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Liu Chong Hing Investment Limited

(Incorporated in Hong Kong with limited liability)

(Stock code: 00194)

DISCLOSEABLE TRANSACTION PROVISION OF A SHAREHOLDER LOAN TO A COMPANY FOR ITS INVESTMENT IN AN AUSTRALIAN PROPERTY

On 21 December 2021, Trend Able (an indirect wholly-owned subsidiary of the Company) and VP AP Real Estate have agreed with Clear Miles under the Contribution Agreement that each of Trend Able and VP AP Real Estate as shareholders of Clear Miles will inject by way of shareholder loan of AUD55 million (equivalent to approximately HK\$306 million) pro rata to their respective equity interest in Clear Miles in accordance with the terms and conditions of the Amended SHA. Such injection by Trend Able and VP AP Real Estate is to enable Clear Miles to acquire 25% attributable interest in the Property (with each of Trend Able and VP AP Real Estate acquiring 12.5% attributable interest in the Property) through the subscription of an aggregate of 110,000,000 units in the Trust at an issue price of AUD1.00 per unit at a total consideration of AUD110 million (equivalent to approximately HK\$612 million).

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the amount of shareholder loan to be provided by Trend Able to Clear Miles is more than 5% but less than 25%, the provision of the shareholder loan by Trend Able in Clear Miles constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

SHAREHOLDER LOAN

On 21 December 2021, Trend Able and VP AP Real Estate have agreed with Clear Miles under the Contribution Agreement that each of Trend Able and VP AP Real Estate as shareholders of Clear Miles will inject by way of interest free and unsecured shareholder loan with no fixed repayment date of AUD55 million (equivalent to approximately HK\$306 million) pro rata to their respective equity interest in Clear Miles in accordance with the terms and conditions of the Amended SHA. Such injection by Trend Able and VP AP Real Estate is to enable Clear Miles to acquire 25% attributable interest in the Property (with each of Trend Able and VP AP Real Estate acquiring 12.5% attributable interest in the Property) through the subscription of an aggregate of 110,000,000 units in the Trust at an issue price of AUD1.00 per unit at a total consideration of AUD110 million (equivalent to approximately HK\$612 million). 11,000,000 units are to be subscribed on or before 21

December 2021; and the remaining 99,000,000 units are to be subscribed on 31 March 2022. Advances of the shareholders loan under the Contribution Agreement are to be made by Trend Able and VP AP Real Estate in tranches as required by Clear Miles to meet its subscription payment obligations.

The amount of shareholder loan to be provided by Trend Able to Clear Miles was determined by its shareholding in Clear Miles with reference to 25% of the purchase price of a 50% interest in the Property of AUD401,300,000 (equivalent to approximately HK\$2,231,228,000) (which is comparable to the market value of 50% interest in the Property as at 1 December 2021) and the estimated transaction costs.

Trend Able will fund the shareholder loan by the internal resources of the Group.

INFORMATION ON VP AP REAL ESTATE

VP AP Real Estate is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Value Partners Asia Pacific Real Estate Limited Partnership, which is in turn wholly-owned by VP Group.

VP Group is a company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange. VP Group and its subsidiaries are principally engaged in the provision of investment management services to investment funds and managed accounts.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of VP Group, VP AP Real Estate and its substantial shareholders is an Independent Third Party.

INFORMATION ON TREND ABLE AND THE GROUP

Trend Able is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. The Company and its subsidiaries are principally engaged in property investment and investment holding.

INFORMATION ON CLEAR MILES

Clear Miles is a joint venture company incorporated in Hong Kong with limited liability and beneficially owned as to 50% by Trend Able and 50% by VP AP Real Estate.

Clear Miles was formed for the purpose of investing in a single Australian investment property in September 2018 which was divested in February 2021 and has remained inactive since the disposal. Pursuant to the Amended SHA, Trend Able and VP AP Real Estate have unanimously agreed that the business of Clear Miles be changed to investing indirectly in the Property.

