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**CENTRAL DEVELOPMENT HOLDINGS LIMITED**

**中發展控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 475)**

**DISCLOSEABLE AND CONNECTED TRANSACTION  
INVOLVING THE ISSUE OF  
CONVERTIBLE BONDS UNDER GENERAL MANDATE  
IN RELATION TO  
THE ACQUISITION OF 35% EQUITY INTEREST IN  
THE TARGET COMPANY**

**THE AGREEMENT**

On 19 August 2022 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, the Vendor and the Target Company entered into the Agreement pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares for a total consideration of HK\$52,000,000.

The consideration of HK\$52,000,000 for the sale and purchase of the Sale Shares shall be settled by the Purchaser to procure the Company to issue the Convertible Bonds to the Vendor within 1 month after the date of Completion (exclusive of any period that the securities of the Company must not be dealt in under the Listing Rules).

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Acquisition is more than 5% but less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Group under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor, being the ultimate beneficial owner of 49% of the equity interest in Chengdu Kaibangyuan through Sichuan Huahan which is wholly owned by Zhongtoughongsheng (the entire equity interest in which is owned by the Vendor), is a substantial shareholder of Chengdu Kaibangyuan, an indirect non-wholly owned subsidiary of the Company. Hence, the Vendor is a connected person of the Company at the subsidiary level under the Listing Rules, and the Proposed Acquisition constitutes a connected transaction of the Group under Chapter 14A of the Listing Rules. The Proposed Acquisition and the issue of Convertible Bonds as Consideration, but for Rule 14A.37 of the Listing Rules, are subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The Company has applied to the Stock Exchange for a waiver from the requirement for the Company to convene a general meeting under Rule 14A.37 of the Listing Rules on the basis that: (i) to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder had a material interest in the Proposed Acquisition and issue of Convertible Bonds as Consideration, and no Shareholder would be required to abstain from voting if the general meeting of the Company was convened to approve the Proposed Acquisition and issue of Convertible Bonds as Consideration; and (ii) written approvals by Resources Rich which is directly interested in 204,718,000 Shares and such Shares constituted approximately 52.82% of the total number of Shares as at the Latest Practicable Date, had been obtained by the Company for implementing the Proposed Acquisition and issue of Convertible Bonds as Consideration in lieu of convening a general meeting.

If the abovementioned waiver is not granted by the Stock Exchange, the Company will convene an extraordinary general meeting to obtain the requisite approval from the Shareholders under the Listing Rules.

## **GENERAL**

The Independent Board Committee, comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Proposed Acquisition and the issue of Convertible Bonds. The Company has appointed an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing, among other things, (i) further details of the Proposed Acquisition and the issue of the Convertible Bonds; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser; and (iv) other information as required under the Listing Rules, will be despatched by the Company to the Shareholders in accordance with the requirements of the Listing Rules. The circular is expected to be despatched by the Company to the Shareholders on or before 9 September 2022 if no general meeting is to be held for the Proposed Acquisition and the issue of Convertible Bonds.

**Completion of the Proposed Acquisition is conditional upon the fulfilment of the conditions set out under the paragraph headed “Conditions Precedent” in this announcement, which may or may not be fulfilled. Accordingly, the Proposed Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the Shares and other securities of the Company.**

On 19 August 2022, the Purchaser (after trading hours) entered into the Agreement with the Vendor and the Target Company to acquire 35% of the equity interest in the Target Company. Details of the Agreement have been set out in this announcement.

## **THE AGREEMENT**

**Date:** 19 August 2022 (after trading hours)

### **Parties:**

**Purchaser:** Hainan Huagang New Energy Development Co., Ltd.

**Vendor:** Mr. Zhang Bing

The Vendor is directly interested in 95% and indirectly interested in 5% through Zhongtoughsheng and Sichuan Huahan of the equity interest in the Target Company. The Vendor is indirectly interested in 49% of the equity interest in Chengdu Kaibangyuan through Sichuan Huahan which is wholly owned by Zhongtoughsheng, the entire equity interest in which is owned by the Vendor. As such, the Vendor is a substantial shareholder of Chengdu Kaibangyuan, an indirect non-wholly owned subsidiary of the Company. Hence, the Vendor is a connected person of the Company at the subsidiary level under the Listing Rules.

