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**VERY SUBSTANTIAL ACQUISITION  
OF SHOPPING MALL BUSINESSES IN THE PRC  
UPDATE ON RULE 13.24**

**THE ACQUISITIONS**

The Board is pleased to announce that on 24 December 2020 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the Jinzhou Share Purchase Agreement and the Guangzhou Share Purchase Agreement with the Seller for the acquisitions of shopping mall businesses in Jinzhou and Guangzhou in the PRC, respectively.

In respect of the Jinzhou Acquisition, the base consideration payable is RMB554,000,000 (equivalent to approximately HK\$655,141,000) (subject to completion adjustment, if any). In respect of the Guangzhou Acquisition, the repayment obligations of the Related Party Advances in the amount of RMB1,437,000,000 (equivalent to approximately HK\$1,699,345,000) would be novated to the Company upon completion of the Guangzhou Acquisition as base consideration (subject to completion adjustment, if any).

After Completion, the Jinzhou Shopping Mall and the Guangzhou Shopping Mall will be held as investment properties by the Enlarged Group and the results of the Jinzhou Target Group and the Guangzhou Target Group would be consolidated into the accounts and under the property investment segment of the Enlarged Group.

## **LISTING RULES IMPLICATIONS**

As some of the applicable percentage ratios (as defined under the Listing Rules) on aggregated basis exceed 100%, the Acquisitions constitute a very substantial acquisition of the Company under the Listing Rules and are therefore subject to the approval by the Shareholders at the SGM. The Stock Exchange has determined that the Acquisitions do not constitute a reverse takeover of the Company.

## **SGM AND DESPATCH OF CIRCULAR**

The SGM will be convened at which ordinary resolution(s) will be proposed for the Shareholders to consider, and if thought fit, to approve, among others, the Share Purchase Agreements and transactions contemplated thereunder.

A circular containing, among other information, (i) further details on the Acquisitions; (ii) financial information of the Jinzhou Target Group and the Guangzhou Target Group; (iii) pro-forma financial information of the Enlarged Group; (iv) property valuation reports on the Jinzhou Target Group and the Guangzhou Target Group; and (v) a notice of the SGM, is expected to be despatched to the Shareholders on or before 15 March 2021 in order to allow sufficient time for the Company to prepare the information required to be included in the circular.

## **UPDATE ON RULE 13.24**

The Company was given to understand that the Stock Exchange will continue its assessment on the concern over Rule 13.24 of the Listing Rules in the context of the operations sufficiency of the Company in view of the Acquisitions contemplated under the Share Purchase Agreements and the Review has been postponed in the meantime. The Company will make further announcement(s) to update the market if there is any further update on the Review or any matters relating to Rule 13.24 of the Listing Rules.

## **THE ACQUISITIONS**

The Board is pleased to announce that on 24 December 2020 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the Jinzhou Share Purchase Agreement and the Guangzhou Share Purchase Agreement with the Seller for the acquisitions of shopping mall businesses in Jinzhou and Guangzhou in the PRC, respectively.

Under the Share Purchase Agreements, the Purchaser conditionally agreed to acquire and the Seller conditionally agreed to sell the entire issued share capital of Sky Build and Superb Power, respectively, which are investment holding companies of the Jinzhou Shopping Mall and the Guangzhou Shopping Mall, respectively.

## Share Purchase Agreements

The principal terms of the Share Purchase Agreements are set out below:

### *Jinzhou Share Purchase Agreement*

**Date:** 24 December 2020

**Parties:** (i) the Purchaser;  
(ii) the Company;  
(iii) the Seller; and  
(iv) Mr. Dai (as guarantor for the Seller's obligations)

**Subject matter:** 100% issued share capital of Sky Build. Sky Build indirectly holds the entire equity interest in Jinzhou Target Company, which in turn holds the operating rights of the Jinzhou Shopping Mall.

**Consideration:** In respect of the Jinzhou Acquisition, the base consideration payable is RMB554,000,000 (equivalent to approximately HK\$655,141,000) (subject to completion adjustment, if any, with reference to the audited reassessed net asset value of the Jinzhou Target Group as at 30 September 2020 as shown in the accountants' report of the Jinzhou Target Group for the Reporting Period), of which (i) a refundable deposit of RMB100,000,000 (equivalent to approximately HK\$118,256,000) is payable on the date of the Jinzhou Share Purchase Agreement; and (ii) RMB454,000,000 (equivalent to approximately HK\$536,884,000) will be settled at completion of the Jinzhou Acquisition by the Purchaser via bank transfer.

