

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.



HUIJING HOLDINGS COMPANY LIMITED

滙景控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9968)

DISCLOSEABLE TRANSACTION ACQUISITION OF 51% OF THE EQUITY INTEREST IN THE TARGET COMPANY

INTRODUCTION

The Board announces that on 31 March 2021 (after trading hours of the Stock Exchange), PRC Holdco, the Vendor and the Target Company entered into the Agreement, pursuant to which the PRC Holdco agreed to acquire and the Vendor agreed to sell 51% of the equity interest in the Target Company at the consideration of RMB82 million.

As at the date of this announcement, PRC Holdco is an indirect wholly-owned subsidiary of the Company. Subject to fulfillment of the conditions as set out in the section headed “Payment Term”, and upon completion of the Acquisition, the Target Company will be held as to 51% and 49% by PRC Holdco and the Vendor, respectively and each companies comprised in the Target Group will become a subsidiary of the Company and its financial results, assets, liabilities and cash flows will be consolidated in the Company’s consolidated financial statements. The Directors expect that the Acquisition will be completed within the second quarter of 2021.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Agreement exceed 5% but none of them exceed 25%, the transaction contemplated under the Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements but is exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

THE ACQUISITION

The Board announces that on 31 March 2021 (after trading hours of the Stock Exchange), PRC Holdco, the Vendor and the Target Company entered into the Agreement, pursuant to which the PRC Holdco agreed to acquire and the Vendor agreed to sell 51% of the equity interest in the Target Company at the consideration of RMB82 million (“**Acquisition**”).

As at the date of this announcement, PRC Holdco is an indirect wholly-owned subsidiary of the Company. Subject to fulfillment of the conditions in Payment Term, and upon completion of the Acquisition, the Target Company will be held as to 51% and 49% by PRC Holdco and the Vendor, respectively and each companies comprised in the Target Group will become a subsidiary of the Company and its financial results, assets, liabilities and cash flows will be consolidated in the Company’s consolidated financial statements.

THE AGREEMENT

The major terms of the Agreement are set out as follows:

Date: 31 March 2021 (after trading hours of the Stock Exchange)

Parties: (i) the Vendor;
(ii) PRC Holdco; and
(iii) the Target Company.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Vendor and the ultimate beneficial owner of the Vendor are third parties independent of and not connected with the Company and its connected persons.

Consideration: The consideration of the Acquisition is RMB82 million, which will be financed by the Group’s internal resources, and shall be settled in accordance with the following manner and conditions:

Payment Term: (i) PRC Holdco shall pay RMB10 million to an escrow account under the name of the Vendor or its authorised person which will be jointly opened and controlled by the PRC Holdco and the Vendor within fifteen (15) business days from the successful opening of such escrow account; and

(ii) PRC Holdco shall pay the remaining balance of RMB72 million to the Vendor within one (1) month upon the satisfaction of the following conditions:

1. PRC Holdco has acquired the 51% equity interest of the Target Company;
2. Company chops of each companies comprised in the Target Group have been transferred to PRC Holdco; and
3. No breach of Agreement by each of the Vendor and the Target Company.

If any of the conditions above is not satisfied, PRC Holdco has its discretion not to pay any amount of the consideration to the Vendor and if there is any payment made to the Vendor, PRC Holdco is entitled to recover such payment paid to the Vendor.

Basis of the Consideration

The consideration under the Agreement of RMB82 million payable by PRC Holdco to the Vendor was arrived at after arm's length negotiations between the parties after having considered a number of factors including but not limited to the valuation of the Target Company by an independent valuer based on an assets-based approach, the development status of the Target Project, no significant risks identified in the business due diligence, the forecasted profit generated from the Target Project, the synergies brought by the Acquisition of Target Company to the Group's business strategy.

Completion

Completion of the Agreement shall take place when PRC Holdco acquires the 51% equity interest of the Target Company with completion of the business registration of the Target Company according to relevant PRC laws reflecting the Acquisition, and the consideration has been fully paid.

Subject to fulfillment of the conditions as set out in the section headed "Payment Term", and upon completion of the Acquisition, each of the companies comprised in the Target Group will become an indirect subsidiary of the Company, and the financial results of the Target Group will be consolidated into the financial statements of the Group. The Directors expect that the Acquisition will be completed within the second quarter of 2021.

INFORMATION OF THE PARTIES

The Company and the Group

The principal activity of the Company is investment holding. The Group is an established integrated residential and commercial property developer in PRC, focusing in Guangdong and Hunan provinces.

The Vendor

Hexing Technology Industry (Huizhou) Co., Ltd. (和幸科技工業(惠州)有限公司) (“**Hexing Technology**”) is a company established in Huizhou the PRC with limited liability, which is principally engaged in the design and manufacture of mold, metal stamping and painting and assembling of electronic devices. Hexing Technology is a direct wholly-owned subsidiary of HongKong HT Industrial Investment Co., Limited, a company incorporated in Hong Kong whose ultimate beneficial owner is Mr Yuan.