### **Interests to be acquired**

Pursuant to the Agreement, the Vendor has agreed to sell and the Purchaser shall acquire the Sale Shares, representing 35% of the equity interest in the Target Company. The Target Company owns 50% of the equity interest in the JV Company.

### **Consideration**

The consideration of HK\$52,000,000 for the sale and purchase of the Sale Shares shall be settled by the Purchaser to procure the Company to allot and issue the Convertible Bonds to the Vendor within 1 month after the date of Completion (exclusive of any period that the securities of the Company must not be dealt in under the Listing Rules).

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the preliminary draft valuation of 35% of the equity interest in the Target Company by Colliers International (Hong Kong) Limited, an independent valuer, of approximately HK\$52.0 million. The preliminary draft valuation was based on discounted cash flows approach (the "**Valuation**"). Therefore, the Valuation is regarded as a profit forecast under Rule 14.61 of the Listing Rules.

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 are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

### **Conditions Precedent**

Completion is conditional upon fulfilment or, where applicable, waiver of the following conditions:

- (a) Obtaining the necessary approvals and consents of the relevant government authorities in Mainland of the PRC for the transfer of ownership of the Target Company (if applicable);
- (b) The warranties given under the Agreement shall remain true, accurate, non-misleading in any material aspect, not being breached and not resulting in any material adverse change by the occurrence of any events or situations from the date of the Agreement to the Completion Date;
- (c) The representations and warranties made by the Vendor and the Target Company in the transaction documents for the Proposed Acquisition remain true and accurate in all respects and are not misleading;
- (d) No requests concerning the Vendor or the Target Company and JV Company have been received from any government departments nor have any requests in relation to the Vendor or the Target Company and JV Company been made to any government departments that could restrict the Proposed Acquisition or result in any material and adverse effects on the Proposed Acquisition;
- (e) The Target Company has not been faced with any arbitration, administrative and legal proceeding or dispute mediation, the judgement of which might have any material adverse effect on the Proposed Acquisition, the Vendor or the Target Company;

- (f) The Vendor has obtained all necessary internal consents and approvals that the Vendor and the Target Company are required to obtain in relation to the Proposed Acquisition;
- (g) No laws, administrative orders or rulings that may restrict the Proposed Acquisition or make it illegal have been implemented or issued;
- (h) All necessary consents, registrations, filings, licences and approvals must be obtained by the Vendor and the Target Company in relation to the Proposed Acquisition having been obtained by Vendor;
- (i) The net asset value of the Target Company is not less than RMB18 million;
- (j) The Target Company owns 50% of the equity interest in the JV Company;
- (k) The Target Company does not have any subsidiaries;
- (l) A qualified valuer approved by the Purchaser has issued a valuation report on the 35% equity interest in the Target Company, the aggregate value of which shall not be less than RMB44.9 million, and the Purchaser is satisfied with valuation report in terms of its format and content;
- (m) The Target Company have obtained its necessary certificates, licenses and approvals for its lawful operations before the Completion Date;
- (n) The Purchaser satisfied (in substance) a legal opinion in relation to the Target Company and JV Company issued by a legal adviser, which is qualified to practise in the PRC, engaged by the Purchaser;
- (o) The Purchaser, having completed legal, financial, operational and tax-related due diligence review on the Target Company and JV Company and are satisfied with the results of such reviews in all respects;
- (p) The business, operations, assets, financial, trading or other conditions, profits or prospects of the Target Company and JV Company have not undergone any material adverse changes or any events or circumstances that may cause such material adverse changes;