In the event that the conditions precedent are not satisfied nor waived (if waivable by the relevant party) by the Long Stop Date, the Deposit paid will be fully refunded by the Seller within seven Business Days. If the conditions precedent are satisfied or waived (if waivable by the relevant party) but the Jinzhou Acquisition does not complete due to the default on the part of the Purchaser and/or the Company, the Deposit paid will be forfeited by the Seller. On the other hand, if the conditions precedent are satisfied or waived (if waivable by the relevant party) but the Jinzhou Acquisition does not complete due to the default on the part of the Seller, the Deposit paid will be fully refunded by the Seller within seven Business Days and an additional amount of RMB100,000,000 (equivalent to approximately HK\$118,256,000) will also be payable by the Seller.

## *Guangzhou Share Purchase Agreement*

**Date:** 24 December 2020

**Parties:** (i) the Purchaser;  
(ii) the Company;  
(iii) the Seller; and  
(iv) Mr. Dai (as guarantor for the Seller's obligations)

**Subject matter:** 100% issued share capital of Superb Power. Superb Power indirectly holds the entire equity interest in Guangzhou Target Company, which in turn holds the operating rights of the Guangzhou Shopping Mall.

**Consideration:** In respect of the Guangzhou Acquisition, the Guangzhou Target Company has Related Party Advances of approximately RMB1,489,000,000 (equivalent to approximately HK\$1,760,838,000) as at 30 September 2020, the repayment obligations of which in the amount of RMB1,437,000,000 (equivalent to approximately HK\$1,699,345,000) would be novated to the Company upon completion of the Guangzhou Acquisition as base consideration for the Guangzhou Acquisition and the remaining balance of RMB52,000,000 (equivalent to approximately HK\$61,493,000) would be settled by the Seller prior to the completion of the Guangzhou Acquisition. No other consideration is payable by the Purchaser at completion of the Guangzhou Acquisition. The base consideration for the Guangzhou Acquisition is subject to completion adjustment if any, with reference to the audited reassessed net asset value of the Guangzhou Target Group as at 30 September 2020 as shown in the accountants' report of the Guangzhou Target Group for the Reporting Period.

### *Basis of the Consideration of the Acquisitions*

The Consideration was arrived at after arm's length negotiations between the parties, taking into account among others, (i) the unaudited reassessed net asset value of the Jinzhou Target Company as at 30 September 2020 of RMB554,202,000; (ii) the unaudited reassessed net asset value of the Guangzhou Target Company as at 30 September 2020 of RMB1,437,486,000 ((i) and (ii) being the respective unaudited net asset value adjusted by valuation gain on investment properties with reference to the preliminary property valuation of the Jinzhou Target Company and Guangzhou Target Company, respectively, as appraised by an independent professional valuer, the values of which are subject to final audit by the reporting accountants of the Company); (iii) the taking up by the Company of the Related Party Advances of the Guangzhou Target Company in the amount of approximately RMB1,437,000,000; (iv) the expected enhancement in the level of operations of the Group and the revenue and profits contribution by the Jinzhou Target Group and the Guangzhou Target Group for consolidation into the Group upon Completion; and (v) the opportunity for the Group to extend its property investment business into commercial retail properties in the PRC.

In the event that the audited reassessed net asset value of the Jinzhou Target Group as at 30 September 2020 as shown in the accountants' report of the Jinzhou Target Group for the Reporting Period is less than the unaudited reassessed net asset value of the Jinzhou Target Company as at 30 September 2020 of RMB554,202,000 by 5% or more, the base consideration payable by the Purchaser at completion of the Jinzhou Acquisition will be adjusted by such shortfall, if any, on a dollar-to-dollar basis. There will not be any consideration adjustment if the difference in audited and unaudited reassessed net asset values is less than 5% or if the audited reassessed net asset value is higher than the unaudited reassessed net asset value. Similarly, in the event that the audited reassessed net asset value of the Guangzhou Target Group as at 30 September 2020 as shown in the accountants' report of the Guangzhou Target Group for the Reporting Period is less than the unaudited reassessed net asset value of the Guangzhou Target Company as at 30 September 2020 of RMB1,437,486,000 by 5% or more, the total amount of Related Party Advances to be novated to the Company at completion of the Guangzhou Acquisition will be adjusted by such shortfall, if any, on a dollar-to-dollar basis. There will not be any consideration adjustment in the total amount of Related Party Advance to be novated if the difference in audited and unaudited reassessed net asset values is less than 5% or if the audited reassessed net asset value is higher than the unaudited reassessed net asset value.

