

*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.*



**Chervon Holdings Limited**

**泉峰控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 2285)**

**DISCLOSEABLE AND CONNECTED TRANSACTION  
DISPOSAL OF THE TARGET COMPANY  
AND  
PROPOSED SPECIAL DIVIDEND**

**DISPOSAL OF THE TARGET COMPANY**

The Board announces that, on March 26, 2025, the Company (as vendor) entered into the Equity Transfer Agreement with the Purchaser (as purchaser), pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire equity interest in the Target Company at a consideration of RMB570,000,000 or HK\$ equivalent.

**LISTING RULES IMPLICATIONS**

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

As of the date of this announcement, the Purchaser is wholly-owned by Chervon Global Holdings Limited, which is a non-wholly-owned subsidiary of Panmercy, a controlling Shareholder of the Company. The Purchaser is therefore an associate of Panmercy and a connected person of the Company under the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

**PROPOSED SPECIAL DIVIDEND**

In connection with the Disposal and subject to the satisfaction of the Special Dividend Conditions, the Board has recommended the payment of the Special Dividend of HK\$1.1905 per Share to the Shareholders whose names appear on the register of members of the Company on the Record Date. The aggregate amount of the Special Dividend, if approved by the Independent Shareholders, is expected to be approximately HK\$608.4 million (based on the total number of issued Shares as of the date of this announcement and assuming there are no changes to the Company's share capital up to and including the Record Date). The Company will announce the Record Date in accordance with Rule 13.66(1) of the Listing Rules as and when appropriate.

## **GENERAL**

The Company has established the Independent Board Committee to advise the Independent Shareholders on the Equity Transfer Agreement, the Disposal contemplated thereunder and the Special Dividend. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) further details on the Disposal and the Special Dividend; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM and other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before April 25, 2025 to allow sufficient time for the preparation of the relevant information to be included in the circular.

### **1. INTRODUCTION**

The Board announces that, on March 26, 2025, the Company (as vendor) entered into the Equity Transfer Agreement with the Purchaser (as purchaser), pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire equity interest in the Target Company at a consideration of RMB570,000,000 or HK\$ equivalent.

### **2. EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are set out below:

#### **(1) Date**

March 26, 2025

#### **(2) Parties**

- (i) The Company (as the vendor);
- (ii) Chervon Precision Technology Holdings Company Limited (as the purchaser); and
- (iii) Chervon (China) Investment Co., Ltd\* (泉峰(中國)投資有限公司) (as the target company).

#### **(3) Subject matter**

The Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the entire equity interest in the Target Company.

As of the date of this announcement, the principal business of the Target Company is the holding of 64,671,068 shares of Chervon Auto Precision Technology, representing 23.75% of the total number of issued shares of Chervon Auto Precision Technology. Chervon Auto Precision Technology is principally engaged in the production, sales and research and development of automotive power systems and relevant components. Chervon Auto Precision Technology was established in the PRC with limited liability on March 19, 2012 and its shares are listed on the Shanghai Stock Exchange (stock code: 603982.SH). Save as the shares of Chervon Auto Precision Technology, the Target Company has no other significant asset.

#### **(4) Consideration and Payment**

The Consideration is RMB570,000,000 or HK\$ equivalent, which shall be paid in cash within 20 business days after the satisfaction or waiver of the following conditions:

- a) the approval of the Disposal by the shareholder of the Target Company;
- b) the approval of the Disposal by the Board and the Independent Shareholders;
- c) the approval of the declaration and payment of the Special Dividend by the Board and Independent Shareholders and the Special Dividend having been paid in accordance with the Shareholders' resolution;
- d) the approval of the Disposal by the shareholders of the Purchaser;
- e) the Equity Transfer Agreement and all other documents for the purpose of, or in connection with, the Disposal having been executed by each party and become effective;
- f) all necessary consents and approvals (where applicable) from third parties required for the execution and performance of the Equity Transfer Agreement having been obtained by each party;
- g) the pledge of shares of Chervon Auto Precision Technology by the Target Company having been released and that the documentary proof of release of pledge having been provided to the Purchaser;
- h) no occurrence of events, changes or any conditions that may have a material adverse impact on the Disposal since the date of the Equity Transfer Agreement up to the date of payment of the Consideration;
- i) no laws or governmental orders which will cause the Disposal to become unlawful or restrict or prohibit the Disposal having been formulated, published, promulgated, implemented or adopted by any government authority;
- j) the representations and warranties of the Company remaining lawful, true and accurate and not misleading since the date of the Equity Transfer Agreement and up to the date of payment of the Consideration.

