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## **AGILE GROUP HOLDINGS LIMITED**

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

**(Stock Code: 3383)**

### **SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTIONS IN RELATION TO DISPOSAL AND ACQUISITION OF EQUITY INTERESTS AND ASSIGNMENTS OF RELATED SHAREHOLDER'S LOANS**

Reference is made to the announcement of the Company dated 7 February 2024 in relation to the Xiermei Agreements, Boermei Agreements and the Debt Offset Agreement (the “**Announcement**”). Unless otherwise stated, all the capitalised terms used herein shall have the same meaning as those adopted in the Announcement.

The Board wishes to provide the supplemental information in addition to those disclosed in the Announcement.

#### **BASIS OF CONSIDERATION OF THE XIERMEI AGREEMENTS**

In light of the challenging operating environment for the property market in the PRC and tightening control of property project financings by financial institutions, from the perspective of the Group, the Xiermei Agreements were entered into with the intention for Nantong Yaxin (an indirect non-wholly owned subsidiary of the Company) to withdraw its entire original investment in Xiermei in the forms of equity and shareholder’s loan, whereas the Boermei Agreements were entered into for Nantong Yaxin to increase its stake in Boermei as Xinghe Investment also wished withdraw its entire original investment in Boermei similarly. The parties also further entered into the Debt Offset Agreement which offset the consideration under the Xiermei Agreements and the Boermei Agreements and the parties agreed to a further discount of approximately 40% on the Netted Sum for the reasons to be more particularly explained in the paragraph headed “Basis of Discount under the Debt Offset Agreement” below.

The consideration under the Xiermei Agreements was in aggregate RMB328,807,301 which consisted of (1) RMB10,000,000, being the consideration for the disposal of Xiermei Interest at the amount that was equal to the original capital contribution paid by Nantong Yaxin; and (2) RMB318,807,301, being the consideration for the assignment of the Xiermei Loan at the amount that was equal to the original amount of shareholders' loan granted by Nantong Yaxin to Xiermei. As shareholders' loans were contributed by each shareholder of Xiermei in proportion to their proportion of equity interest in Xiermei, and that the shareholders intended for the shareholder's loan contributed by each shareholder to be quasi-equity such that the shareholder's loan, which was in a larger proportion than the capital contribution, could mainly be and be more flexibly used for working capital purposes of Xiermei, the amount paid by Nantong Yaxin originally in the form of capital contribution and shareholder's loan should be viewed together, and the aggregate amount of RMB328,807,301 should be taken as the original investment in Xiermei that was made by Nantong Yaxin.

As disclosed in the Announcement, (1) the unaudited net asset value of Xiermei as at 31 December 2023 was approximately RMB549,620,775.94 (i.e. the unaudited net asset value of Xiermei as at 31 December 2023 that was attributable to the Xiermei Interest was approximately RMB219,848,310.38), (2) Xiermei had a net loss before taxation of approximately RMB300,950 and RMB177,180 for the years ended 31 December 2022 and 2023, respectively, and (3) the construction of the Xiermei Property had not yet commenced as at the date of the Announcement and as the date hereof. Further, the property market in Qidong City, the city where the Xiermei Property was located, has been in a downturn and there has been no apparent prospect of recovery in the short run. Therefore, the Directors were of the view that the development potential and pricing power of Xiermei Property would be relatively low in the short run, and a longer period of time were expected to be taken for the Group to attain returns on investment.

Despite there being no independent valuation taken into account by the Board when assessing the fairness and reasonableness of the consideration of the Xiermei Agreements and whether it was in the interest of the Company and its Shareholders as a whole, the Board was of the view that, given the mere preliminary stage of development of the Xiermei Property, the unclear prospect of the property market and financing environment, the net losses that Xiermei has already incurred for the years ended 31 December 2022 and 2023, as well as the anticipated difficulties in generating cash flow returns from Xiermei and sustain of losses in the short run, the Board determined, given that the Xinghe Investment has also agreed to withdraw its investment in Boermei at the original investment amount through the Boermei Agreements, it was a good opportunity for the Group to withdraw its investment in Xiermei at the original investment amount of RMB328,807,301 through the Xiermei Agreements.

Given the above, the Directors were of the view that the consideration under the Xiermei Agreements was fair and reasonable and in the interest of the Company and its shareholders as a whole.

## **BASIS OF DISCOUNT UNDER THE DEBT OFFSET AGREEMENT**

As disclosed in the Announcement, the Netted Sum of RMB127,659,841 that was arrived at after the consideration under the Xiermei Agreements and the Boermei Agreements was offset and further discounted by approximately 40% (the “**Discount**”) such that the Payable Sum shall be RMB76,595,905 (i.e. the sum ultimately payable by Xinghe Investment and receivable by Nantong Yaxin).

The Board wishes to clarify that it was the intention of the parties to the Debt Offset Agreement that the Discount applied in the Debt Offset Agreement was mainly to discount the consideration receivable by Nantong Yaxin under the Xiermei Agreements. The consideration under the Boermei Agreements was not intended to be discounted because, as disclosed in the Announcement and as at the date hereof, the construction of the Boermei Property has been in an advanced stage as compared with the status of development of Xiermei Property, the Boermei Property was ready to be launched in the market subject to the local market sentiment and in turn generate returns for the Group’s investment in Boermei.