- (q) The Purchaser receives a confirmation letter with satisfying terms, confirming the approval of the Board without any objections;
- (r) The accounts receivable of the Target Company other than operating, construction payments have been fully discharged;
- (s) Save and except for any companies not in operation before the Completion Date, the Target Company and JV Company have confirmed with their supplier(s) that there will be sufficient and stable supply within 5 years after the Completion Date to support the Target Company and JV Company to continue to their main operations;
- (t) The Shareholder(s) of the Company with more than 50% of the voting rights has/ have approved by written resolutions or at a general meeting of the Company the Agreement, the issuance of the Convertible Bonds and the various transactions contemplated thereunder in accordance with the provisions of the articles of association of the Company and the Listing Rules;
- (u) The Listing Committee of the Stock Exchange has granted approval or consent to approve the listing and trading of the Conversion Shares on the Stock Exchange (whether or not such approval or consent is subject to any conditions) and transactions under the Agreement, and other matters involving all consents and approvals of the Stock Exchange which have not been withdrawn by the Stock Exchange before the Completion Date;
- (v) The transactions under the Agreement do not constitute or trigger any mandatory general offer obligations under The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission; and
- (w) Any necessary approvals, consents and/or waivers by relevant governmental or regulatory bodies or agencies in Hong Kong or elsewhere (including but not limited to the Stock Exchange) to the benefit of the Purchaser, the Company and/or Vendor pursuant to the Agreement have been obtained in relation to the transaction contemplated under the Agreement, and such approval, consent and/or waiver has not been revoked.

If any of the above conditions precedent is not satisfied in accordance with terms of the Agreement by 31 March 2023, the Agreement may be terminated by written notice by one party to the other party to the Agreement and no claim shall be brought by the Purchaser against the Vendor thereafter, save and except for any previous breach of the Agreement by the Vendor.

### **Completion**

Completion shall take place after the satisfaction of all conditions precedent in the Agreement (or waiver by the Purchaser pursuant to the terms of the Agreement) and the Purchaser has issued a completion notice to the Vendor, at the place agreed between the Purchaser and the Vendor, but in any event no later than 31 March 2023. Upon the Completion of the relevant registration procedures in relation to the Proposed Acquisition, the Group will be interested in 35% equity interest in the Target Company.

### **Post-Completion Obligations**

The Vendor and the Target Company undertake to the Purchaser various post-completion obligations after the Completion, which include the following:

1. The board of directors of the Target Company shall be composed of 3 persons: 2 persons appointed by the Vendor and 1 person appointed by the Purchaser;
2. The chairman of the Target Company shall be appointed jointly by Vendor and Purchaser;
3. The general manager of the Target Company shall be appointed jointly by Vendor and Purchaser;
4. The authorised representative of the Target Company shall be appointed by Vendor;
5. The supervisor of the Target Company shall be appointed jointly by Vendor and Purchaser;
6. The financial and accounting personnel (including supervisors) of the Target Company shall be jointly appointed by the Vendor and the Purchaser;
7. All authorised person of the bank account(s) of the Target Company shall be jointly designated by the Vendor and the Purchaser;

8. The Vendor and the Target Company undertake to use their commercially reasonable best efforts to make JV Company obtain the necessary certificates, licenses and approvals for their respective lawful operations, including but not limited to the Gas Business Licence# (燃氣經營許可證);
9. The shareholders of the Target Company may transfer all or part of their equity interest to one another;
10. The transfer of shares by the shareholders of the Target Company to persons other than the shareholders of the Target Company shall be subject to the unanimous written consent of all the shareholders of the Target Company. The shareholders of the target company shall notify other shareholders in writing to seek opinions in relation to their share transfers. If other shareholders fail to reply within 30 days from the date of receipt of the written notice, they shall be deemed to agree to the transfer;
11. For the share transfer with the consent of the shareholders of the Target Company, other shareholders of the Target Company have the right of first refusal under the same conditions. If two or more shareholders of the Target Company claim to exercise the right of first refusal, they shall negotiate to determine their respective purchase proportions; if the negotiation fails, the right of first refusal shall be exercised in proportion to their respective capital contributions at the time of transfer;
12. Shareholders of the Target Company shall notify other shareholders in writing of their share transfers to seek opinions from them; and
13. Notwithstanding the above provisions as post-completion obligations under the Agreement, within 2 years after the effective date of the Agreement, without the unanimous written consent of the parties to the Agreement and the shareholders of the Target Company, neither party shall have any right to transfer and pledge its share of capital contribution in the Target Company under the Agreement.