Conditions set out in sub-paragraph (b), (c), (e), (f) and (i) cannot be waived.

The Consideration was determined after arm's length negotiation with reference to, among others, the historical financial performances of Chervon Auto Precision Technology, the accumulated loss incurred from the Company's investment in Chervon Auto Precision Technology and the prevailing market price of the shares of Chervon Auto Precision Technology. The Consideration represented a premium of approximately 1.7% over the aggregate closing price of 64,671,068 shares of Chervon Auto Precision Technology (i.e., the number of shares of Chervon Auto Precision Technology held by the Target Company) on the trading date immediately prior to the date of the Equity Transfer Agreement and a premium of 16.1% over the unaudited net asset value of the Target Company as of December 31, 2024.

**(5) Conditions Precedent**

The Equity Transfer Agreement shall become effective on the date when all the following conditions have been fulfilled:

1. the approval of the Disposal by the shareholder of the Target Company;
2. the approval of the Disposal by the Board and the Independent Shareholders;
3. the declaration and approval of the payment of Special Dividend by the Board and the Independent Shareholders; and
4. the approval of the Disposal by the shareholders of the Purchaser.

**(6) Completion**

Within 10 business days after the receipt of the Consideration, the Company shall procure the Target Company to complete the industrial and commercial registration in respect of the equity transfer and the Purchaser shall provide necessary assistance.

Completion shall take place on the date when the industrial and commercial registration in respect of the transfer of the entire equity interest of the Target Company from the Company to the Purchaser has been completed. On the date of Completion, the Target Company shall:

- (a) provide the Purchaser with the updated register of members of the Target Company;
- (b) issue the updated capital contribution certificate to the Purchaser; and
- (c) provide the Purchaser with a copy of (i) the business licence issued by the registration authority for the equity transfer (affixed with the Target Company's seal) and (ii) the registered articles of association (affixed with the Target Company's seal).

Within 20 business days after the date of Completion, all parties shall cooperate with the Target Company to complete the filing of change in equity structure of foreign-invested enterprises with the relevant foreign exchange and commerce administrative authorities.

### 3. INFORMATION OF THE PARTIES

#### (1) The Company

The Company is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange. The Company is China-based global provider of power tools and outdoor power equipment.

#### (2) The Purchaser

The Purchaser is incorporated in Hong Kong with limited liability, the principal activity of which is investment holding. The Purchaser is wholly-owned by Chervon Global Holdings Limited (“**Chervon Global Holdings**”), which is in turn owned as to approximately 66.72%, 24.67%, 6.85% by Panmercy, Green Hope Limited (“**Green Hope**”), Klamm Limited (“**Klamm**”) respectively. Panmercy is wholly-owned by Mr. Pan Longquan (“**Mr. Pan**”) whereas Green Hope is wholly-owned by Ms. Zhang Tong (“**Ms. Zhang**”) and Klamm is wholly-owned by Mr. Ke Zuqian (“**Mr. Ke**”). Each of Mr. Pan, Ms. Zhang and Mr. Ke is an executive Director of the Company. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the remaining 1.76% shares of Chervon Global Holdings are owned by independent third parties.

#### (3) The Target Company

The Target Company is a wholly-owned subsidiary of the Company, which is incorporated in the PRC with limited liability and principally engaged in investment holding.

As of December 31, 2024, the unaudited net asset value of the Target Company was approximately RMB491.0 million.

Certain financial information of the Target Company for the years ended December 31, 2022, 2023 and 2024 are set out as follows:

	For the year ended December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)
Net profit before tax	-132,003	-143,930	-123,713
Net profit after tax	-106,241	-138,778	-123,641

### 4. FINANCIAL EFFECT OF THE DISPOSAL

It is expected that the Group will record a gain in the amount of RMB79.0 million from the Disposal, which is calculated with reference to the carrying value (i.e., RMB491.0 million) of the Target Company as of December 31, 2024. The actual amount of gain or loss as a result of the Disposal to be recorded by the Group will be subject to the review and final audit by the auditor of the Company.

