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GILSTON GROUP LIMITED

進騰集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2011)

VERY SUBSTANTIAL ACQUISITION SHARE SUBSCRIPTION AGREEMENT

THE SHARE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that after trading hours on 30 September 2024, Shenzhen Errui, an indirect wholly-owned subsidiary of the Company, the Original Shareholders and the Target Company entered into the Share Subscription Agreement, pursuant to which Shenzhen Errui has conditionally agreed to subscribe for the registered capital of the Target Company in the amount of RMB9,000,000, representing 90% of enlarged registered capital in the Target Company upon Completion, at the Consideration of RMB9,000,000.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Share Subscription is more than 100%, the Share Subscription constitutes a very substantial acquisition for the Company under the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened for the purpose of, among other matters, considering and if thought fit, approving the Share Subscription Agreement and the transactions contemplated thereunder. A circular containing, among other things, further information on the Share Subscription, the Share Subscription Agreement and the transactions contemplated thereunder and other information as required under the Listing Rules together with a notice of the EGM, is expected to be despatched to the Shareholders on or before 23 October 2024.

Reference is made to the announcement of the Company dated 30 August 2024 in relation to the entering into the Extension Agreement for the extension of the Management Agreement. Pursuant to the Extension Agreement, the term for the management and operation of Jiajinlong Car City and the Properties shall be extended for 1 year, which shall expire on 31 August 2025. As mentioned in the announcement, the Group has been managing Jiajinlong Car City smoothly under the Management Agreement. The Management Agreement expanded the Group's business into the property management services that provide stable income and cash flow, and improved the Group's financial performance and financial position.

The Board is pleased to announce that after trading hours on 30 September 2024, Shenzhen Errui, an indirect wholly-owned subsidiary of the Company, the Original Shareholders and the Target Company entered into the Share Subscription Agreement, pursuant to which Shenzhen Errui has conditionally agreed to subscribe for the register capital of the Target Company in the amount of RMB9,000,000, representing 90% of enlarged registered capital in the Target Company upon the Completion, at the Consideration of RMB9,000,000.

THE SHARE SUBSCRIPTION AGREEMENT

The principal terms of the Share Subscription Agreement are set out below:

Date

30 September 2024

Parties

- (1) Shenzhen Errui Investment Co., Ltd.* (深圳市爾瑞投資有限公司) (as subscriber)
- (2) Mr. Zhang Hongjie (張鴻傑) (as the Original Shareholder)
- (3) Mr. Chen Huipeng (陳輝鵬) (as the Original Shareholder)
- (4) Shenzhen Jiajinlong Industrial Development Co., Ltd.* (深圳市嘉進隆實業發展有限公司) (as the Target Company)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Original Shareholders and the Target Company is an Independent Third Party.

The Share Subscription

Pursuant to the Share Subscription Agreement, Shenzhen Errui has conditionally agreed to subscribe for the registered capital of the Target Company in the amount of RMB9,000,000, representing 90% of enlarged registered capital in the Target Company upon the Completion, at the Consideration of RMB9,000,000. As at the date of this announcement, the registered capital of the Target Company is owned as to 50% by Mr. Zhang and 50% by Mr. Chen respectively. Upon Completion, the enlarged registered capital of the Target Company will be owned as to 90% by Shenzhen Errui, 5% by Mr. Zhang and 5% by Mr. Chen, respectively. The Company does not have current intention to acquire the remaining 10% registered capital of the Target Company from Mr. Zhang and Mr. Chen.

The following table sets out the shareholding structure of the Target Company (i) as at the date of this announcement; and (ii) immediately upon Completion:

	As at the date of this announcement		Immediately upon Completion	
	<i>Amount of registered capital held</i>	<i>Approximate %</i>	<i>Amount of registered capital held</i>	<i>Approximate %</i>
	<i>(RMB)</i>	<i>%</i>	<i>(RMB)</i>	<i>%</i>
Mr. Chen	500,000	50	500,000	5
Mr. Zhang	500,000	50	500,000	5
Shenzhen Errui	—	—	9,000,000	90
Total	<u>1,000,000</u>	<u>100</u>	<u>10,000,000</u>	<u>100</u>

Basis of Consideration

The Consideration of RMB9,000,000 was determined after arm's length negotiations among the parties to the Share Subscription Agreement primarily with reference to the total registered capital of the Target Company and taking into account (i) the expected rental income of approximately RMB80 million based on the existing lease agreements with lessees operating showrooms in the Jiajinlong Car City after Completion until June 2025 (eight months in total); (ii) the historical costs trend in operating the business of the Target Company (where averaged monthly cost to revenue ratio (excluding interest, taxes and depreciation) accounted for approximately 80% since September 2023 (i.e. commencement of the Management Agreement) to June 2024); (iii) the prospects and potentials of the Target Company in the management and operation of car cities; and (iv) and the potential risk for the successful renewal of the right to use the Land and the Car Parking Lot. According to the Target Company, there were no historical material default or late payment of the rental income.