## **TERMS OF CONVERTIBLE BONDS**

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

### **Issuer**

The Company

### **Principal terms of the Convertible Bonds**

Principal amount	:	HK\$52,000,000
Issue price	:	HK\$0.74
Maturity date	:	the date falling on the 3 <sup>rd</sup> anniversary of the date of issuance of the Convertible Bond
Interest rate	:	Nil
Conversion rights	:	the Bondholder will have the right to convert the whole or part of the principal amount of the Convertible Bond (in integral multiple of HK\$1 million or such lesser amount representing the entire outstanding principal amount of the Convertible Bond) into Conversion Shares at any time and from time to time, during the date of the issuance of the Convertible Bond up to the close of business on the date falling 5 business days prior to the Maturity Date, provided that such conversion would not render Shares in the public hands being less than the minimum public float defined under Rule 8.08 of the Listing Rules or other relevant requirements under the Listing Rules and the Bondholder shall not exercise any conversion right unless it provides evidence to the reasonable satisfaction of exercising the conversion right that the Bondholder and persons acting in concert with it (as defined in the Takeovers Code) will not beneficially own 30% or more of the issued shares and/or or voting rights of the Company immediately after the conversion and/or trigger any mandatory general offer obligations under the Takeovers Code.

Conversion Price : the initial Conversion Price is HK\$0.74 per Conversion Share (subject to adjustment) and represents:

- (i) equal to the closing price of HK\$0.74 per Share as quoted on the Stock Exchange on 19 August 2022, being the date of the Agreement;
- (ii) a premium of approximately 0.82% over the average closing price of HK\$0.734 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately preceding the date of the Agreement; and
- (iii) a discount of approximately 0.27% over the average closing price of HK\$0.742 per Share as quoted on the Stock Exchange for the last 10 trading days immediately preceding the date of the Agreement.

The Conversion Price was determined by the Vendor and the Company on an arm's length basis with reference to the current market price of the Shares as shown above.

The Board considers that the Conversion Price is fair and reasonable.

The net Conversion Price, after deduction of relevant cost and expenses, is approximately HK\$0.726, assuming that 70,270,270 Conversion Shares are issued at the conversion price of HK\$0.74.

Adjustment to Conversion Price : the Conversion Price will be subject to adjustment for events which may have a diluting effect on the share capital of the Company or change the capital structure of the Company, such as consolidation, subdivision or reclassification of Shares, capitalisation of profits and reserves, rights issue of Shares or options over Shares.

- Redemption of the Convertible Bonds by the Company : unless previously converted, purchased and cancelled, the Company shall pay the outstanding principal amount under the Convertible Bonds by cash on the Maturity Date, the Company may redeem the Convertible Bonds at any time and from time to time before the Maturity Date upon mutual agreement with the Vendor.
- Transferability : subject to all applicable laws and regulations and prior notification to the Company, the Convertible Bonds may be assigned or transferred in whole or in part of its principal amount outstanding (in integral multiple of HK\$1 million or such lesser amount representing the entire outstanding principal amount of the Convertible Bonds) to independent third parties, other than the connected person(s) of the Company.
- Voting rights : a Bondholder will not be entitled to receive notice of, attend or vote at any general meetings of the Company by reason only of it being a Bondholder.
- Listing : the Company will apply to the Stock Exchange for the listing of and permission to deal in the Conversion Shares to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds, the Conversion Shares shall be allotted and issued under the General Mandate.
- No application will be made by the Company for the listing of the Convertible Bonds.
- No restriction applies to any subsequent sale of the Conversion Shares.
- Ranking of the Conversion Shares : the Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with all other existing Shares outstanding at the date of such allotment and issuance and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of such allotment and issuance.

- Ranking of the Convertible Bonds : the obligations of the Company arising under the Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and rank and shall at all times rank *pari passu* in all respects among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.
- Events of default : after the occurrence of an event of default as specified in the terms and conditions of the Convertible Bonds, any Bondholder may give notice to the Company that the Convertible Bonds is immediately due and payable.

### **The Conversion Shares**

Based on the initial Conversion Price of HK\$0.74 per Conversion Share (subject to adjustment) and assuming full conversion of the Convertible Bonds, the Convertible Bonds in the aggregate principal amount of HK\$52,000,000 will be convertible into 70,270,270 Conversion Shares, representing:

- (a) approximately 18.13% of the issued share capital of the Company as at the date of the Agreement;
- (b) approximately 15.35% of the issued share capital of the Company as enlarged by the issuance of the Conversion Shares upon full conversion of the Convertible Bonds; and
- (c) the aggregate nominal value of HK\$702,703.

