

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 CERTAIN PROPERTY INTERESTS IN THE PRC**

The Board wishes to announce that on 5 June 2023 (after close of trading), the Company entered into the MOU with the Vendor and the Target Company, pursuant to which the Company (or a subsidiary nominated by it) proposed to acquire a controlling stake in the equity interest (and corresponding shareholder's loan, if any) in the Target Company (or the New Holdco) for the indicative consideration (subject to contract) of not less than RMB300 million (HK\$334.34 million), which is intended to be settled by cash, promissory notes, equity, convertible securities or a combination of them. According to the information provided by the Vendor, the Target Company presently owns 100% interest in the Target Properties. Under the terms of the MOU, the Company shall pay to the Vendor (or as the Vendor shall instruct) a refundable Earnest Money of RMB150 million (HK\$167.17 million).

The Proposed Acquisition is subject to, inter alia, the satisfactory results of the due diligence conducted by the Company on the Target Group (including the Target Properties), the completion of the Restructuring to carve out the Excluded Assets and the Excluded Liabilities, the specification and approval status of the Construction Plan, independent valuation conducted by the Company and the negotiation, finalization and signing of the Binding Agreement within the thirteen-months Exclusivity Period, during which the Vendor and the Target Company shall not (and shall procure Mr. Gu and the Vendor Holdco not to), without the Company's consent, negotiate with any other potential investors in relation to direct or indirect acquisition of or investment in the Target Properties and/or the 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 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 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 5 June 2023 (after close of trading), the Company entered into the MOU with the Vendor and the Target Company, pursuant to which the Company (or a subsidiary nominated by it) proposed to acquire a controlling stake in the equity interest (and corresponding shareholder's loan, if any) in the Target Company (or the New Holdco) for the indicative consideration (subject to contract) of not less than RMB300 million (HK\$334.34 million), which is intended to be settled by cash, promissory notes, equity, convertible securities or a combination of them.

### **Date**

5 June 2023 (after close of trading)

### **Parties**

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

According to the information provided by the Vendor, as at the date of this announcement, (a) the Target Company is a company established in the PRC with limited liability which is principally engaged in real estate investment, wholesale and retail of textile products; (b) the entire equity interest in the Target Company is owned by the Vendor; (c) the Vendor is a company established in the PRC with limited liability which is principally engaged in real estate investment, wholesale and retail; (d) the entire equity interest in the Vendor is owned by the Vendor Holdco; (e) the entire equity interest in the Vendor Holdco is owned by Mr. Gu, a PRC national and merchant who is experienced in property development and investment; and (f) Mr. Gu owns 250,000,000 Shares, representing approximately 4.53% of the issued share capital of the Company). To the best of the knowledge, information and belief of the Directors after making all reasonable enquiries, each of the Vendor and its ultimate beneficial owner (i.e., Mr. Gu) 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 Vendor, the Target Company presently owns 100% interest in five plots of industrial lands with aggregate site area of approximately 156,698.77 sq.m. situated at Guangdong Qingyuan High-tech Industrial Development Zone (廣東清遠高新技術產業開發區) (“**Qingyuan Hi-tech Zone**”), Qingyuan City, Guangdong Province, the PRC, together with factory premises and ancillary buildings (including warehouses and staff dormitories) erected thereon with an aggregate gross floor area of approximately 45,148.49 sq.m. (collectively, the “**Target Properties**”). The land use right of the Target Properties will run until August 2049 and September 2053, and the permissible plot ratio are up to 2.5 to 3 times.

The Target Group also owns other assets (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 Vendor 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, with the exception of only the property interests selected by the Company including the Target Properties; and/or (b) the establishment of a new holding company (the “**New Holdco**”) to hold only the property interests selected by the Company including the Target Properties 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 RMB300 million (HK\$334.34 million), which is intended 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, the specification and approval status of the Construction Plan and the conducting of independent valuation by the Company on the Target Properties.

Under the terms of the MOU, the Vendor and the Target Company shall: (a) formulate a building design and construction plan (the “**Construction Plan**”) for the approval of the Company within 6 months after the date of the MOU; (b) obtain the approval of the relevant government authorities regarding the Construction Plan within 12 months after the date of the MOU. It is the intention of the parties that the consideration and the final terms of the Proposed Acquisition shall be determined by reference to the final design, construction, building usage and gross floor area as contemplated by the approved Construction Plan.

Under the terms of the MOU, the Company shall pay to the Vendor (or as the Vendor shall instruct) a refundable earnest money of RMB150 million (HK\$167.17 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 Vendor shall refund the Earnest Money to the Company within ten business days after the Company serves a termination and refund notice to the Vendor.

## **Exclusivity**

The Proposed Acquisition is subject to, inter alia, the satisfactory results of the due diligence conducted by the Company on the Target Group (including the Target Properties), the completion of the Restructuring to carve out the Excluded Assets and the Excluded Liabilities, the specification and approval status of the Construction Plan, independent valuation conducted by the Company and the negotiation, finalization and signing of the Binding Agreement within thirteen 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 Vendor and the Target Company shall not (and shall procure Mr. Gu and the Vendor Holdco not to), without the Company’s consent, negotiate with any other potential investors in relation to the direct or indirect acquisition of or investment in the Target Properties and/or 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 Vendor and Target Company’s undertakings in respect of the Construction Plan and the Pledges, due diligence, costs and expenses, and governing law and jurisdiction which are legally binding, all other provisions of the MOU are non-legally binding.