As explained in the paragraph headed “Reasons for and benefits of the Share Subscription” below, the right to use the Land shall expire on 29 June 2025 and such right may or may not be renewed. The Target Company (under the management of Shenzhen Errui) is currently assisting the Lessees in applying for the renewal of the right to use the Land and is pending for the results of renewal from the government authorities. The granting of the renewal of the right to use the Land is subject to the town planning, policy and discretion of the relevant government authorities. As at the date of this announcement, the Target Company has not encountered or does not foresee any material obstacle in obtaining approval for the renewal of the right to use the Land, however, there is no assurance that the application will be successful.

As stated in the paragraph headed “Undertakings” below, it is agreed in the Share Subscription Agreement that if the right to use the Land could not be renewed on or before its expiry on 29 June 2025 and the Target Company is required by the relevant government authorities to demolish any properties, buildings, facilities or equipment on the Land and to reinstate the Land to the satisfaction of the relevant government authorities, the Original Shareholders jointly and severally undertake to bear the cost of such demolition. In addition, the Original Shareholders also undertook to indemnify Shenzhen Errui and the Target Company for any losses and damages they may suffer or incur as a result of or in connection with the right to use the Land, the Car Parking Lot and the Properties.

Having taken into account of the expected income of the Target Company until June 2025 and the existence of potential risk on the right to use the Land, the Car Parking Lot and the Properties and the pending outcome of the renewal of the rights to use as further set out in the paragraph headed “The Land and the Car Parking Lot” of this announcement below, the Directors are of the view that the Consideration of RMB9,000,000, being the amount of registered capital to be increased in the Target Company, is fair and reasonable.

The Share Subscription will be funded by internal resources of the Group and the Consideration will be paid in cash by Shenzhen Errui to the Target Company on Completion in one go.

Conditions precedent

Completion shall be conditional upon the fulfilment of the following conditions precedent:

- (1) Shenzhen Errui having carried out and completed the due diligence review in respect of the Target Company (whether financial, legal, business, operation and other aspects) and being satisfied with the results of the due diligence review of the Target Company, and has not found any material adverse changes in the Target Company’s financial, legal, business, operation and other matters prior to the Completion Date;
- (2) Shenzhen Errui and the Target Company having completed their respective internal and external approval procedures for the Share Subscription and obtained the necessary permits, approvals, consents, authorisations and/or exemptions, including any regulatory approvals and approvals (if applicable);

- (3) Shenzhen Errui, the Target Company and the Original Shareholders having signed new articles of association for the Target Company's capital increase, and the content of which shall be satisfactory to Shenzhen Errui;
- (4) the Target Company having completed the registration filing procedures with the market supervision and management department for the relevant changes in registered capital and equity structure as a result of the capital increase and the revised articles of association of the Target Company;
- (5) the Shareholders having approved the Share Subscription Agreement and all transactions contemplated thereunder at the EGM in accordance with the requirements of the Listing Rules;
- (6) the Company having complied with all requirements of the Listing Rules in relation to the subscription of the registered capital in the Target Company and all transactions contemplated thereunder;
- (7) the representations and warranties made by each Warrantor in the Share Subscription Agreement are true, accurate, complete and not misleading in all respects; and
- (8) the Target Company having complied with and has not violated or continued in violation the provisions of the Share Subscription Agreement.

If the conditions precedent are not fulfilled or are deemed unfulfillable on or before 5:00 p.m. on the latest date of fulfilment of the above conditions precedent (i.e. 31 December 2024) or such later date as may be agreed in writing between the parties from time to time, unless Shenzhen Errui provides a written waiver of all or part of the conditions precedent (except that conditions precedent (2), (5) and (6) above cannot be waived), the Share Subscription Agreement will be terminated, upon which each party to the Share Subscription Agreement shall not be liable to the other party, except for, among others, antecedent breach of any obligation under the Share Subscription Agreement.

Completion

Subject to fulfilment or waiver (if applicable) of all the conditions precedent set out above, Completion shall take place on the Completion Date.

