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Leading Holdings Group Limited

領地控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6999)

DISCLOSEABLE TRANSACTION DISPOSAL OF THE EQUITY INTERESTS IN THE TARGET COMPANY

INTRODUCTION

The Board is pleased to announce that on 22 December 2023 (after trading hours of the Stock Exchange), the Seller (a subsidiary of the Company) entered into the Agreement with the Purchaser, pursuant to which the Seller has agreed to sell, and the Purchaser has agreed to purchase the Equity Interests, which shall represent 50% equity interest in the Target Company at the Consideration of RMB14,000,000.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14A.09(1) of the Listing Rules, as the total assets, profits and revenue of the Target Company as compared to that of the Group (for the year ended 31 December 2022, being the latest financial year for which the Company has published its audited accounts) are less than 5%, the Target Company is an insignificant subsidiary of the Company and therefore the Purchaser, being a substantial shareholder of the Target Company, is not a connected person of the Company under the Listing Rules. Accordingly, the Disposal does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.06 of the Listing Rules in respect of the Disposal are more than 5% but all of which are less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is only subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 22 December 2023 (after trading hours of the Stock Exchange), the Seller (a subsidiary of the Company) entered into the Agreement with the Purchaser, pursuant to which the Seller has agreed to sell, and the Purchaser has agreed to purchase the Equity Interests, which shall represent 50% equity interests in the Target Company at the Consideration of RMB14,000,000.

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date	22 December 2023
Parties	(i) the Seller; (ii) the Purchaser; and (iii) the Target Company

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Subject matter

Pursuant to the Agreement, the Seller has agreed to sell, and the Purchaser has agreed to purchase, the Equity Interests, which shall represent 50% equity interests in the Target Company subject to the terms and conditions therein.

Consideration

The Consideration being RMB14,000,000 was determined after arm's length negotiations between the Seller and the Purchaser on normal commercial terms with reference to (i) the net asset of the Target Company as at 30 November 2023, being RMB34,176,471; (ii) the profit of the Target Company distributable to the Seller being RMB4,000,000 (the "**Dividend**") as at 30 November 2023; and (iii) the reasons and benefits for the Disposal as mentioned in the section headed "Reasons for and Benefits of the Disposal" below.

Completion

As at 30 November 2023, the Target Company has a profit distributable to the Seller of RMB4,000,000. Within two business days upon the execution of the Agreement, the Purchaser shall pay the consideration for the Equity Interests being RMB14,000,000 to the account designated by the Seller and the Target Company shall settle the Dividend with the Seller. The Seller shall cooperate with the Purchaser to apply for the change of registration with the local industrial and commercial authority on the same day upon receiving the consideration for the Equity Interests and the Dividend.

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the development and sales of residential and commercial properties in the PRC. In 2021, property developers in China has witnessed the repeated outbreaks of epidemic and the significant downturn in the real estate industry. In the first half of 2021, increasing administrative controls and tightening policies were implemented by the PRC government targeting the real estate industry. In the fourth quarter of 2021, with a major policy being implemented, the PRC government introduced relevant policies with an aim to “supporting the commercial housing market to address the reasonable housing needs of residents and facilitate the healthy development of the real estate industry”. In light of the above, the real estate industry in China has been undergoing profound transformation under continuous regulatory pressure and difficult financing environment in 2021. In 2022, the global market was volatile and turbulent, and China’s economy also continued to face great challenges. In view of the severe economic situation and the tightening regulatory regime, property developers in the PRC have experienced the most difficult year in the industry’s development. The sales of the top 100 PRC real estate companies in the first half of 2022 declined significantly on a year-on-year basis. However, the real estate industry remains as one of the primary economic pillars of the PRC. In the first half of 2022, central and local governments implemented different policies to boost the real estate market, among which ensuring the “Guaranteed Delivery” has become the top priority for the industry and real estate companies. In response to the regulatory and financial challenges arising from the changing macro-environment, the operating strategies of private real estate companies have shifted from expansion to contraction. While the year of 2022 has passed, against the backdrop of a weak economy and the significant downturn in the real estate industry, market confidence and expectations for China’s real estate sector still remains low and fragile. The Target Company is jointly established by the Seller and the Purchaser for the development and sales of property projects. While some of the projects of the Target Company have been sold, there are still projects under the development and further cost for the development and administrative expenses for the sales later are expected

to be incurred. The Company believes that the Disposal offer an opportunity to monetize the value in its investment at earlier stage and is conducive to relieve the cash flow pressure, maintain the smooth operation of the Group and therefore for the Company to be better positioned to handle any future challenges and adhere to its prudent operation strategy. The net proceeds from the Disposal will be used as general working capital of the Group, which can further facilitate the fulfillment of “Guaranteed Delivery” and “Guaranteed Operation” requirements.

