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## **UNIVERSAL TECHNOLOGIES HOLDINGS LIMITED**

**環球實業科技控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1026)**

### **DISCLOSEABLE TRANSACTION RELATING TO THE PAYMENT OF EARNEST MONEY FOR THE POSSIBLE ACQUISITION OF THE MAJORITY EQUITY INTEREST IN A COMMERCIAL INVESTMENT PROPERTY IN THE PRC**

The Board wishes to announce that on 23 December 2022, the Company entered into the MOU with the Vendors and the Target Company, pursuant to which the Company (or its nominated subsidiary) proposed to acquire the entire equity interest in the Target Company (or the New Holdco) for the indicative consideration of not less than RMB700 million (HK\$791 million), which may be settled by cash, promissory notes, equity, convertible securities or a combination of them. According to the information available to the Company, the Target Company indirectly owns, through intermediate holding companies and on a look-through basis, a 67.4% effective interest in the Target Properties A and a 38% effective interest in the Target Properties B. Under the terms of the MOU, the Company shall pay to the Vendors (or as the Vendors shall jointly instruct) a refundable Earnest Money of RMB175 million (HK\$197.75 million).

The Proposed Acquisition is subject to, inter alia, the satisfactory results of the due diligence conducted by the Company on the Target Group, the completion of the Restructuring to carve out the Excluded Assets and the Excluded Liabilities, and the negotiation, finalization and signing of the Binding Agreement within the nine-months Exclusivity Period, during which the Vendors shall not, without the Company's consent, negotiate with any other potential investors in relation to the subject matter of the MOU.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the payment of the Earnest Money is more than 5% but less than 25%, the payment of the Earnest Money constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

If the MOU proceeds to the signing of the Binding Agreement, it is currently expected that the Proposed Acquisition may constitute at least a major acquisition for the Company under Chapter 14 of the Listing Rules. Further announcement will be made by the Company if the Proposed Acquisition proceeds to the signing of the Binding Agreement.

**The Proposed Acquisition has yet to materialize by way of Binding Agreement and may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **THE MOU**

The Board wishes to announce that on 23 December 2022, the Company entered into the MOU with the Vendors and the Target Company, pursuant to which the Company (or its nominated subsidiary) proposed to acquire the entire equity interest in the Target Company (or the New Holdco) for the indicative consideration of not less than RMB700 million (HK\$791 million), which may be settled by cash, promissory notes, equity, convertible securities or a combination of them.

### **Date**

23 December 2022

### **Parties**

- (1) the Company (as purchaser);
- (2) Vendor A;
- (3) Vendor B; and
- (4) the Target Company.

According to the information available to the Company, (a) the equity interest in the Target Company is owned as to 98% by Vendor A and 2% by Vendor B; and (b) both Vendor A and Vendor B are PRC nationals and merchants. To the best of the knowledge, information and belief of the Directors after making all reasonable enquiries, each of the Vendors has confirmed to the Company that he is a third party independent of and not connected with the Company, its connected persons and associates.

## **The Restructuring**

Based on the information provided by the Vendors, the Target Company indirectly owns, through intermediate holding companies and on a look-through basis: (a) a 67.4% effective interest (the “**Target Interest A**”) in 181 units of retail shop commercial properties with frontages in Fenggang Town (鳳崗鎮), Dongguan City, Guangdong Province, the PRC with an aggregate gross floor area of 13,838.26 square meters (the “**Target Properties A**”); and (b) a 38% effective interest (the “**Target Interest B**”, which together with the Target Interest A are collectively referred to as the “**Target Interests**”) in 38 units of retail shop commercial properties with frontages in Fenggang Town with an aggregate gross floor area of 8,215.67 square meters (the “**Target Properties B**”, which together with the Target Properties A are collectively referred to as the “**Target Properties**”).