Undertakings

It is agreed in the Share Subscription Agreement that if the Land Lease Agreement or the right to use the Land could not be renewed on or before its expiry on 29 June 2025 and the Target Company is required by the relevant government authorities to demolish any properties, buildings, facilities or equipment on the Land and to reinstate the Land to the satisfaction of the relevant government authorities, the Original Shareholders jointly and severally undertake to pay to the Target Company or Shenzhen Errui the full amount of costs, charges, expenses or expenditures (including any tax charges) for the demolition and restoration of the Land in accordance with the requirements of the relevant government authorities, within 30 days after a written demand is issued by the Target Company or Shenzhen Errui to the Original Shareholders. It was agreed in the Supplemental Entrustment Agreement that the right to dispose of the material, which includes steel and other metal, after the demolition of the Properties is vested to the Target Company.

It is also agreed in the Share Subscription Agreement that upon Completion, the Management Agreement will be terminated and the parties thereto agree to sign all documents and take all actions to effect such termination.

The Original Shareholders undertook in the Share Subscription Agreement to indemnify Shenzhen Errui and the Target Company for any losses and damages they may suffer or incur as a result of or in connection with the right to use the Land, the Car Parking Lot, the Properties and Land Entrustment Agreement. As the right to use the Land shall expire on 29 June 2025 which may or may not be renewed and the Target Company has the right to dispose of the Properties on the Land, the losses and damages may be suffered or incurred by Shenzhen Errui and the Target Company as a result thereof together with the right to use the Car Parking Lot is not expected to be substantial. Given that the Original Shareholders have been operating Jiajinlong Car City for more than 10 years, the Company believes that they have sufficient financial resources to indemnify Shenzhen Errui for such losses and damages.

Termination

Upon occurrence of any of the following events before Completion:

- (a) any of the Warrantors fails to perform or fails to timely perform or comply with any obligations under the Share Subscription Agreement, however if such failure can be rectified but not fully rectified within seven Business Days (or such longer period as the Warrantors and Shenzhen Errui may agree in writing) after the defaulting party receives Shenzhen Errui's written notice requesting the rectification;
- (b) any statement, warranty or undertakings of any of the Warrantors under the Share Subscription Agreement (or in any document or information submitted to Shenzhen Errui under the Share Subscription Agreement) is materially incorrect when it is made or restated;
- (c) any creditors taking possession of any assets of the Target Company, or any assets of the Original Shareholders or the Target Company are seized, enforced or distressed;

- (d) any winding up, liquidation, reorganisation, dissolution or bankruptcy of the Target Company, or the appointment of a liquidator or trustee by the court or other creditors or the relevant order or resolution to manage the assets of any of the Original Shareholders or the Target Company is issued or passed;
- (e) any assets of any of the Original Shareholders or the Target Company that are seized, confiscated, requisitioned or compulsory expropriated by the government or relevant authorities;

thereby, in any relevant circumstances, Shenzhen Errui may terminate the Share Subscription Agreement at any time before the Completion Date at its absolute discretion without any liability by giving written notice to the Target Company. For the avoidance of doubt, Shenzhen Errui's failure to exercise its right to terminate the Share Subscription Agreement in accordance with the Share Subscription Agreement shall not prejudice its right to take action against the Warrantors for any prior breaches of the terms of the Share Subscription Agreement by the Warrantors.

INFORMATION OF THE TARGET COMPANY AND THE ORIGINAL SHAREHOLDERS

The Target Company is a company established in the PRC with limited liability and is principally engaged in, amongst others, operation of the Jiajinlong Car City. As at the date of this announcement, each of Mr. Chen and Mr. Zhang directly owns 50% each of the registered share capital of the Target Company. Mr. Chen and Mr. Zhang are both individuals with extensive experience in property management business, property developing business and operating of car city business for more than 10 years.

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, the Target Company and the Original Shareholders are each an Independent Third Party.

The following is certain unaudited financial information of the Target Company for the years ended 31 December 2022 and 2023:

	For the year ended 31 December	
	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit/(Loss) before tax	123,187	68,355
Profit/(Loss) for the year (after tax)	91,690	51,225

As at 31 December 2023, the unaudited total assets and net assets of the Target Company were approximately RMB322.65 million and RMB238.49 million respectively.

INFORMATION OF JIAJINLONG CAR CITY

The Land and the Car Parking Lot

The Land on which Jiajinlong Car City is built occupies an area of 170,000 square metres and constructed area of 230,000 square metres. The Land is situated in the north of Baoan Avenue, east of Shuangjie River and west of Yueliangwan Avenue and both sides of Nanping Expressway in Nanshan District of Shenzhen City. In addition to the Land, Jiajinlong Car City also includes an area of 6,044 square metres of land situated on both sides of Pingnan Railway which is used as the Car Parking Lot.

