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## **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 COOPERATION AGREEMENT**

#### **THE INVESTMENT**

On 21 December 2020, the Company, PRC Holdco and Dongguan Huijing East Automobile entered into the Agreement with Shenzhen Runhang, pursuant to which Shenzhen Runhang agreed to make an investment of an amount not exceeding RMB1,288,240,000 in Dongguan Huijing East Automobile and PRC Holdco has agreed to make an investment of approximately RMB575,000,000 in Dongguan Huijing East Automobile simultaneously. The PRC Holdco's investments in Dongguan East Automobile is expected to be funded by internal resources of the Group.

Dongguan Huijing East Automobile is currently an indirect non-wholly owned subsidiary of the Company. Shenzhen Runhang is principally engaged in property investment business in the PRC. Upon completion of the Investment, as confirmed by the PRC legal counsel of the Company, Dongguan Huijing East Automobile will remain to be held as to 40.8% by PRC Holdco, as to 39.2% by Shenzhen Runhang and as to 20% by Dongguan Zhangmutou Economic Union. As the board of directors of Dongguan Huijing East Automobile will continue to be controlled by the Company, Dongguan Huijing East Automobile will continue to be accounted as a subsidiary of the Company upon completion of the Investment.

The Target Project is located at Zhangmutou Town in Dongguan, PRC. The surrounding environment is a mix of residential area and industrial area. It occupies various parcels of land. After the transformation under the "Three-Old Transformation Scheme", the site area would be approximately 171,330.12 sq.m. for residential and commercial uses. The proposed plot ratio accountable gross floor area is about 385,000 sq.m. The land use rights of the property are mixed of stated-owned land and collectively owned land. As at the date of this announcement, portions of the property were leased for industrial purpose while portions of the property were bare land.

## **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 transactions contemplated under the Agreement exceed 5% but none of them exceed 25% and the transactions contemplated under such Investment would be regarded as joint venture arrangements, the transactions contemplated under the Investment constitute a discloseable transaction under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Shenzhen Runhang is a substantial shareholder of an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules. As such, Shenzhen Runhang is not regarded as a connected person of the Company and hence the transactions contemplated under the Agreement do not constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

## **THE AGREEMENT**

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

Date: 21 December 2020

Parties: (i) the Company (as the guarantor)

(ii) PRC Holdco (as one of the shareholders of Dongguan Huijing East Automobile)

(iii) Dongguan Huijing East Automobile (as the subject company)

(iv) Shenzhen Runhang (as one of the shareholders of Dongguan Huijing East Automobile)

### **The Investment**

Shenzhen Runhang has agreed to make an investment in Dongguan Huijing East Automobile of an amount not exceeding RMB1,288,240,000 and PRC Holdco has agreed to make an investment of approximately RMB575,000,000 in Dongguan Huijing East Automobile simultaneously. The investment amount was determined after arm's length negotiations with reference to the funding needs of the Target Project. The PRC Holdco's investments in Dongguan East Automobile is expected to be funded by internal resources of the Group.

After the completion of the Investment, Shenzhen Runhang and Dongguan Huijing East Automobile shall jointly develop the Target Project. Shenzhen Runhang shall only be responsible for its share of the Investment and shall be entitled to the investment gain in proportion to its actual investment amount. PRC Holdco and Dongguan Huijing East Automobile shall be fully responsible for the urban renewal, project construction and the sales of the Target Project apart from making their investment in the Target Project, which include but not limited to: (1) promoting and completing the urban renewal process of the Target Project; (2) advancing and obtaining all real property ownership certificate for the

land use rights of state-owned land in relation to the Target Project; (3) obtaining the “four certificates” (real estate title certificates, planning permits for construction land, planning permits for construction works and construction work commencement permits); (4) obtaining all pre-sale permits; and (5) promoting and completing the sales of properties developed under the Target Project or allocating the properties to Dongguan Zhangmutou Economic Union.

The proceeds from the Investment will be applied for (i) the construction and installation of various ancillary facilities such as the vehicle administration office under the Target Project; (ii) the payment of removal compensation and other related expenses; and (iii) other project development related expenses (payment according to the contract) for other purposes recognized by both parties.

### *The Target Project*

The Target Project is located at Zhangmutou Town in Dongguan, PRC. The surrounding environment is a mix of residential area and industrial area. It occupies various parcels of land. After the transformation under the “Three-Old Transformation Scheme”, the site area would be approximately 171,330.12 sq.m. for residential and commercial uses. The proposed plot ratio accountable gross floor area is about 385,000 sq.m. The land use rights of the property are mixed of stated-owned land and collectively owned land. As at the date of this announcement, portions of the property were leased for industrial purpose while portions of the property were bare land.

### **The profit sharing arrangement**

Pursuant to the Agreement, the investment gain arising from the Target Project shall be shared by Shenzhen Runhang and PRC Holdco in proportion to their respective investment amount in the Target Project.

However, as the Target Project is “three-old” transformation project in which its implementation progress can be uncertain, and that the daily operation of the Target Project is to be overseen by PRC Holdco, in order to protect the interest of Shenzhen Runhang, when there is material obstacle in the project progress which may affect the investment gain and profit sharing of Shenzhen Runhang, PRC Holdco shall be obliged to compensate Shenzhen Runhang. The amount of the compensation shall be negotiated separately based on the then circumstances of the Target Project.