A written approval has been obtained by the Company pursuant to Rule 14A.37 of the Listing Rules, among other things, for the allotment and issuance of the Conversion Shares under the General Mandate.

## **GENERAL INFORMATION OF THE PARTIES**

### **The Company, the Purchaser and the Group**

The Company is an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Purchaser is an indirect wholly-owned subsidiary of the Company through Beijing Jianxinyuan Trading Company Limited# (北京建新源貿易有限公司) and incorporated in the PRC with limited liability. The Purchaser is principally engaged in investment holding. The Group is principally engaged in energy business in the PRC, Hong Kong and other countries and jewelry business in the PRC and Hong Kong.

### **Information of the Vendor**

The Vendor is directly interested in 95% and indirectly interested in 5% through Zhongtoughsheng and Sichuan Huahan of the equity interest in the Target Company. The Vendor is indirectly interested in 49% of the equity interest in Chengdu Kaibangyuan through Sichuan Huahan which is wholly owned by Zhongtoughsheng, the entire equity interest in which is owned by the Vendor. As such, the Vendor is a substantial shareholder of Chengdu Kaibangyuan, an indirect non-wholly owned subsidiary of the Company. Hence, the Vendor is a connected person of the Company at the subsidiary level under the Listing Rules.

Based on the information provided by the Vendor, the Vendor is a merchant and has worked in the energy industry for over 25 years.

## **INFORMATION OF THE TARGET GROUP AND ITS BUSINESS**

### **The Target Group and its business**

Target Company is principally engaged in investment holding. Target Company is the beneficial owner of 50% of the entire registered and paid up capital of the JV Company. The JV Company is principally engaged in the construction and operation of natural gas pipeline networks, the operation and maintenance of pipeline corridors, provision of residential heating, and the procurement, transportation and sale of natural gas in Mengcheng County, Anhui Province, the PRC. In 2019, the JV Company entered into a licensing agreement with the Housing and Urban-Rural Development Bureau of Mengcheng County, under which the JV Company was granted a 30-year license to supply heat to industrial, commercial and corporate entities and urban residents in the county planning area of Mengcheng County. The JV Company is constructing two distributed energy stations, four 20-tonne gas-fired steam boilers, two natural gas gateways and approximately 7 kilometres of heat supply network. As at the date of the Agreement, the JV Company has not commenced sales.

As the Target Company is newly incorporated in January 2021, no financial information for year ended 31 March 2021 on the Target Company is presented in this announcement. The Target Company has no business operation since its incorporation other than holding 50% of the equity interest in the JV Company since November 2021 and other investments since January 2022. The registered capital of the Target Company is RMB60.0 million (equivalent to approximately HK\$69.8 million).

A summary of the financial information of the Target Group derived from the audited financial information for the year ended 31 March 2022 and unaudited financial information for the four months ended 31 July 2022 prepared in accordance with the generally accepted accounting principles in the PRC are as follows:

	<b>Year ended 31 March 2022 '000 (audited)</b>	<b>For the four months ended 31 July 2022 '000 (unaudited)</b>
Net loss before taxation	RMB(902) (equivalent to approximately HK\$(1,050))	RMB(723) (equivalent to approximately HK\$(842))
Net loss after taxation	RMB(902) (equivalent to approximately HK\$(1,050))	RMB(723) (equivalent to approximately HK\$(842))
Net asset value	RMB19,236 (equivalent to approximately HK\$22,389)	RMB18,369 (equivalent to approximately HK\$21,379)

The original investment costs of 35% equity interest in the Target Group by the Vendor were approximately in the amount of RMB7.0 million (equivalent to approximately HK\$8.1 million).

Further, the original acquisition costs of 50% equity interest in the JV Company by the Target Company was RMB20.0 million (equivalent to approximately HK\$23.3 million).

After completion of the Proposed Acquisition, the Target Company and JV Company will not be treated as subsidiaries of the Group and their results will not be consolidated into the consolidated financial statements of the Group.