### **Conditions Precedent**

Completion of each of the Jinzhou Acquisition and the Guangzhou Acquisition is conditional on the satisfaction (or waiver, if applicable) of the following conditions precedent on or before the Long Stop Date:

- (a) approval having been obtained from the Shareholders at the SGM of the Jinzhou Share Purchase Agreement or the Guangzhou Share Purchase Agreement (as the case may be) and the transactions contemplated thereunder;
- (b) all necessary approvals, licenses, authorisations, consents, waivers or notifications necessary from governmental or regulatory authorities having been obtained and remaining in effect;
- (c) the Company having carried out due diligence to its satisfaction and having obtained a legal opinion from its PRC legal adviser the contents of which being satisfactory to the Company;
- (d) the representations and warranties provided by the Seller under the Jinzhou Share Purchase Agreement or the Guangzhou Share Purchase Agreement (as the case may be) remaining true, accurate and not misleading as at completion of the Jinzhou Acquisition or the Guangzhou Acquisition (as the case may be) and as if repeated at all times between the date of the Jinzhou Share Purchase Agreement or the Guangzhou Share Purchase Agreement (as the case may be) and completion of the Jinzhou Acquisition or the Guangzhou Acquisition (as the case may be);

- (e) the representations and warranties provided by the Purchaser under the Jinzhou Share Purchase Agreement or the Guangzhou Share Purchase Agreement (as the case may be) remaining true, accurate and not misleading as at completion of the Jinzhou Acquisition or the Guangzhou Acquisition (as the case may be) and as if repeated at all times between the date of the Jinzhou Share Purchase Agreement or the Guangzhou Share Purchase Agreement (as the case may be) and completion of the Jinzhou Acquisition or the Guangzhou Acquisition (as the case may be);
- (f) the reporting accountants of the Company having completed the audit of and issued an unqualified opinion on (i) the accountants' report of the Jinzhou Target Group or the Guangzhou Target Group, as the case may be, for the Reporting Period, and (ii) pro-forma consolidated statement of profit or loss, consolidated statement of financial position and consolidated cash flow statement of the Enlarged Group, the contents of which being satisfactory to the Company;
- (g) the independent professional valuer of the Company having completed the valuation of properties and issued property valuation report of the Jinzhou Target Group or the Guangzhou Target Group, as the case may be, in accordance with the requirements of the Listing Rules and the contents of which being satisfactory to the Company; and
- (h) (in respect of the Jinzhou Acquisition) the completion of the Guangzhou Acquisition and (in respect of the Guangzhou Acquisition) the completion of the Jinzhou Acquisition.

If any of the conditions precedent is not fulfilled or waived by the Purchaser or the Company (in respect of conditions (b), (c),(d) and (h)) or by the Seller (in respect of condition (e)) on or before the Long Stop Date (or such later date to be agreed between the parties to the Share Purchase Agreements in writing), the Share Purchase Agreements shall lapse and no party shall have any claim against the other, except for antecedent breaches. For conditions which are waivable, the Purchaser, the Company or the Seller (as the case may be) may waive such conditions where the impact of doing so is immaterial and will not affect the substance of the Acquisitions. Conditions (a), (f), (g) are not waivable by the parties. As at the date of this announcement, none of the conditions have been fulfilled and the parties are not aware of any circumstances which may render the conditions above not fulfilled on or before the Completion.

## **COMPLETION**

Completion is expected to take place no later than the seventh Business Day after the date on which all conditions precedent under the Share Purchase Agreements are satisfied or waived as the case may be, unless otherwise agreed by the parties. Upon completion of the Jinzhou Acquisition, Sky Build (and other members of the Jinzhou Target Group) would become wholly-owned subsidiaries of the Company and the results of the Jinzhou Target Group would be consolidated into the accounts of the Group. Upon completion of the Guangzhou Acquisition, Superb Power (and other members of the Guangzhou Target Group) would become wholly-owned subsidiaries of the Company and the results of the Guangzhou Target



Group would be consolidated into the accounts of the Group. As a result of the novation of part of the Related Party Advances, there will also be an amount due to the Guangzhou Target Company by the Company for approximately RMB1,437,000,000 (equivalent to approximately HK\$1,699,345,000) arising from the Guangzhou Acquisition.

## INFORMATION OF THE GROUP AND THE PURCHASER

The Company and its subsidiaries are principally engaged in the businesses of property investment, medical equipment trading, mining and exploration of natural resources, financial services and asset management. The Purchaser is an investment holding company.

## INFORMATION OF THE SELLER

The Seller is an investment holding company incorporated in the British Virgin Islands and an Independent Third Party. It is wholly-owned by its ultimate beneficial owner, Mr. Dai.

