the Announcement remain unchanged.

By order of the Board
Central Development Holdings Limited
Chan Wing Yuen, Hubert
Chief Executive & Executive Director

Hong Kong, 27 October 2020

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

* For identification purpose only