## **REASONS FOR THE PROPOSED ACQUISITION**

The Group is principally engaged in the energy business and jewelry business. The Group continues to strategically expand its energy business in order to diversify the Group's overall business. As stated in the Company's annual report for the year ended 31 March 2022, the Group has been focusing on identifying more investment opportunities in the energy sector to build and broaden strategic partnerships for long-term stable and healthy development, especially potential investments in natural gas and natural gas-related businesses. With this initiative, the Group will not only fully leverage its operational and management strengths, but will also improve the overall efficiency of the Group's resource allocation and enhance the long-term development potential of its energy business by creating synergies with its existing natural gas and solar photovoltaics businesses.

The Vendor has been engaged in the energy business for years and has extensive experience and resources in the industry. By participating in the Target Company, the Group will be able to build a strong alliance with the Vendor, leveraging the Vendor's existing resources in the industry, brand image, and strong marketing experience, together with the Group's management experience, the strong partnership with the Vendor is expected to accelerate the Group's expansion in energy business.

The Target Company and its JV Company are now building decentralised energy stations that supply piped natural gas to urban areas where the JV Company is located, which will provide industrial steam, residential heating, and natural gas to industrial users via pipelines. In light of the "dual carbon" policy of "peak-carbon and carbon-neutral", the development of decentralised natural gas stations is expected to be a promising future development. In addition to enriching the Group's business portfolio, the proposed acquisition of the Target Company represents an excellent opportunity that will enable the Group to pursue its goal of becoming a supplier of diversified energy solutions and products.

The Directors consider that the Proposed Acquisition will facilitate strategic cooperation between the Group and the Vendor and the Group's business development, expand the customer base of the Group's energy business and further leverage the advantages of industry chain integration. In addition to increasing the market share of the Group's energy business in the PRC, the Proposed Acquisition will diversify the Group's revenue streams. It will also provide a stable source of cash flow for the Group, increase its net profit and thereby creating greater investment value for investors and Shareholders.

Having considered the above reasons, the Directors consider that the terms and conditions of the Agreement are on normal commercial terms and are fair and reasonable and the Proposed Acquisition is in the interests of the Group, the Company and the Shareholders as a whole.

## EFFECTS OF THE PROPOSED ACQUISITION ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (a) as at the date of this announcement; (b) immediately after full conversion of the Convertible Bonds:

Shareholders	As at the date of this Announcement		Immediately after completion of issue of the Convertible Bonds upon exercise of the conversion rights in full (Note 1)	
	Number of Shares	Approximate percentage (Note 7)	Number of Shares	Approximate percentage (Note 7)
Resources Rich	204,718,000 (Note 2)	52.82%	204,718,000 (Note 2)	44.71%
Mr. Hu Yangjun	207,784,000 (Note 3)	53.61%	207,784,000 (Note 3)	45.38%
Mr. Hu Yishi	207,454,000 (Note 4)	53.53%	207,454,000 (Note 4)	45.31%
Ms. Zhang Qi	207,784,000 (Note 5)	53.61%	207,784,000 (Note 5)	45.38%
Ms. Lin Min, Mindy	207,454,000 (Note 6)	53.53%	207,454,000 (Note 6)	45.31%
The Vendor	–	–	70,270,270	15.35%
Public Shareholders	177,044,000	45.68%	177,044,000	38.67%
Total	<u>387,564,000</u>	<u>100%</u>	<u>457,834,270</u>	<u>100%</u>



*Note:*

1. The numbers are for illustration purpose only. Pursuant to the Agreement, the Vendor will only convert the Convertible Bonds in a manner that will (i) not upset the public float of Shares on the Stock Exchange; and (ii) not trigger any mandatory general offer obligation under Rule 26 of the Takeovers Code.
2. 50% of the entire issued share capital of Resources Rich is owned by Mr. Hu Yangjun while the other 50% is owned by Mr. Hu Yishi. Mr. Hu Yangjun and Mr. Hu Yishi are deemed to be interested in all the Shares in which Resources Rich is interested by virtue of the SFO.
3. Mr. Hu Yangjun had a direct interest of 3,066,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yangjun, within the meaning of Part XV of the SFO.
4. Mr. Hu Yishi had a direct interest of 2,736,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yishi, within the meaning of Part XV of the SFO.
5. Ms. Zhang Qi is the spouse of Mr. Hu Yangjun. Accordingly, she is deemed to be interested in the same number of Shares and underlying Shares in which Mr. Hu Yangjun is interested in pursuant to the SFO.
6. Ms. Lin Min, Mindy is the spouse of Mr. Hu Yishi. Accordingly, she is deemed to be interested in the same number of Shares and underlying Shares in which Mr. Hu Yishi is interested in pursuant to the SFO.
7. The percentage figures included in this table are subject to rounding adjustment.
8. The figures above assume that other than the Conversion Shares, no further Shares are issued or repurchased by the Company, and no Shares are sold or purchased by the Vendor or his associate(s), in each case on or after the date of this announcement and up to the date the allotment and issue of and the Conversion Shares.