## INFORMATION OF THE JINZHOU TARGET GROUP

The Jinzhou Target Group comprises Sky Build and its wholly-owned subsidiaries, including Jinzhou Target Company, which holds the operating rights of the Jinzhou Shopping Mall. Sky Build is an investment holding company. Details of the Jinzhou Shopping Mall are set out below:

<b>Description</b>	<b>Leaseable floor area and sold floor area (sq.m.)</b>	<b>Gross floor area (sq.m.)</b>	<b>Nature of shops</b>
Jinzhou First Tunnel Shopping Mall (錦州地一大道)	38,809 and 1,956	40,765	Retailers and wholesalers of apparels, cosmetics, accessories, household goods and food and beverages, including chain stores

The Jinzhou Shopping Mall is a single-storey underground mall located in Zhongyang Avenue in Jinzhou city, stretching across the core business district in Jinzhou. The mall first opened in 2013 and currently has over 700 tenants of leased shop and venue spaces. As at 31 October 2020, the occupancy rate (being the leased areas divided by the leasable floor area) was approximately 84%.

The Jinzhou Target Company has entered into individual agreements for the leasing of shop and venue spaces to its tenants and the provision of property management services. Fixed rents are chargeable in general, which are subject to negotiations upon renewal and property management fees per sq.m. of leased or sold floor areas are chargeable under the agreements. Such agreements have a contract term of one to two years in general, upon the expiry of which the majority will be renewed. For the three financial years ended 31 December 2019, the average renewal rate was approximately 96%.

Based on unaudited management accounts provided by the Seller, the operating profits of the Jinzhou Target Company from ordinary course of business for the three financial years ended 31 December 2019 are as follows:

	<b>For the financial year ended</b>		
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>(RMB'000</i>	<i>(RMB'000</i>	<i>(RMB'000</i>
	<i>approx.)</i>	<i>approx.)</i>	<i>approx.)</i>
Operating profit before taxation ( <i>Note</i> )	22,609	25,388	22,344
Operating profit after taxation ( <i>Note</i> )	22,609	25,388	22,344

*Note:* Not having reflected the valuation gain on investment properties less deferred tax liability arising from such valuation gain. Such figures are subject to change and may be adjusted upon the finalization of the accountants' report of the Jinzhou Target Group for the Reporting Period, which will be included in the circular.

The net asset value of the Jinzhou Target Group as at 30 September 2020 was approximately RMB554,202,000. A part of the Jinzhou Shopping Mall is currently under renovation and refurbishment for upgrades, which are scheduled to complete in February 2021. The mall has remained in operations during renovation and refurbishment.

## **INFORMATION OF THE GUANGZHOU TARGET GROUP**

The Guangzhou Target Group comprises Superb Power and its wholly-owned subsidiaries, including Guangzhou Target Company, which holds the operating rights of the Guangzhou Shopping Mall. Superb Power is an investment holding company. Details of the Guangzhou Shopping Mall are set out below:

<b>Description</b>	<b>Leaseable floor area and sold floor area</b> <i>(sq.m.)</i>	<b>Gross floor area</b> <i>(sq.m.)</i>	<b>Nature of shops</b>
Guangzhou First Tunnel Shopping Mall (廣州地一大道), Phases 1 and 2	43,022 and 45,160	89,415	Retailers and wholesalers of apparels, accessories, household appliances, food and beverages, accessories market and fitness gym

The Guangzhou Shopping Mall is a two-storey underground mall located in the Guangzhou Railway Station commercial centre, junction of Zhanqian Road and Zhannan Road in Yuexiu District and has two phases which are adjacent to each other. The mall is part of a reputable circle of shopping malls in Guangzhou city which target at, in addition to local shoppers, overseas buyers for retail and wholesale products for shipment overseas. Phase 1 of the mall



has gained its popularity among shoppers since it first opened in 2006, following which Phase 2 of the mall opened in 2016. The mall currently has over 270 tenants of leased shop and venue spaces and around 1,000 shop owners to which shop spaces had been sold. As at 31 October 2020, the occupancy rates (being the leased areas divided by the leasable floor area) were approximately 82% and 75% for Phases 1 and 2, respectively.

The Guangzhou Target Company has entered into individual agreements for the leasing of shop and venue spaces to its tenants and the provision of property management services to the tenants and shop owners. Fixed rents are chargeable in general, which are subject to negotiations upon renewal and property management fees per sq.m. of leased or sold floor areas are chargeable under the agreements. Such agreements have a contract term of one to two years in general, upon the expiry of which the majority will be renewed. For the three financial years ended 31 December 2019, the average renewal rates were approximately 100% and 67% for Phases 1 and 2, respectively.