Despite there being no independent valuation taken into account by the Board when assessing the fairness and reasonableness of the Discount, apart from the factors as disclosed in the Announcement and as further elaborated above in relation to the preliminary stage of development of the Xiermei Property, the unclear prospect of the property market, the historical financial conditions of Xiermei and the promising prospect of the further investment in Boermei through the Boermei Agreements given the advanced stage of development of the Boermei Property, the Directors have also taken into account the fact that by applying the Discount to the Netted Sum to reach the Payable Sum of RMB76,595,905 (being the sum ultimately payable by Xinghe Investment and receivable by Nantong Yaxin), the Group as the vendor and assignor under the Xiermei Agreements could recover a substantial sum of RMB76,595,905 in a shorter timeframe given the ability and willingness of Xinghe Investment to settle such sum more promptly in light of the Discount, such that the Group would be able to replenish its working capital and improve its liquidity upon swifter settlement, and that the Group would be able to optimise its assets and resources allocation by releasing its resources from the development of the Xiermei Property and re-allocating the resources to the development of its other property projects on an expedited basis.

In addition, the Directors have noted that those properties of similar nature in the vicinity of the Xiermei Property have experienced an average price reduction of approximately 30% from the commencement of the sale of those properties to recent dates. The Directors anticipated a profit decrease of at least 40% for such property projects. Furthermore, as disclosed above, construction of the Xiermei Property has, until the date hereof, not yet commenced, and it was expected that the future market trend and financing environment would unlikely improve in the short run. Therefore, the Directors believed that the magnitude of the discount is fair and reasonable.

The Directors were therefore of the view that the arrangement under the Debt Offset Agreement, having considered the transactions contemplated under the Xiermei Agreements and Boermei Agreements, is fair and reasonable and in the interest of the Company and its shareholders as a whole.

### **FINANCIAL EFFECTS OF THE DISPOSAL CONTEMPLATED UNDER THE XIERMEI AGREEMENTS**

The Board wishes to clarify that, given that the parties to the Debt Offset Agreement intended for the Discount to be mainly applied to the consideration under the Xiermei Agreements. In illustrating the financial effects of the disposal contemplated under the Xiermei Agreements in the Announcement, the Board attributed the amount of RMB51,063,936 (the “**Discounted Amount**”) arising from the application of the Discount to the Netted Sum, which was in essence the difference between (i) the Payable Sum of RMB76,595,905 (being the sum ultimately payable by Xinghe Investment and receivable by Nantong Yaxin); and (ii) the Netted Sum of RMB127,659,841, to the assignment of the Xiermei Loan.

Upon completion of the disposal of the Xiermei Interest (which should be viewed together with the assignment of the Xiermei Loan, as explained in the paragraph headed “Basis of Consideration of the Xiermei Agreements” above), it was expected that the Company would record an estimated loss of approximately RMB50,698,936 (rounded to RMB50,699,000 in the Announcement), which was the sum of the following:

- (1) a gain of approximately RMB365,000 in the transfer of the Xiermei Interest, calculated by having (a) RMB10,000,000, being the consideration for the disposal of the Xiermei Interest LESS (b) approximately RMB9,635,000, being the unaudited net investments in Xiermei held by the Group accounted for using the equity method; and
- (2) a loss of approximately RMB51,063,936 in the assignment of the Xiermei Loan, calculated by having (a) RMB318,807,301, being the face value of the Xiermei Loan as at the date of the Announcement LESS (b) RMB267,743,365 (Note), being the value of the Xiermei Loan as reduced by the Discounted Amount.

*Note:* RMB267,743,365 was calculated by (a) RMB318,807,301, being the face value of the Xiermei Loan LESS (b) RMB51,063,936, being the amount of the Discounted Amount.

The actual loss to be recorded by the Company is subject to audit.

## **BOARD'S ASSESSMENT**

Despite the fact that it was expected that the Company would record an estimated loss of approximately RMB50,698,936 upon completion of the disposal of the Xiermei Interest and the assignment of the Xiermei Loan, having taken into the factors as elaborated above, namely the preliminary stage of development of the Xiermei Property, the unclear prospect of the property market, the net losses of Xiermei for the years ended 31 December 2022 and 2023, the promising prospect of the further investment in Boermei through the Boermei Agreements given the advanced stage of development of the Boermei Property and the advantages to the Group through the accelerated recovery of the proceeds from the disposal of Xiermei Interest and assignment of Xiermei Loan through the application of a Discount in the Debt Offset Agreement, the Board was of the view that the disposal of the Xiermei Interest and the assignment of the Xiermei Loan and the Debt Offset Agreement were fair and reasonable and in the interest of the Company and its shareholders as a whole.

Save as disclosed above, all other information as set out in the Announcement remains unchanged and shall continue to be valid for all purposes. This announcement is supplemental to and should be read in conjunction with the Announcement.

By Order of the Board  
**Agile Group Holdings Limited**  
**Ng Wai Hung**  
*Company Secretary*

Hong Kong, 7 March 2024

*As at the date of this announcement, the Board comprises nine members, being Mr. Chen Zhuo Lin\* (Chairman and President), Mr. Chan Cheuk Hung\*, Mr. Huang Fengchao\*, Mr. Chan Cheuk Hei\*\*, Mr. Chan Cheuk Nam\*\*, Dr. Cheng Hon Kwan<sup>#</sup>, Mr. Kwong Che Keung, Gordon<sup>#</sup>, Mr. Hui Chiu Chung, Stephen<sup>#</sup> and Dr. Peng Shuolong<sup>#</sup>.*

\* *Executive Directors*

\*\* *Non-executive Directors*

# *Independent Non-executive Directors*