## **THE GENERAL MANDATE**

The Conversion Shares upon exercise in full of the Convertible Bonds will be allotted and issued pursuant to the General Mandate.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

The Company had not carried out any equity fund raising activities in the 12 months immediately preceding the date of this announcement.

## **APPLICATION FOR LISTING**

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. The Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with all the existing Shares in issue.

## **LISTING RULES IMPLICATIONS**

### **Discloseable Transaction**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Acquisition is more than 5% but less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Group under Chapter 14 of the Listing Rules.

### **Connected Transaction**

As at the date of this announcement, the Vendor, being the ultimate beneficial owner of 49% of the equity interest in Chengdu Kaibangyuan through Sichuan Huahan which is wholly owned by Zhongtoughsheng, the entire equity interest in which is owned by the Vendor, is a substantial shareholder of the Chengdu Kaibangyuan, an indirect non-wholly owned subsidiary of the Company. Hence, the Vendor is a connected person of the Company at the subsidiary level of the Company under the Listing Rules, and the Proposed Acquisition constitutes a connected transaction of the Group under Chapter 14A of the Listing Rules. The Proposed Acquisition and the issue of Convertible Bonds as Consideration, but for Rule 14A.37 of the Listing Rules, are subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The Company has applied to the Stock Exchange for a waiver from the requirement for the Company to convene a general meeting under Rule 14A.37 of the Listing Rules on the basis that: (i) to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder had a material interest in the Proposed Acquisition and issue of Convertible Bonds as Consideration, and no Shareholder would be required to abstain from voting if the general meeting of the Company was convened to approve the Proposed Acquisition and issue of Convertible Bonds as Consideration; and (ii) written approvals by Resources Rich which is directly interested in 204,718,000 Shares and such Shares constituted approximately 52.82% of the total number of Shares as at the Latest Practicable Date, had been obtained by the Company for implementing the Proposed Acquisition and issue of Convertible Bonds as Consideration in lieu of convening a general meeting.

If the abovementioned waiver under Rule 14A.37 of the Listing Rules is granted by the Stock Exchange, no extraordinary general meeting of the Company will be convened for the purpose of considering and approving the Proposed Acquisition and issue of Convertible Bonds.

If the abovementioned waiver is not granted by the Stock Exchange, the Company will convene an extraordinary general meeting to obtain the requisite approval from the Shareholders under the Listing Rules.

## GENERAL

The Directors (including the independent non-executive Directors) are of the view that the Agreement was entered into on normal commercial terms, in the ordinary and usual course of business of the Company, and the terms and conditions therein are fair and reasonable and in line with the overall development strategy of the Group as well as in the interests of the Company and the Shareholders as a whole.

The Independent Board Committee, comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Proposed Acquisition and the issue of Convertible Bonds. The Company has appointed an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing, among other things, (i) further details of the Proposed Acquisition and the issue of the Convertible Bonds; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser; and (iv) other information as required under the Listing Rules, will be despatched by the Company to the Shareholders in accordance with the requirements of the Listing Rules. The circular is expected to be despatched by the Company to the Shareholders on or before 9 September 2022 if no general meeting is to be held for the Proposed Acquisition and the issue of Convertible Bonds.

## DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 8 September 2022 or 2 September 2021 (if applicable)
“Agreement”	the 35% equity transfer agreement dated 19 August 2022 and entered into between the Vendor, the Purchaser and the Target Company in relation to the sale and purchase of the Sale Shares
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	the holder(s) of the Convertible Bonds
“Chengdu Kaibangyuan”	Chengdu Kaibangyuan Trading Co., Limited# (成都凱邦源商貿有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly-owned subsidiary of the Company

“Company”	Central Development Holdings Limited 中發展控股有限公司 (stock code: 475), a company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Proposed Acquisition in accordance with the terms and conditions of the Agreement
“Completion Date”	the date of Completion pursuant to the Agreement
“Consideration”	the consideration to be satisfied by the Purchaser to the Vendor for the sale and purchase of the Sale Shares
“Convertible Bonds”	the convertible bonds in the principal amount of HK\$52,000,000, to be issued by the Company in favour of the Vendor in accordance with the terms and conditions of the Agreement
“Conversion Price”	the initial conversion price of HK\$0.74 per Conversion Share, subject to adjustments, pursuant to the terms of the Convertible Bonds
“Conversion Shares”	70,270,270 new Shares to be allotted and issued by the Company upon the exercise of the conversion rights in respect of the Convertible Bonds
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by a resolution of the Shareholders passed at the AGM
“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 People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising independent non-executive Directors pursuant to Rule 14A.41 of the Listing Rules being formed for the purpose of advising the Independent Shareholders in relation to the Proposed Acquisition and issue of Convertible Bonds

“Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on Corporate Finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Proposed Acquisition and issue of Convertible Bonds
“Independent Shareholders”	Shareholders who are not required to abstain under the Listing Rules from voting if the general meeting of the Company was convened to approve the Proposed Acquisition, issue of Convertible Bonds and the transactions contemplated thereunder
“JV Company”	Anhui Huagang Bochen New Energy Co., Ltd.# (安徽華港博臣新能源有限公司), a company incorporated in the PRC with limited liability, 50% equity interest in which is owned by the Target Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong
“Main Board”	the main board of the Stock Exchange
“Maturity Date”	the date of maturity of the Convertible Bonds, being the date falling on the 3 <sup>rd</sup> anniversary of the date of issue of the Convertible Bonds
“PRC”	People’s Republic of China
“Proposed Acquisition”	the proposed acquisition of the Sale Shares by the Company subject to and upon the terms and conditions of the Agreement
“Purchaser”	Hainan Huagang New Energy Development Co., Ltd.# (海南華港新能源開發有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Resources Rich”	Resources Rich Capital Limited, a company incorporated in the British Virgin Islands with limited liabilities
“RMB”	Renminbi, the lawful currency of the PRC

“Sale Shares”	Shares representing 35% equity interest in the Target Company, which are legally and beneficially owned by the Vendor
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
“Sichuan Huahan”	Sichuan Hua Han Source Development Co., Ltd.# (四川華漢能源開發有限公司), a company incorporated in the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	Chengdu Huahan Energy Co., Ltd.# (成都華漢能源有限公司), a company incorporated in the PRC with limited liability
“Target Group”	The Target Company and its subsidiaries
“Valuation”	the preliminary draft valuation of 35% equity interest of the Target Company of approximately HK\$52.0 million as at 31 July 2022 prepared by Colliers International (Hong Kong) Limited, an independent valuer, based on discounted cash flow approach

“Vendor”	Mr. Zhang Bing, a PRC citizen, who is indirectly interested in 49% of the equity interest in Chengdu Kaibangyuan (an indirect non-wholly owned subsidiary of the Company) through Sichuan Huahan which is wholly owned by Zhongtoughongsheng, the entire equity interest of which is owned by the Vendor.
“Zhongtoughongsheng”	Zhongtoughongsheng (Beijing) Investment & Fund Management Co., Ltd.# (中投宏晟(北京)投資基金管理有限公司), a company incorporated in the PRC with limited liability

For the purpose of this announcement, the conversion rate of HK\$ to RMB is set at the rate of RMB1.00 for HK\$1.1639.

# *The English translation of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

By Order of the Board  
**Central Development Holdings Limited**  
**Wu Hao**  
*Chairman and Executive Director*

Hong Kong, 19 August 2022

*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. Jin Qingjun, Ms. Sun, Ivy Connie and Ms. Zhong Yingjie, Christina.*

*This announcement, 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 announcement is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*