Based on unaudited management accounts provided by the Seller, the operating profits of the Guangzhou Target Company from ordinary course of business for the three financial years ended 31 December 2019 are as follows:

	<b>For the financial year ended</b>		
	<b>31 December 2019</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
	<i>(RMB'000 approx.)</i>	<i>(RMB'000 approx.)</i>	<i>(RMB'000 approx.)</i>
Operating profit before taxation ( <i>Note</i> )	31,618	28,164	30,314
Operating profit after taxation ( <i>Note</i> )	31,618	28,187	30,314

*Note:* Not having reflected the valuation gain on investment properties less deferred tax liability arising from such valuation gain. Such figures are subject to change and may be adjusted upon the finalization of the accountants' report of the Guangzhou Target Group for the Reporting Period, which will be included in the circular.

As at 30 September 2020, the net asset value of the Guangzhou Target Group was approximately RMB1,437,486,000. The Guangzhou Target Company first obtained external bank loans in 2016 and the principal amount of such bank loans were approximately RMB 2,398,500,000, RMB1,380,000,000 and RMB1,370,000,000 for the financial years ended 31 December 2017, 2018 and 2019, respectively, which were interest-bearing at the interest rates of 7% to 7.5% per annum. The bank interest expenses were RMB80,340,000, RMB148,213,000 and RMB97,664,000 for the financial years ended 31 December 2017, 2018 and 2019, respectively. The proceeds of such bank loans have not been used in the acquisition of the Jinzhou Target Company nor the Guangzhou Target Company or their operations, but have instead been used to finance business projects of other members of the Seller's Group as intra-group current account arrangement and hence, resulting in the Related Party Advances, which are inclusive of interest passed on at the same interest rate as applicable to the bank loans. The amount of Related Party Advances were approximately RMB2,407,407,000,

RMB1,404,290,000 and RMB1,412,267,000 for the financial years ended 31 December 2017, 2018 and 2019, respectively. The interest income arising from such Related Party Advances were RMB89,864,000, RMB142,837,000 and RMB99,451,000 for the financial years ended 31 December 2017, 2018 and 2019, respectively. Mr. Dai, being the ultimate owner of members of the Seller's Group, including the Guangzhou Target Group, has provided among others, guarantees in favour of the bank.

After Completion, the Company expects to refinance the outstanding bank loans of the Guangzhou Target Company upon which the guarantee by Mr. Dai will be released. Mr. Dai has provided a pre-completion undertaking under the Guangzhou Share Purchase Agreement that he shall enter into negotiations with the bank for among others, (i) an extension of the bank loans of the Guangzhou Target Company until the Company obtains refinancing; and (ii) an expansion of the purpose of the bank loans to encompass the financing of business projects of other members of the Seller's Group and acquisition financing of the Company for the Guangzhou Target Company. In the event of unsuccessful negotiations with the bank and repayment is called upon by the bank, Mr. Dai will fulfill his repayment obligations as the guarantor. He has also provided an indemnity under the Guangzhou Share Purchase Agreement for any losses or damages of the Company, the Purchaser or the Guangzhou Target Group which may arise from the historical usage of the proceeds of the bank loans by the Seller's Group. As for the refinancing plan of the Company, subject to property market conditions, the Company will consider repayment of the outstanding bank loans of the Guangzhou Target Company by among others, proceeds from potential disposal, if any, of real estate properties held in the United Kingdom and by obtaining refinancing bank loans.

## **REASONS FOR AND BENEFITS OF THE ACQUISITIONS**

### **The Acquisitions are an imminent remedy for the enhancement of the operations of the Group**

Since 2019, the Group has experienced diminishing revenue and operations across various of its business segments and against the on-going global pandemic and its impact on economies, the management of the Group considers that a diversified business strategy instead of organic growth is key in remedying the low level of operations of the Group and turning around its financial performance. The Board has therefore looked to acquiring businesses with a material level of operations and which would provide sustainable sources of revenue to the Group in the short term, such as the Jinzhou Shopping Mall and the Guangzhou Shopping Mall.

The Jinzhou Shopping Mall and the Guangzhou Shopping Mall have a track record of operations as the malls commenced businesses in 2013 and 2006, respectively. The Jinzhou Target Company and the Guangzhou Target Company engage in day-to-day shopping mall operations, including the leasing of shop and venue spaces and providing property management services. After the Acquisitions, the continuous day-to-day operations of the two shopping malls would materially enhance the level of operations of the Enlarged Group.