## **Pledges**

To secure the performance obligations of the Vendor under the MOU, it is a binding condition of the MOU that the Vendor shall procure the delivery to the Company the following pledge(s) in favour of the Company or a subsidiary nominated by it (the “**Pledges**”): (a) the entire equity interest in the Vendor; (b) a loan receivable owed by the Vendor to Mr. Gu in the principal amount of RMB165,383,000 (HK\$184,312,000); (c) (if required by the Company) all or part of the Excluded Assets or its direct or indirect holding company, after the completion of the Restructuring but before the completion of the Binding Agreement; and/or (d) the entire shareholding in and shareholder’s loan the New Holdco, if the Target Properties are transferred to the New Holdco as part of the Restructuring.

## **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 long term development. The Company considers that the Proposed Acquisition contemplated by the MOU, if materializes, provides the Company with the opportunity to develop its portfolio of real estate properties in Guangdong Province.

The Target Properties are geographically located in the southern tip of Qingyuan City adjacent to Huadu District, Guangzhou City, with nearby access to national highways, inter-city railways and hi-speed railways and of approximately 36 kilometers linear distance from Guangzhou Baiyun International Airport. The Target Properties are situated at Qingyuan Hi-tech Zone, a national level high-tech industrial development zone targeted to become the one-stop service platform and home to

industrial enterprises ranging from traditional manufacturers to new material, new energy, informational technology, biotechnology and high-end equipment manufacturers.

In December 2021, Guangzhou Municipal Development and Reform Commission (廣州市發展和改革委員會) published its “14th Five-Year Development Plan for the Integration of Guangzhou and Qingyuan (Draft for Public Comments)” (廣清一體化十四五發展規劃(公開徵求意見稿)) (the “**Guang-Qing Integration Plan**”), which pointed out that the integrated development of Guangzhou and Qingyuan will find a new path for the Guangdong-Hong Kong-Macao Greater Bay Area to radiate and drive the development of the eastern and northwestern regions of Guangdong, formulating the “Guangzhou-Qingyuan Experience” in the coordinated development of urban and rural areas in the new era, and helping to promote the urban-rural integration and high-quality development in the Guangzhou metropolitan area. The Guang-Qing Integration Plan also proposed the construction of transportation infrastructure including railways, highways and ports during the 14th Five-Year period.

The Target Properties had a total site area of over 150,000 sq.m. with a permissible plot ratio of up to 2.5 to 3 times. The buildings currently erected on the land plots were formerly used for traditional factories, warehouses and staff dormitories. The Company considers that the Target Properties have yet to release its full potentials and are suitable for sizeable re-development and re-formulation from traditional industries to high value-added new industries to better suit the high-quality development of Qingyuan Hi-tech Zone and the Guang-Qing Integration Plan. The Company considers that the Proposed Acquisition, if materializes, should represent an opportunity for the Group to benefit from the ongoing metropolitan and transportation network development of Guangzhou metropolitan area, 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 Vendor and the Target Company, taking into account the value of the Target Properties. The Earnest Money was requested by the Vendor to show the sincerity of the Company and to justify the grant of exclusive negotiation right to the Company. As the Company is optimistic with the potential upside arising from the re-development of the Target Properties which shall become clear during the stage of Construction Plan application in the next 12 months and the long term prospect of the Guangzhou-Qingyuan Integration Plan during the 14th Five-Year period, the Company considers it 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 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 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:

“associate(s)”	having the meaning ascribed thereto under the Listing Rules
“Binding Agreement”	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
“Board”	the board of Directors
“Company”	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
“connected person(s)”	having the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding memorandum of understanding dated 5 June 2023 entered into between the Company (as purchaser), the Vendor and the Target Company, pursuant to which the Company proposed to acquire a controlling stake of the equity interest (and corresponding shareholder’s loan, if any) in the Target Company (or the New Holdco)
“Mr. Gu”	Mr. Gu Jianping (顧劍平), the ultimate beneficial owner of the Vendor
“PRC”	the People’s Republic of China
“Proposed Acquisition”	the proposed acquisition, subject to the signing of the Binding Agreement, by the Company (as purchaser) from the Vendor of a controlling stake in the equity interest (and corresponding shareholder’s loan, if any) in the Target Company (or the New Holdco)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	清遠市旭弘實業有限公司 (Qingyuan Xuhong Industrial Co., Ltd.), a company established in the PRC with limited liability
“Target Group”	the Target Company (or, where applicable and as the context may require, the New Holdco) and its subsidiaries
“Vendor”	東莞市釗譽置業有限公司 (Dongguan Zhaoyu Real Estate Co., Ltd.), a company established in the PRC with limited liability

“Vendor Holdco” 東莞市韶隆置業有限公司 (Dongguan Shaolong Real Estate Co., Ltd.),  
a company established in the PRC with limited liability

“%” per cent

In this announcement, amounts denominated in RMB have been converted into HK\$ at the exchange rate at HK\$1.00 = RMB0.8973 for illustration purposes only.

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

Hong Kong, 5 June 2023

*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.*