Upon Completion, the Target Company will cease to be a wholly-owned subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the Company's financial statements, in which the Company's equity interest in Chervon Auto Precision Technology will cease to be accounted as interest in associate.

The Company intends to use the proceeds from the Disposal to supplement the general working capital of the Group after the payment of the Special Dividend.

## 5. REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group focuses and strives to be a global leader of power tools and outdoor power equipment and continues to focus on related product offerings. After review of the Group's overall investment portfolio, the Board is of the view that the investment in Chervon Auto Precision Technology is a non-core asset and unrelated to the Group's existing business strategy and commitment to the principal business. The Group's equity interest in Chervon Auto Precision Technology has continued to contribute share of loss of an associate amounted to US\$18.3 million and US\$17.3 million for the years ended December 31, 2023 and 2024, respectively. The Directors are of the view that the Disposal would be beneficial for the Company and the Shareholders for the following reasons:

1. **Strategic Focus:** The Company's core business is focusing on power tools and outdoor power equipment, while Chervon Auto Precision Technology focuses on the production, sales and research and development of automotive power systems and relevant components. The two businesses have different strategic focuses and do not share any operational or commercial synergies. The Disposal will allow the Company to concentrate its own resources on its core businesses, which aligns with the Company's long-term strategic objectives.
2. **Financial Performance of Chervon Auto Precision Technology:** Amidst the pressure on the overall auto industry, Chervon Auto Precision Technology has been incurring losses since the financial year ended December 31, 2022. The divestment from Chervon Auto Precision Technology, which is a non-core asset of the Company, will eliminate the financial burden associated with the losses of Chervon Auto Precision Technology and allow the Company to allocate resources more efficiently.
3. **Enhance Shareholder Value:** The Board believes that the Disposal will enable the Company to focus on its core business which has stronger growth prospects and profitability. It is expected that the Disposal would enhance shareholder value through different means such as increasing its capacity to declare dividend and/or improving the Company's valuation.

Based on the above, the Directors (other than the executive Directors, namely, Mr. Pan, Ms. Zhang and Mr. Ke who hold indirect interests in the Purchaser and have abstained from voting on the relevant board resolutions) are of the view that the Equity Transfer Agreement and the Disposal contemplated thereunder are on normal commercial terms, and the terms thereof are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The independent non-executive Directors will express their views in the circular after receiving the advice from the Independent Financial Adviser.

## **6. IMPLICATIONS UNDER THE LISTING RULES**

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

As of the date of this announcement, the Purchaser is wholly-owned by Chervon Global Holdings, which is a non-wholly owned subsidiary of Panmercy, a controlling shareholder of the Company. The Purchaser is therefore an associate of Panmercy and a connected person of the Company under the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **7. PROPOSED SPECIAL DIVIDEND**

In connection with the Disposal and subject to the satisfaction of the Special Dividend Conditions, the Board has recommended the payment of the Special Dividend of HK\$1.1905 per Share to the Shareholders whose names appear on the register of members of the Company on the Record Date. The aggregate amount of the Special Dividend, if approved by the Independent Shareholders, is expected to be approximately HK\$608.4 million (based on the total number of issued Shares as of the date of this announcement and assuming there are no changes to the Company's share capital up to and including the Record Date. The Company will announce the Record Date in accordance with Rule 13.66(1) of the Listing Rules as and when appropriate.

The payment of the Special Dividend is conditional upon the following conditions having been satisfied:

- a) the passing of an ordinary resolution by the Independent Shareholders at the EGM approving the Special Dividend; and
- b) the passing of an ordinary resolution by the Independent Shareholders at the EGM approving the Equity Transfer Agreement and the Disposal contemplated thereunder.

Payment of the Special Dividend will not take place unless all the above conditions of the Special Dividend have been satisfied.