The Jinzhou Target Company and the Guangzhou Target Company are expected to provide the Enlarged Group with readily available, secured and stable source of revenue and other income. The individual agreements with the tenants and shop owners are of fixed term and generally provide for fixed rents, with some of the agreements providing for rental payment upfront for a certain period or on annual basis. The Acquisitions are considered as an imminent remedy for the enhancement of the Group's level of operations as upon Completion, the results of Jinzhou Target Group and the Guangzhou Target Group would be consolidated into the results of the Group. After Completion, the two shopping malls are expected to continue to bring readily available revenue to the Enlarged Group going forward.

The profits generating nature of the two shopping malls would offer, not only new profits, but growth drivers compared to the Group's businesses which have been down-sized or ceased to be in operations. For the financial years ended 31 December 2017, 2018 and 2019, the unaudited combined operating profits after tax from ordinary course of business of the Jinzhou Target Company and the Guangzhou Target Company was approximately RMB52,658,000, RMB53,575,000 and RMB54,227,000.

**The shopping mall businesses are suitable targets as they are primarily property investment by nature which is aligned with the business strategy of the Group**

The shopping mall businesses of the Jinzhou Target Company and the Guangzhou Target Company primarily involve, among others, the leasing of shops and venue spaces and the provision of property management services. They share similar business, operating and income models with the Group's existing property investment segment in the following manner:

**Shopping mall businesses**

**Group's property investment segment**

Business models:

- Property investment in the shopping malls
- Operation and property management of the two shopping malls

- Property investment in various types of properties (currently, residential properties)

Operating models:

- Leasing of shop spaces to retailers and wholesalers of apparels, cosmetics, accessories, household goods and food and beverages and other common areas to businesses for marketing and promotion activities
- Providing property management services including mall security, maintenance and repair, management of open areas for pop-up promotional events and supervising external contracts

- Leasing of residential houses to tenants and tourists
- Providing property management services including concierge services, security, maintenance and repair, property management of common areas and liaising with external real estate advisers locally based

## **Shopping mall businesses**

## **Group's property investment segment**

Income models:

- Primarily fixed rental income from shop tenants
- Property management fee income from shop tenants and shop owners
- Fixed rental income from tenants and tourists
- Service fee chargeable on properties

Given the common characteristics exhibit by the business, operating and income models of the Jinzhou Target Company and the Guangzhou Target Company, the Company considers the Acquisitions to be a natural extension of its property investment business into commercial retail properties.

The Company has in the past been investing in various types of commercial and residential properties in Hong Kong, PRC and overseas, including hotels, offices and luxury residential properties for rental income and capital appreciation and the Group currently still holds premium residential real estate in central London, the United Kingdom within close proximity of the Buckingham Palace for lease to tenants and high-end tourists. As disclosed in the interim report of the Company for the six months ended 30 June 2020, the Company is still identifying suitable real estate project(s) for acquisition, both locally and abroad with primary focus on commercial or residential properties in the PRC and Hong Kong, with an aim to generate stable cash flow to the Group as well as to be benefited from the capital appreciation. The Acquisitions are therefore considered aligned with the Company's existing business strategies related to its property investment business (to expand its property portfolio) and there would be no fundamental change in principal business of the Company resulting from the Acquisitions. The Acquisitions are also consistent with the Group's resources as the consideration will be fully settled using the Group's internal resources.

After Completion, the Jinzhou Shopping Mall and the Guangzhou Shopping Mall will be held as investment properties by the Enlarged Group and the results of the Jinzhou Target Group and the Guangzhou Target Group would be consolidated into the accounts and under the property investment segment of the Enlarged Group.

### **The Group's management possess relevant expertise and experience**

The management of the Group has in-depth experience in property investment, including investments in other types of commercial properties, such as hotels and offices, and residential properties, and in working with a range of customers and clients including corporate and individual tenants and tenants who are tourists and/or business travellers. The relevant experience of the Group's directors and management personnel in property investment was acquired and accumulated over property investment projects of the Group over the years in, (a) a hotel in Hangzhou, the PRC; (b) a prime office building in Hammersmith Grove in central London, the United Kingdom; (c) Buckingham Gate, which is an investment in luxurious residential houses and apartments in central London. Furthermore, the Chief Executive Officer and Executive Director of the Company, Mr. Kwong Kai Sing Benny is, in particular, highly

experienced in property investment and has a wealth of relevant knowledge and industry experience in respect of property investment in Hong Kong and overseas. Mr. Kwong has over 32 years of experience in property investment, having been appointed to senior management and directorship positions in multiple listed issuers in Hong Kong and London in property investment and related businesses.