The Target Group also owns equity interests in other companies and investments (the “**Excluded Assets**”) and records certain liabilities (the “**Excluded Liabilities**”) which are intended to be excluded from the Proposed Acquisition. Under the terms of the MOU, the Vendors and the Target Company intend to undergo certain corporate restructuring of the assets of the Target Group (the “**Restructuring**”) which may include, but not limited to, the following procedures prior to the completion of the Proposed Acquisition, namely: (a) the carving out of the Excluded Assets and the Excluded Liabilities from the Target Group; and/or (b) the establishment of a new holding company (the “**New Holdco**”) to hold only the Target Interests for the purpose of the Proposed Acquisition.

## **Consideration and Earnest Money**

The indicative consideration (subject to contract) for the Proposed Acquisition is expected to be not less than RMB700 million (HK\$791 million), which may be settled by cash, promissory notes, equity, convertible securities or a combination of them. The final amount of the consideration is subject to further due diligence and negotiation of the final terms of the Proposed Acquisition, the completion of the Restructuring and the conducting of independent valuation by the Company on the Target Properties.

Under the terms of the MOU, the Company shall pay to the Vendors (or as the Vendors shall jointly instruct) a refundable earnest money of RMB175 million (HK\$197.75 million) (the “**Earnest Money**”) on the signing of the MOU. The Earnest Money shall be applied as part of the consideration for the Proposed Acquisition if the parties proceed to the signing and completion of the Binding Agreement. If the parties to the MOU do not proceed to the signing of the Binding Agreement within the Exclusivity Period or the Proposed Acquisition does not proceed to completion for whatever reason, the Vendors shall refund the Earnest Money to the Company within ten business days after the Company serves a termination and refund notice to the Vendors.

## **Exclusivity**

The Proposed Acquisition is subject to, inter alia, the satisfactory results of the due diligence conducted by the Company on the Target Group, the completion of the Restructuring to carve out the Excluded Assets and the Excluded Liabilities, and the negotiation, finalization and signing of the Binding Agreement within nine months after the date of the MOU (or such longer period as extended by mutual agreement between the parties) (the “**Exclusivity Period**”), during which the Vendors and the Target Company shall not, without the Company’s consent, negotiate with any other potential investors in relation to the subject matter of the MOU.

## **Non-binding nature of the MOU**

Save and except the clauses regarding representations and warranties, exclusivity, the payment and refund of the Earnest Money, the Equity Pledge, due diligence, costs and expenses, and governing law and jurisdiction which are legally binding, all other provisions of the MOU are non-legally binding.

## **Equity Pledge**

To secure the performance obligations of the Vendors under the MOU, it is a binding condition of the MOU that the Vendors shall provide the following pledge(s) in favour of the Company or its nominated subsidiary (the “**Equity Pledge**”): (a) the entire equity interest in the Target Company; and/or (b) the entire shareholding in the New Holdco, if the Target Interests are transferred to the New Holdco as part of the Restructuring.

## **INFORMATION ON THE TARGET COMPANY**

Based on the information provided by the Vendors, the Target Company is a company established in the PRC with limited liability which is principally engaged in property development and operation, property agency, property consultancy and investment management services.

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE MOU**

The Group is principally engaged in investment holding, property investment and development, building management and water supply and related services. The Company has been looking for opportunities of land plots which are suitable for residential, commercial or comprehensive development with a view to maximizing investment return. The Company considers that the Proposed Acquisition contemplated by the MOU, if materializes, provides the Company with the opportunity to develop its portfolio of commercial properties in Guangdong-Hong Kong-Macao Greater Bay Area (the “**GBA**”).

As publicly notified by Shenzhen Development and Reform Commission (“**Shenzhen DRC**”) in Shenzhen Urban Rail Transit Phase Five Construction Planning (深圳市城市轨道交通第五期建設規劃) in August 2022, four underground metro stations of Shenzhen Metro Line 10, Eastern Extension are planned to be built in Fenggang Town in 2023 to 2028 subject to government approval. The Shenzhen-Huizhou Intercity Railway, whose feasibility was approved by Shenzhen DRC in June 2021 and design approved by Guangdong Transportation Department in August 2022, also planned to build a station in Fenggang Town. As the Target Properties are retail shop commercial properties with frontages conveniently situated at central locations of Fenggang Town, the Proposed Acquisition, if materializes, should represent an opportunity for the Group to benefit from the ongoing metropolitan and transportation network development of the GBA, which are hoped to bring about increasing rental income and capital gain in the long run.