Pursuant to the Amended SHA, the board of directors of Clear Miles comprises four directors. Each of Trend Able and VP AP Real Estate is entitled to designate, remove, replace and reappoint two directors. The chairman of the board of directors of Clear Miles is appointed by VP AP Real Estate. A resolution of the board of directors of Clear Miles can only be passed with approval of the majority of the attending directors including at least one

director appointed by VP AP Real Estate. Any decisions on change of business of Clear Miles, additional funding obligation of the shareholders and termination are subject to unanimous consent of both shareholders.

Any transfer of shares in Clear Miles by a shareholder (other than to its subsidiaries or affiliates) is subject to prior written consent of the other shareholder. The other party has a first right of refusal to purchase such shares in Clear Miles, or to require the proposed third party purchaser to purchase its shares on the same terms.

INFORMATION ON THE TRUST AND THE PROPERTY TRUST

The Trust is a trust established in Australia with a primary objective of carrying out the acquisition of a 50% interest in the Property indirectly through the Property Trust. With the injection of the shareholder loans by each of Trend Able and VP AP Real Estate, Clear Miles will invest a total of AUD110 million (equivalent to approximately HK\$612 million) through the subscription of 110,000,000 units in the Trust, representing 50% of the total number of units of the Trust. It is expected that completion of the subscription of units will take place on 31 March 2022 subject to the FIRB Approval being obtained. The Trust will subscribe for two units in the Property Trust at an issue price of AUD1.00 per unit, representing 100% of the total numbers of units of the Property Trust. The Trust will in turn indirectly (through the Property Trust) purchase a 50% interest in the Property such that upon completion of the acquisition of the 50% interest in the Property, the Property Trust will hold the Property as tenants in common with DWPL Nominees Pty Limited, a company incorporated under the laws of Australia with limited liability and an open-ended fund under the management of the Dexu group of companies. Dexu (ASX: DXS) is an Australian listed real estate investment trust.

The other investors of the 50% of the units in the Trust (who together have similar subscription obligations as Clear Miles) are Ashe Morgan Investments Pty Limited and AM Kent Street Equity Trust. The trustee of AM Kent Street Equity Trust, the Trust and the Property Trust are AM Kent Street Equity Pty Ltd, AM Kent Street Investor Pty Ltd and AM Kent Street Property Pty Ltd. respectively, and the manager of the Trust and the Property Trust is AM Kent Street Investment Manager Pty Ltd. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, AM Kent Street Equity Pty Ltd, AM Kent Street Investor Pty Ltd, AM Kent Street Property Pty Ltd. and AM Kent Street Investment Manager Pty Ltd. are ultimately beneficially owned or controlled by Ashe Morgan Investments Pty Limited, a prominent Australian property asset manager, and each of them and their substantial shareholders is an Independent Third Party.

The seller of the 50% interest in the Property is Perpetual Trustee Company Limited (as custodian for the responsible entity of the Dexu Office Trust and Dexu Funds Management Limited as responsible entity for the Dexu Office Trust), which are also under the management of or controlled by the Dexu group.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the seller of the 50% interest in the Property, DWPL Nominees Pty Limited, Dexu and their respective ultimate beneficial owners is an Independent Third Party.

INFORMATION ON THE PROPERTY

The Property is located at 309–321 Kent Street, Sydney, New South Wales 2000, Australia. It is a tenanted-commercial building located in the central business district of Sydney, Australia with ground floor retail and 17 upper office floors with total area of approximately 47,702 square metre and had 94% occupancy rate as at 30 November 2021. Net rental income from the Property for the two years ended 30 June 2020 and 30 June 2021 were approximately AUD32 million (equivalent to approximately HK\$178 million) and AUD35 million (equivalent to approximately HK\$195 million) respectively. The market value of the 50% interest of the Property was valued at AUD405,000,000 (equivalent to approximately HK\$2,251,800,000) as at 1 December 2021 by an independent valuer.

