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HUAXI HOLDINGS COMPANY LIMITED

華禧控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01689)

DISCLOSEABLE TRANSACTIONS ACQUISITION OF PROPERTIES

The Board wishes to announce that on 22 February 2022, Shantou Xinda entered into the Agreement with the Vendor, pursuant to which Shantou Xinda agreed to purchase and the Vendor agreed to sell the Properties at a total consideration of RMB37,408,103 (equivalent to approximately HK\$46,199,000).

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules. Accordingly, such transaction is subject to the reporting and announcement requirements only but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board wishes to announce that on 22 February 2022, Shantou Xinda entered into the Agreement with the Vendor, pursuant to which Shantou Xinda agreed to purchase and the Vendor agreed to sell the Properties at a total consideration of RMB37,408,103 (equivalent to approximately HK\$46,199,000).

THE AGREEMENT

Set out below is a summary of the principal terms of the Agreement:

Date: 22 February 2022

Parties: Shantou Xinda (as purchaser); and
the Vendor (as vendor)

Properties: Comprise (i) 15 office units (the “**Office Units**”); and (ii) 15 parking lots (the “**Parking Lots**”) located at Guorui Convention and Exhibition Centre.

The gross floor area of each Office Unit ranges from approximately 74 to 400 square metres and the aggregate gross floor area of the Office Units is approximately 2,700 square metres.

Consideration: Shantou Xinda shall purchase the Properties at a total consideration of RMB37,408,103 (equivalent to approximately HK\$46,199,000), comprising RMB33,511,103 (equivalent to approximately HK\$41,386,000) for the Office Units and RMB3,897,000 (equivalent to approximately HK\$4,813,000) for the Parking Lots.

The Consideration will be paid within 10 days after the signing of the Agreement.

Within the prescribed period from the receipt of notice from the Vendor, Shantou Xinda shall enter into a formal sale and purchase agreement with the Vendor and vacant possession of the Properties will be delivered to Shantou Xinda. It is expected that completion will take place by 31 March 2022.

INFORMATION OF THE COMPANY AND THE VENDOR

The principal business of the Group is the manufacturing and the sales of cigarette packaging materials and environmental treatment business in the PRC. The Vendor is a wholly owned subsidiary of Guorui Properties Limited, a company listed on the Main Board of Stock Exchange (stock code: 2329) and is principally engaged in real estate development.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners (i) do not have any past or present relationships with the Company and its connected persons; and (ii) are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

As at the date hereof, the construction of Guorui Convention and Exhibition Centre has been completed and the Vendor has obtained permit for the pre-sale of the same.

The Properties are acquired partly for the Group’s self-use and partly for rental income. Guorui Convention and Exhibition Centre is located in a premium location in Shantou. The Group may benefit from any long-term capital gain when the value appreciates in the future. The Board believes that there is a potential attractive capital appreciation for this investment over the long term.

The terms of the Agreement was determined based on the arm's length negotiations based on the valuation conducted by an independent valuer who valued the Properties at RMB40,686,924 (equivalent to approximately HK\$50,248,000) as at 31 January 2022 adopting market approach making reference to the value of comparable properties in the vicinity. The Directors (including the independent non-executive Directors) consider that the terms of the Agreement is on normal commercial terms, fair and reasonable and in the interest of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules. Accordingly, such transaction is subject to the reporting and announcement requirements only but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of Properties by Shantou Xinda pursuant to the terms and conditions of the Agreement
“Agreement”	the pre-sale agreement* (內部認購協議書) entered into between Shantou Xinda and the Vendor on 22 February 2022 in relation to the purchase of the Properties by Shantou Xinda from the Vendor
“Board”	the board of Directors
“Company”	Huaxi Holdings Company Limited (華禧控股有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange (stock code: 01689)
“Consideration”	RMB37,408,103 (equivalent to approximately HK\$46,199,000), being the aggregate consideration for the Acquisition payable by Shantou Xinda, subject to adjustment with reference to the final gross area of the Properties as measured by the relevant government authority
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guorui Convention and Exhibition Centre”	Guorui Convention and Exhibition Centre* (國瑞會展中心), a commercial development located at Zhongshan East Road, Longhu District, Shantou, Guangdong, China (中國廣東省汕頭市龍湖區中山東路)

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and, except where the context otherwise requires and only for the purpose of this announcement, references to the PRC exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Properties”	15 Office Units and 15 Parking Lots located at Guorui Convention and Exhibition Centre
“RMB”	Renminbi, the lawful currency of the PRC
“Shantou Xinda”	Shantou Xinda Colour Printing & Packaging Material Co. Ltd* (汕頭市信達彩印包裝材料有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Shareholders”	holders of the Shares
“Shares”	ordinary share(s) of HK\$0.005 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Shantou Glory Properties Co., Ltd. * (汕頭市國瑞置業有限公司), a company established in the PRC with limited liability
“%”	per cent.

For the purpose of this announcement, the following exchange rate is used: RMB1.00 = HK\$1.235.

By order of the Board
Huaxi Holdings Company Limited
Zheng Andy Yi Sheng
Chairman

Hong Kong, 22 February 2022

As at the date of this announcement, the Board comprises Mr. Zheng Andy Yi Sheng and Mr. Zheng Minsheng as executive Directors; Mr. Hao Jiming as non-executive Director and Mr. Lau Kwok Hung, Mr. Fok Po Tin and Mr. Cai Xiaowen as independent non-executive Directors.

* For identification purpose only