The shopping mall businesses of the Jinzhou Target Company and the Guangzhou Target Company are therefore not entirely new businesses for the existing management personnel of the Group and instead, they can leverage on their existing expertise acquired over the years in property investment in different property types and geographical locations in managing the acquired businesses going forward. For example, their skills and experience in sourcing and managing tenants, negotiation of rents and terms of leases are relevant to the future management of the acquired businesses. In respect of the day-to-day operations of the two shopping malls, the Group would delegate such activities to the existing operation teams of the Jinzhou Target Company and Guangzhou Target Company, comprising skilled and experienced staff who would continue to carry out such daily operational activities after the Acquisitions. The Group's management personnel would supervise and monitor such activities on a high-level basis to ensure that the shopping malls would continue to be operated in an efficient manner.

## **LISTING RULES IMPLICATIONS**

As some of the applicable percentage ratios (as defined under the Listing Rules) on aggregated basis exceed 100%, the Acquisitions constitute a very substantial acquisition of the Company under the Listing Rules and are therefore subject to the approval by the Shareholders at the SGM. The Stock Exchange has determined that the Acquisitions do not constitute a reverse takeover of the Company.

## **SGM AND DESPATCH OF CIRCULAR**

The SGM will be convened at which ordinary resolution(s) will be proposed for the Shareholders to consider, and if thought fit, to approve, among others, the Share Purchase Agreements and transactions contemplated thereunder. To the best of the knowledge, information and belief of the Directors, no Shareholder has a material interest in the Acquisitions and as such, no Shareholder is required to abstain from voting at the SGM.

None of the Directors are materially interested in Acquisitions and accordingly none of the Directors have abstained from voting on the relevant Board resolution(s) at the Board meeting.

A circular containing, among other information, (i) further details on the Acquisitions; (ii) financial information of the Jinzhou Target Group and the Guangzhou Target Group; (iii) pro-forma financial information of the Enlarged Group; (iv) property valuation reports on the Jinzhou Target Group and the Guangzhou Target Group; and (v) a notice of the SGM, is expected to be despatched to the Shareholders on or before 15 March 2021 in order to allow sufficient time for the Company to prepare the information required to be included in the circular.

## **Warning**

**Shareholders and potential investors should note that the Share Purchase Agreements are subject to various conditions set out under the section headed The Acquisitions – Share Purchase Agreements – Conditions Precedent in this announcement and therefore the Acquisitions may or may not proceed to completion. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the securities of the Company.**

## **UPDATE ON RULE 13.24**

Reference is made to the announcements of the Company dated 21 September 2020 and 23 September 2020, relating to the decision of the Stock Exchange to suspend the trading of the shares of the Company under Rule 6.01(3) of the Listing Rules as the Company has not maintained a sufficient level of operations as required under Rule 13.24 of the Listing Rules to warrant the continued listing of its shares and the request made by the Company pursuant to Rules 2B.06(1) and 2B.08(1) of the Listing Rules for the Decision to be referred to the Listing Committee (as defined in the Listing Rules) for a review by the Listing Committee.

The Company was given to understand that the Stock Exchange will continue its assessment on the concern over Rule 13.24 of the Listing Rules in the context of the operations sufficiency of the Company in view of the Acquisitions contemplated under the Share Purchase Agreements and the Review has been postponed in the meantime. The Company will make further announcement(s) to update the market if there is any further update on the Review or any matters relating to Rule 13.24 of the Listing Rules.

Shareholders and potential investors of the Company are reminded that the outcome of the Review is uncertain. Pending the Review, the trading of the shares of the Company will continue. Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the Listing Rules. Shareholders who have any queries about the implication of the Decision are advised to obtain appropriate professional advice.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

“Acquisitions”	the Jinzhou Acquisition and the Guangzhou Acquisition
“associates”	shall have the meaning as defined under the Listing Rules
“Board”	the board of directors of the Company