The acquisition of the 50% interest in the Property by the Property Trust at a total consideration of AUD401,300,000 (equivalent to approximately HK\$2,231,228,000) is expected to proceed to completion on or before 30 April 2022 or 10 business days after the FIRB Approval is obtained, whichever is the later. A deposit of AUD20,065,000 (equivalent to approximately HK\$111,561,000) is payable in respect of the acquisition of the Property which is refundable if FIRB Approval is not obtained and the sale and purchase agreement is rescinded in accordance with its terms. Upon completion of the acquisition, the Property Trust will hold the Property as tenants in common with DWPL Nominees Pty Limited. Clear Miles will then have 25% attributable interest in the Property (with each of Trend Able and VP AP Real Estate having 12.5% attributable interest in the Property).

REASONS FOR AND BENEFITS OF THE PROVISION OF SHAREHOLDER LOAN TO CLEAR MILES

The Group has a diversified portfolio of business including property development and investment.

With a view of optimism towards the economic recovery in Australia post-pandemic, the Board considers the investment in Clear Miles as an opportunity for the Group to enhance its exposure in international portfolio of investment property. Given the stable rental return, the management considered the investment would provide an attractive investment return together with a long term appreciation of properties to the Group, which is beneficial for the continuous growth of the Group's property development and investment business.

In view of the above, the Board considers that the provision of the shareholder loan by Trend Able to Clear Miles under the Contribution Agreement is in the ordinary course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the amount of shareholder loan to be provided by Trend Able to Clear Miles is more than 5% but less than 25%, the provision of shareholder loan by Trend Able in Clear Miles constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms have the following meanings:

“Amended SHA”	a shareholder agreement relating to Clear Miles dated 10 September 2018 between Trend Able, VP AP Real Estate and Clear Miles, as amended by a supplemental agreement dated 9 December 2021 between Trend Able, VP AP Real Estate and Clear Miles
“AUD”	Australian Dollars, the lawful currency of Australia
“Board”	the board of Directors
“Clear Miles”	Clear Miles Hong Kong Limited, a company incorporated in Hong Kong and a joint venture company owned as to 50% by Trend Able and 50% by VP AP Real Estate
“Company”	Liu Chong Hing Investment Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“Contribution Agreement”	an agreement dated 21 December 2021 entered into between Trend Able, VP AP Real Estate and Clear Miles in respect of the provision of shareholder loan by Trend Able and VP AP Real Estate to Clear Miles
“Director(s)”	the director(s) of the Company
“FIRB Approval”	the approval from the Australian Foreign Investment Review Board
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	third party independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Property”	the property situated at 309–321 Kent Street, Sydney, New South Wales 2000, Australia

“Property Trust”	AM Kent Street Property Trust, a trust established in Australia
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trend Able”	Trend Able Investments Limited 進麗投資有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Trust”	AM Kent Street Investor Trust, a trust established in Australia
“VP AP Real Estate”	Value Partners Asia Pacific Real Estate Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of VP Group’s wholly-owned real estate fund, Value Partners Asia Pacific Real Estate Limited Partnership
“VP Group”	Value Partners Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 806)
“%”	per cent

* *In this announcement, for the purpose of illustration only, amounts quoted in AUD have been converted into HK\$ at the rate of AUD1.00 to HK\$5.56. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

By order of the board of
Liu Chong Hing Investment Limited
Liu Lit Chi
*Chairman, Managing Director
and Chief Executive Officer*

Hong Kong, 21 December 2021

As at the date of this announcement, the Board of Directors comprises the following Executive Directors: Mr. Liu Lit Chi (Chairman, Managing Director and Chief Executive Officer), Mr. Liu Kam Fai, Winston (Deputy Managing Director) and Mr. Lee Wai Hung; the following Non-executive Director: Mr. Kho Eng Tjoan, Christopher; and the following Independent Non-executive Directors: Dr. Cheng Mo Chi, Moses, Mr. Au Kam Yuen, Arthur, Dr. Ma Hung Ming, John, Mr. Cheng Yuk Wo and Mr. Tong Tsun Sum, Eric.

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