### **Guarantee**

The Company shall guarantee the obligations of PRC Holdco under the Agreement in favour of Shenzhen Runhang.

## **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 the PRC, focusing in Guangdong and Hunan provinces.

## **The PRC Holdco**

PRC Holdco is an indirect wholly-owned subsidiary of the Company and is an investment holding company.

## **Shenzhen Runhang**

Shenzhen Runhang is principally engaged in the business of property investment.

To the best knowledge of the Directors, having made reasonable enquiry, Shenzhen Runhang and its ultimate owners are independent of and not connected with the Company and its connected persons.

## **Dongguan Huijing East Automobile**

Dongguan Huijing East Automobile was established on 3 September 2013 with a registered capital of RMB30,000,000. As at the date of this announcement, Dongguan Huijing East Automobile is a non wholly-owned subsidiary of the Company and is principally engaged in the sale of automobile, automobile parts and property management in the PRC.

The financial results of Dongguan Huijing East Automobile for each of the two years ended 31 December 2018 and 2019 are as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2018</b>	<b>2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Profit before tax	(1,111)	(939)
Profit after tax	(1,111)	(939)

The unaudited net asset value of Dongguan Huijing East Automobile as at 30 September 2020 was approximately RMB24,120,000.

On 15 September 2020, PRC Holdco and Shenzhen Runhang entered into the share transfer agreement pursuant to which Shenzhen Runhang agreed to acquire the Relevant Shareholdings at a consideration of RMB11,760,000, which was determined based on the operating and assets conditions of Dongguan Huijing East Automobile at the date of the share transfer agreement and with reference to normal commercial terms through arm's length negotiations between PRC Holdco and Shenzhen Runhang.

Pursuant to the IFRS, upon completion of the Investment, the equity interest of the Company (through the PRC Holdco) in Dongguan Huijing East Automobile will remain as 40.8% and remain as a subsidiary of the Company and its financial results, assets, liabilities and cash flows will continue to be consolidated in the Company's consolidated financial statements.

## **REASONS FOR AND BENEFIT OF THE AGREEMENT**

Since the investment amount will be recorded into the equity premium of Dongguan Huijing East Automobile and the debt situation of Dongguan Huijing East Automobile will remain unchanged, the Company believes that the Investment will enhance the capital structure of Dongguan Huijing East Automobile for its future business development in relation to the Target Project, provide improved asset liability structure, increase debt capacity for future new projects and subsequently decrease the Group's financial risks. The Directors believe the Investment will have positive impact on and will be beneficial to the future development of the Group.

Further, the Directors are of the view that the terms of the Investment is fair and reasonable as the transactions contemplated under the Agreement allow PRC Holdco to continue to take on the managerial role of and remain its control in Dongguan Huijing East Automobile while meeting its funding needs in relation to the Target Project.

Given that the terms of the Investment was being determined after arm's length negotiations, the Directors (including the independent non-executive Directors) consider that the Agreement was entered into under normal commercial terms, the terms of which are fair and reasonable and 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 transactions contemplated under the Agreement exceed 5% but none of them exceed 25% and the transactions contemplated under such Investment would be regarded as joint venture arrangements, the transactions contemplated under the Investment constitute a discloseable transaction under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Shenzhen Runhang is a substantial shareholder of an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules. As such, Shenzhen Runhang is not regarded as a connected person of the Company and hence the transactions contemplated under the Agreement do not constitute connected transactions of the Company under Chapter 14A 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 cooperation agreement dated 21 December 2020 between the Company, the PRC Holdco, the Dongguan Huijing East Automobile and Shenzhen Runhang;
“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;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Dongguan Huijing East Automobile”	Dongguan Huijing East Automobile Development Limited (東莞市滙景東部汽車產業發展有限公司), a limited liability company established in the PRC on 3 September 2013 and held as to 40.8% by PRC Holdco, as to 39.2% by Shenzhen Runhang and as to 20% by Dongguan Zhangmutou Economic Union. It is an indirect non wholly-owned subsidiary of the Company;
“Dongguan Zhangmutou Economic Union”	Dongguan Zhangmutou Town Joint Economic Union (東莞市樟木頭鎮圩鎮股份經濟聯合社), an independent third party;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“IFRS”	the International Financial Reporting Standards;
“Investment”	the investment in Dongguan Huijing East Automobile by Shenzhen Runhang and PRC Holdco for the Target Project, the particulars of which are set out in the paragraph headed “The Investment” in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“PRC Holdco”	Huijing Group Limited (滙景集團有限公司), a limited liability company established in the PRC on 14 April 2004 and an indirect wholly-owned subsidiary of the Company;

“Relevant Shareholdings”	the existing 39.2% equity interests held by Shenzhen Runhang in Dongguan Huijing East Automobile;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Shareholders”	shareholders of the Company;
“Shenzhen Runhang”	Shenzhen Runhang Investment Industrial Partnership (深圳潤航投資實業合夥企業), a partnership established in the PRC on 10 September 2020 and an independent third party;
“sq.m”	square meter;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Project”	the three-old transformation project located in Xilin Dongshen Road, Nanlin Bijiashan Road and Donglin Shima River in Zhangmutou Town, Dongguan City and intended to be held by Dongguan Huijing East Automobile; and
“%”	per cent.

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

Hong Kong, 21 December 2020

*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.*