“Business Day”	a day on which commercial banks in Hong Kong and the PRC are open for transaction of normal banking business
“Company”	Tai United Holdings Limited (stock code: 718), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Jinzhou Acquisition and the Guangzhou Acquisition
“Consideration”	the total consideration payable by the Purchaser under the Share Purchase Agreements for the Acquisitions
“controlling shareholders”	shall have the meaning as defined under the Listing Rules
“Decision”	the decision of the Stock Exchange dated 18 September 2020 to suspend the trading of the shares of the Company under Rule 6.01(3) of the Listing Rules as the Company has not maintained a sufficient level of operations as required under Rule 13.24 of the Listing Rules to warrant the continued listing of its shares
“Deposit”	a deposit of RMB100,000,000 (equivalent to approximately HK\$118,256,000) payable on the date of the Jinzhou Share Purchase Agreement, refundable in accordance with the terms of the Jinzhou Share Purchase Agreement
“Director(s)”	the director(s) of the Company
“Enlarged Group”	the Group as enlarged by the Acquisitions to include the Jinzhou Target Group and the Guangzhou Target Group
“Group”	the Company and its subsidiaries from time to time
“Guangzhou Acquisition”	the acquisition of the Guangzhou Target Group through acquiring the entire issued share capital in Superb Power
“Guangzhou Share Purchase Agreement”	the conditional share purchase agreement for the sale and purchase of the entire issued share capital of Superb Power
“Guangzhou Shopping Mall”	Phases 1 and 2 of the Guangzhou First Tunnel Shopping Mall in Guangzhou, the PRC

“Guangzhou Target Company”	Guangzhou Rongzhi Public Facilities Investment Co., Ltd.** 廣州融智公共設施投資有限公司, a company established in the PRC which holds the operating rights of the Guangzhou Shopping Mall
“Guangzhou Target Group”	Superb Power and its wholly-owned subsidiaries, including Guangzhou Target Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	(to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry) a third party independent of the Company and its connected persons within the meanings of the Listing Rules
“Jinzhou Acquisition”	the acquisition of the Jinzhou Target Group through acquiring the entire issued share capital in Sky Build
“Jinzhou Share Purchase Agreement”	the conditional share purchase agreement for the sale and purchase of the entire issued share capital of Sky Build
“Jinzhou Shopping Mall”	Jinzhou First Tunnel Shopping Mall in Jinzhou, the PRC
“Jinzhou Target Company”	Jinzhou Jiachi Public Facilities Management Co., Ltd.** 錦州嘉馳公共設施管理有限公司, a company established in the PRC which holds the operating rights of the Jinzhou Shopping Mall
“Jinzhou Target Group”	Sky Build and its wholly-owned subsidiaries, including Jinzhou Target Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2021 or such other date as the parties may agree
“Mr. Dai”	Mr. Dai Yongge, who and whose associates are together the controlling shareholders of China Dili Group, the shares of which are listed on the Main Board of the Stock Exchange with stock code 1387

“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
“Purchaser”	Tai United Properties Company Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of the Company
“Related Party Advances”	the current account balances of the Guangzhou Target Company due from members of the Seller’s Group for the amount of approximately RMB1,489,000,000 (equivalent to approximately HK\$1,760,838,000) as at 30 September 2020
“Reporting Period”	the financial years ended 31 December 2017, 2018 and 2019 and the stub period of nine months ended 30 September 2020
“Review”	the request made by the Company on 23 September 2020 pursuant to Rules 2B.06(1) and 2B.08(1) of the Listing Rules for the Decision to be referred to the Listing Committee for a review by the Listing Committee
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Stone Wealth Limited, a company incorporated in the British Virgin Islands, which is wholly-owned by its ultimate beneficial owner, Mr. Dai
“Seller’s Group”	Mr. Dai and companies controlled by him, excluding the Guangzhou Target Group
“SGM”	the special general meeting of the Company at which, among others, the terms of the Share Purchase Agreements will be considered, and if thought fit, approved by the Shareholders
“Shareholder(s)”	the holder(s) of share(s) of the Company
“Share Purchase Agreements”	the Jinzhou Share Purchase Agreement and the Guangzhou Share Purchase Agreement
“Sky Build”	Sky Build Limited, a company incorporated in the British Virgin Islands, which is the indirect sole shareholder of the Jinzhou Target Company

“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Superb Power”	Superb Power Enterprises Limited, a company incorporated in the British Virgin Islands, which is the indirect sole shareholder of the Guangzhou Target Company
“%”	per cent

By order of the Board  
**Tai United Holdings Limited**  
**Kwong Kai Sing Benny**  
*Chief Executive Officer*

Hong Kong, 24 December 2020

As at the date of this announcement, the Board comprises the following Directors:

*Executive Directors:*

Mr. Kwong Kai Sing Benny (*Chief Executive Officer*)  
Mr. Chen Weisong  
Mr. Chow Chi Wah Vincent

*Independent non-executive Directors:*

Dr. Gao Bin  
Ms. Liu Yan  
Mr. Tang King Shing

*Note: For the purpose of this announcement, the currency exchange rate of HK\$1:RMB0.84562 was used. Figures are rounded to the nearest thousand.*

\*\* *English names are direct transliteration of the Chinese names and are therefore for reference only.*