## 8. GENERAL

The Company will convene an EGM to seek Independent Shareholders' approval on (i) the Equity Transfer Agreement and the Disposal contemplated thereunder; and (ii) the Special Dividend.

The Company has established the Independent Board Committee to advise the Independent Shareholders on the Equity Transfer Agreement, the Disposal contemplated thereunder and the Special Dividend. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) further details on the Disposal and the Special Dividend; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM and other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before April 25, 2025 to allow sufficient time for the preparation of the relevant information to be included in the circular.

**The proposal to declare and pay the Special Dividend is subject to the approval by the Independent Shareholders. The Special Dividend, if approved, will not be paid unless the Equity Transfer Agreement and the Disposal contemplated thereunder is also approved by the Independent Shareholders. Accordingly, the Special Dividend may or may not be paid. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## 9. DEFINITION

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Chervon Auto Precision Technology”	Nanjing Chervon Auto Precision Technology Co., Ltd. (南京泉峰汽車精密技術股份有限公司), a company established in the PRC with limited liability whose shares are listed on the Shanghai Stock Exchange (stock code: 603982.SH) and is held by the Purchaser as to 26.44% and the Target Company as to 23.75% as of the date of this announcement
“China” or the “PRC”	the People’s Republic of China
“Company”	Chervon Holdings Limited 泉峰控股有限公司, a company incorporated in Hong Kong with limited liability and the Shares are listed on the Main Board of the Stock Exchange (stock code: 2285)
“Completion”	completion of the Disposal in accordance with the Equity Transfer Agreement



“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration for the Disposal, being of RMB570,000,000 or HK\$ equivalent
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire equity interest of the Target Company in accordance with the terms and conditions of the Equity Transfer Agreement
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve (i) the Equity Transfer Agreement and the Disposal contemplated thereunder; and (ii) the Special Dividend
“Equity Transfer Agreement”	the equity transfer agreement dated March 26, 2025 and entered into between the Company, the Purchaser and the Target Company in relation to the sale and purchase of the entire equity interest of the Target Company
“Group”	the Company and its subsidiaries from time to time, including the Target Company before the completion of the Disposal
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Board Committee”	a committee of the Board comprising Mr. Tian Ming, Dr. Li Minghui and Mr. Jiang Li, all of them are independent non-executive Directors, established for the purpose of giving recommendation to the Independent Shareholders regarding the Equity Transfer Agreement and the Disposal contemplated thereunder and the Special Dividend
“Independent Financial Adviser”	Messis Capital Limited, a corporation licensed by the Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Equity Transfer Agreement, the Disposal contemplated thereunder and the Special Dividend
“Independent Shareholder(s)”	Shareholders who are not interested in the Equity Transfer Agreement, the Disposal contemplated thereunder and the Special Dividend, and are not required to abstain from voting on the resolutions to approve (i) the Equity Transfer Agreement and the Disposal contemplated thereunder; and (ii) the Special Dividend

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Panmercy”	Panmercy Holdings Limited, a company incorporated in Hong Kong with limited liability and a controlling Shareholder of the Company, holding directly and indirectly approximately 50.92% of the total issued share capital of the Company as of the date of this announcement
“Purchaser”	Chervon Precision Technology Holdings Company Limited, a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of Panmercy
“Record Date”	a date to be fixed for determining entitlements of the Shareholders to the Special Dividend
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Special Dividend”	the cash dividend of HK\$1.1905 per Share payable to all Shareholders whose names appear on the register of member of the Company on the Record Date, subject to the conditions of the Special Dividend being satisfied
“Special Dividend Conditions”	the conditions of the Special Dividend
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Chervon (China) Investment Co., Ltd* (泉峰(中國)投資有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Company before the completion of the Disposal

\* For identification purpose only

By order of the Board  
**Chervon Holdings Limited**  
**Pan Longquan**  
*Chairman*

Hong Kong, March 26, 2025

*As at the date of this announcement, the Board comprises Mr. PAN Longquan, Ms. ZHANG Tong, Mr. KE Zuqian and Mr. Michael John CLANCY as executive Directors; and Mr. TIAN Ming, Dr. LI Minghui and Mr. JIANG Li as independent non-executive Directors.*