The terms and conditions of the MOU were arrived at following arm’s length negotiations between the Company, the Vendors and the Target Company, taking into account the value of the Target Properties. The Earnest Money was requested by the Vendors to show the sincerity of the Company and to justify the grant of exclusive negotiation right to the Company. In view of the recent relaxation of COVID-19 lockdown measures in the PRC, it is expected that the epidemic situation will stabilize soon. As the Company is optimistic with the outlook of retail shop commercial properties in the GBA, it is desirable to lock the opportunity by insisting on the exclusive negotiation right. Accordingly, the Directors (including the independent non-executive Directors) consider that the entering into of the MOU and its terms and conditions (including the payment of the Earnest Money) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. No Director considers himself/herself to have any material interest in the transactions contemplated by the MOU calling for the need for him/her to abstain from voting on the Board’s decision on the signing of the MOU and/or the payment of the Earnest Money.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the payment of the Earnest Money is more than 5% but less than 25%, the payment of the Earnest Money constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

If the MOU proceeds to the signing of the Binding Agreement, it is currently expected that the Proposed Acquisition may constitute at least a major acquisition for the Company under Chapter 14 of the Listing Rules. Further announcement will be made by the Company if the Proposed Acquisition proceeds to the signing of the Binding Agreement.

**The Proposed Acquisition has yet to materialize by way of Binding Agreement and may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

<b>“associate(s)”</b>	having the meaning ascribed thereto under the Listing Rules
<b>“Binding Agreement”</b>	the legally binding acquisition agreement to be negotiated by the parties to the MOU during the Exclusivity Period regarding the terms and conditions of the Proposed Acquisition
<b>“Board”</b>	the board of Directors
<b>“Company”</b>	Universal Technologies Holdings Limited, a company incorporated in the Cayman Islands with limited liability, and whose shares are listed on the Main Board of the Stock Exchange with stock code 1026
<b>“connected person(s)”</b>	having the meaning ascribed thereto under the Listing Rules
<b>“Directors”</b>	the directors of the Company
<b>“Group”</b>	the Company and its subsidiaries from time to time
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“MOU”</b>	the non-legally binding memorandum of understanding dated 23 December 2022 entered into between the Company (as purchaser), the Vendors and the Target Company, pursuant to which the Company (or its nominated subsidiary) proposed to acquire the entire equity interest in the Target Company (or the New Holdco)
<b>“PRC”</b>	the People’s Republic of China
<b>“Proposed Acquisition”</b>	the proposed acquisition, subject to the signing of the Binding Agreement, by the Company (as purchaser) (or its nominated subsidiary) from the Vendors of the entire equity interest in the Target Company (or the New Holdco)
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“Share(s)”</b>	share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	廣州市舜鵬置業有限公司 (Guangzhou Shunpeng Real Estate Co., Ltd.), a company established in the PRC with limited liability
“Target Group”	the Target Company and its subsidiaries
“Vendor A”	Mr. Zeng Xiangyang (曾向陽), the owner of 98% equity interest in the Target Company
“Vendor B”	Mr. Tan Mian (譚勉), the owner of 2% equity interest in the Target Company
“Vendors”	collectively, Vendor A and Vendor B
“%”	per cent

*In this announcement, amounts denominated in RMB have been converted into HK\$ at the exchange rate at RMB1.00 = HK\$1.13 for illustration purposes only.*

By Order of the Board  
**UNIVERSAL TECHNOLOGIES HOLDINGS LIMITED**  
**Chen Jinyang**  
*Chairman and Chief Executive Officer*

Hong Kong, 23 December 2022

*As at the date of this announcement, the Board of Directors of the Company comprises three executive Directors namely Mr. Chen Jinyang (Chairman and Chief Executive Officer), Ms. Zhu Fenglian and Ms. Zhang Haimei; one non-executive Director namely Mr. Xuan Zhensheng; and three independent non-executive Directors namely Dr. Cheung Wai Bun, Charles, J.P., Mr. David Tsoi and Mr. Chao Pao Shu George.*