Having considered the above, the Board (including the independent non-executive Directors) believes that the terms of the Agreement are fair and reasonable and the Agreement is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Company

The Company is an investment holding company and its subsidiaries are principally engaged in the development and sales of residential and commercial properties. In addition, the Group holds a portion of commercial properties it developed for further investment purpose and is engaged in hotel management business.

The Seller

The Seller is a company established in the PRC with limited liability and principally engaged in property development. As at the date of this announcement, the Seller is indirectly held as to 99% by the Company, 0.5% by Tang Kai (唐鑑) and 0.5% by Wang Yuqi (王雨淇).

The Purchaser

The Purchaser is a company established in the PRC with limited liability and principally engaged in property development. As at the date of this announcement, the Purchaser is held as to 71% by Huang Liang (黃良) and 29% by Yu Jiaqiong (余佳琼).

The Target Company

The Target Company is a company established in the PRC with limited liability and principally engaged in property development. As at the date of this announcement the Target Company is held as to 50% by the Seller and 50% by the Purchaser. The principal asset of the Target Company is the residential and ancillary properties under the development located in Ya’an city, Sichuan province, PRC with a gross floor area of approximately 168,229.44 square metres.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the unaudited financial information of the Target Company for the financial years ended 31 December 2021 and 2022 respectively:

	For the year ended 31 December 2021 <i>RMB'000</i> (Unaudited)	For the year ended 31 December 2022 <i>RMB'000</i> (Unaudited)
Net (loss)/profit before taxation	(12,065.69)	(17,053.37)
Net (loss)/profit after taxation	(12,065.69)	(17,053.37)

Based on the financial information of the Target Company, the unaudited net asset of the Target Company was approximately RMB34,176,471 as at 30 November 2023.

FINANCIAL EFFECT OF THE DISPOSAL

It is estimated that the Group will record a gain on the Disposal in the amount of approximately RMB911,764.5 which is calculated with reference to the Consideration, the Dividend and the net asset value of the Target Company as at 30 November 2023. The actual gain or loss arising from the Disposal will be subject to audit by the auditor of the Company and may be different from the amount stated.

Upon the completion of Disposal, the Company will cease to have any equity interest in the Target Company and the Target Company will cease to be a subsidiary of the Company. Accordingly, the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Group.

The net proceeds from the Disposal will be used as general working capital of the Group, which can further facilitate the fulfillment of “Guaranteed Delivery” and “Guaranteed Operation” requirements.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14A.09(1) of the Listing Rules, as the total assets, profits and revenue of the Target Company as compared to that of the Group (for the year ended 31 December 2022, being the latest financial year for which the Company has published its audited accounts) are less than 5%, the Target Company is an insignificant subsidiary of the Company and therefore the Purchaser, being a substantial shareholder of the Target Company, is not a connected person of the Company under the Listing Rules. Accordingly,

the Disposal does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.06 of the Listing Rules in respect of the Disposal are more than 5% but all of which are less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is only subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the equity transfer agreement dated 22 December 2023 entered into between the Seller and the Purchaser relating to the sale and purchase of the Equity Interests
“Board”	the board of Directors
“Company”	Leading Holdings Group Limited (領地控股集團有限公司) (formerly known as Leading China Holdings Limited (領地中國控股有限公司)), an exempted company incorporated in the Cayman Islands with limited liability on 15 July 2019, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6999)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for disposal of the Equity Interests
“Director(s)”	the director(s) of the Company
“Disposal”	the Disposal of the Equity Interests as contemplated under the Agreement
“Equity Interests”	the 50% equity interests of the Target Company held by the Seller
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Purchaser”	Zhenghuang Group Co., Ltd.* (正黃集團有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Leshan Leading Real Estate Development Co., Ltd.* (樂山領地房地產開發有限公司), a company established in the PRC with limited liability and is a subsidiary of the Company
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Haining Zhengxin Trading Co., Ltd.* (海寧正心貿易有限公司), a company established in the PRC with limited liability
“%”	per cent.

* *For identification purpose only*

By Order of the Board
Leading Holdings Group Limited
Liu Yuhui
Chairman

Hong Kong, 22 December 2023

As at the date of this announcement, the Board comprises Mr. Liu Yuhui and Mr. Luo Changlin as executive Directors, and Ms. Luo Ying, Ms. Liang Yunxing and Mr. Fang Min as independent non-executive Directors.