The Target Group

The Target Company was established on 28 November 2016, and it is a property developer located in Huizhou, Guangdong Province, PRC, principally engaged in the business of property development and sale. As at the date of this announcement and before the completion of transaction contemplated under the Agreement, it is a direct wholly-owned subsidiary of the Vendor. The Target Company holds the land use right of the Target Project, which is located in Huizhou, Guangdong Province, PRC with a total site area of approximately 56,120 square meters and a total GFA of approximately 240,000 square meters. The Target Company holds 90% of the equity interest in Huizhou Shijihuating, which has not conducted any business activities nor has any other material assets as at the date of this announcement.

Upon completion of the transaction contemplated under the Agreement, the board of directors of the Target Company shall comprise five members, of which two will be appointed by the Vendor while three will be appointed by PRC Holdco. The resolution of the board of directors of the Target Company shall be passed by a majority of the board of directors at a meeting. Upon completion of the Acquisition, each companies comprised in the Target Group shall become an indirectly subsidiary of the Company.

The following table sets out the unaudited financial information of the Target Company for the two years ended 31 December 2019 and 31 December 2020, respectively.

	For the year ended 31 December 2020 <i>(RMB '000)</i>	For the year ended 31 December 2019 <i>(RMB '000)</i>
Net loss before tax	42,040.9	26,739.5
Net loss after tax	46,849.7	28,620.2

The unaudited total assets and net liabilities of the Target Company as at 31 December 2020 were approximately RMB1,579.3 million and RMB12.5 million respectively.

The Target Project

The Target Project is located at No. 19, Chenjiang Avenue, Huizhou, Guangdong Province, PRC. The Target Project comprises residential units, retail shops, hotel, office building and carpark. The site area is approximately 56,120 square meters with total GFA of approximately 240,000 square meters.

Set out below are the further details of the Target Project:

Development status: As at the date of this announcement, the construction of the Target Project is partly completed and the remaining construction work is under going and the pre-sale of the properties is ongoing.

Expected completion date: The development of the remaining part of the real estate project of Target Project is expected to be completed within 2021.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is primarily engaged in property development and property investment in the PRC.

In view that (i) the Target Project is located in Huizhou which is within to the Guangdong-Hong Kong-Macao Greater Bay Area (“**GBA**”) and is undergoing fast development, the Directors believe that the Acquisition of the Target Company will enhance the position and market presence in the GBA, which is in line with the Group’s development strategy; (ii) the Acquisition will increase the bank of the Group, and will allow the Group to seek other potential opportunities in Huizhou; (iii) the Acquisition will enable the Group to consolidate the financial results of the Target Company to the Group’s financial statements and is expected to bring a positive return and an increase in the Group’s profit in the event that the Target Project is completed and delivered in the future.

The terms of the Agreement were determined after arm’s length negotiations between the Vendor and PRC Holdco. Having considered the reasons for and benefits of entering into the Agreement as mentioned above, the Directors are of the view that the terms of the Agreement are fair and reasonable and the entering into the Agreement is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Agreement exceed 5% but none of them exceed 25%, the transaction contemplated under the Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements but is exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the equity interest transfer agreement dated 31 March 2021 (after trading hours of the Stock Exchange) amongst PRC Holdco, the Vendor and the Target Company;
“Board”	the board of the Directors;
“Company”	Huijing Holdings Company Limited (滙景控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 9 January 2019, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 9968);
“Director(s)”	the director(s) of the Company;
“GFA”	gross floor area;
“Group”	the Company and its subsidiaries;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Huizhou Shijihuating”	Huizhou City Shijihuating Property Company Limited (惠州市世紀華廷置地有限公司), a limited liability company established in PRC;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Mr Yuan”	Mr Yuan Tinglong (袁廷龍先生), the ultimate beneficial owner of HongKong HT Industrial Investment Co., Limited;
“PRC”	the People’s Republic of China;
“PRC Holdco”	Dongguan Zhengxing Property Company Limited* (東莞市正行置業有限公司), a company established in the PRC with limited liability;
“RMB”	Renminbi, the lawful currency of the PRC;

“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Huizhou City Dijing Huating Properties Investment Company Limited* (惠州市帝景華廷置業投資有限公司), a company established in the PRC with limited liability;
“Target Project”	the property project located in Huizhou, Guangdong Province, the PRC with a total site area of approximately 56,120 square meters;
“Target Group”	the Target Company and Huizhou Shijihuating;
“Vendor”	Hexing Technology Industrial (Huizhou) Company Limited* (和幸科技工業(惠州)有限公司), a company established in the PRC with limited liability; and
“%”	per cent.

By order of the Board
Huijing Holdings Company Limited
Lun Zhao Ming
Executive Director

Hong Kong, 31 March 2021

As at the date of this announcement, the Board comprises Mr Lun Zhao Ming, Mr Lau Kam Kwok Dickson and Mr Lu Peijun as executive Directors, Mr Lun Ruixiang as a non-executive Director, and Ms Chiu Lai Kuen Susanna, Mr Hung Wan Shun Stephen and Ms Lin Yanna as independent non-executive Directors.

* For identification purpose only