The Lessees obtained the right to use the Land based on the Land Lease Agreement. Due to the delay of the completion of the construction on the Land, document issued from the relevant government authority in December 2015 confirming that the term of the right to use the Land shall last for 10 years from 30 June 2015 to 29 June 2025. The right to use the Land shall expire on 29 June 2025 and such right may or may not be renewed. The granting of the renewal of the right to use the Land is subject to the town planning, policy and discretion of the relevant government authorities. As at the date of this announcement, the Target Company has not encountered or does not foresee any material obstacle in obtaining approval for the renewal of the right to use the Land, however, there is no assurance that the application will be successful. The Target Company (under the management of Shenzhen Errui) is assisting the Lessees to apply for the renewal of the right to use the Land. The scope of application for renewal also includes the part of the land under the Vacant Land Use Agreement. If the right to use the Land is renewed, the Vacant Land Use Agreement will not be renewed but the part of the land will be included in the new Land Entrustment Agreement. The renewal of the right to use the Land may be in the form of extension of Lease Agreement or such other form as designated by the government authorities.

The Target Company and Shenzhen Anle Liandui obtained the right to use the Land from the Lessees pursuant to the Entrustment Letter, the Land Entrustment Agreement and the Vacant Land Use Agreement. Although the Land Entrustment Agreement and the Vacant Land Use Agreement expired, the Target Company has continued to manage and operate the Jiajinlong Car City and has been paying the rent to the Lessees. On 1 January 2024, the Supplemental Entrustment Agreement was signed, pursuant to which, the parties thereto agreed to extend the expiry date of the Land Entrustment Agreement to 29 June 2025. It was also confirmed in the Supplemental Entrustment Agreement (Shenzhen Anle Liandui is a party) that the Target Company is solely responsible for the management and operation of Jiajinlong Car City and solely entitled to the operating profit thereof. It was further agreed in the Supplemental Entrustment Agreement that the Target Company will continue to be solely entitled to the right to manage and operate Jiajinlong Car City and the operating profit thereto if the right to use the Land is extended. There is no compensation or consideration for Shenzhen Anle Liandui to give up the right to participate in the management and operation of Jiajinlong Car City. In addition, the parties to the Land Entrustment Agreement have agreed to give the right to dispose of the material, which includes steel and other metal, after the demolition of the Properties to the Target Company upon expiry of the term of the entrustment. Regarding the

Vacant Land Use Agreement, as the relevant land involved only represents a minor portion of the site of Jiajinlong Car City and on the basis that such part of the land will be included in the new Land Entrustment Agreement, the Vacant Land Use Agreement was not renewed upon its expiry and the Target Company has been paying the rent to the Lessees, based on the terms of the Vacant Land Use Agreement since the expiry of the Vacant Land Use Agreement and up to the date of this announcement.

The Target Company obtained the right to use the Car Parking Lot from Pingnan Railway Company pursuant to a lease agreement for the period from 1 January 2023 to 31 December 2023. Following the expiry of such lease, the Target Company has been continuously occupying the Car Parking Lot by paying the agreed rent. The Target Company has been in discussions with Pingnan Railway Company for the renewal of the lease of the Car Parking Lot. According to the Target Company, Pingnan Railway Company is positive in renewal of such lease. The Target Company will confirm the renewal of the lease with Pingnan Railway Company after the renewal of the right to use the Land is approved. As at the date of this announcement, the Target Company has not encountered or does not foresee any material obstacle in the renewal of the lease of the Car Parking Lot. However, there is no assurance that the renewal of the lease will be successful. If the right to use the Land is renewed but the renewal of the lease of the Car Parking Lot fails, there will not be material impact to the management and operation of Jiajinlong Car City given the fact that the Car Parking Lot is used as car parking spaces and represents a minor portion of the site of Jiajinlong Car City and the revenue of the Target Company. In addition to the Car Parking Lot, there are also other car parking spaces in the Jiajinlong Car City.

If the right to use the Land cannot be renewed, the Target Company will identify other land which suits the business of car city and use its best effort to relocate the Jiajinlong Car City for the continuation of the business. Further, the Target Company will not enter into any agreement with Pingnan Railway Company for the right to use the Car Parking Lot.

The Properties

The buildings of Jiajinlong Car City built on the Land comprises buildings occupied as among others, showrooms of cars, sales office, repair and maintenance. As of 30 June 2024, the Target Company has entered into lease agreements with 29 lessees.

The Original Shareholders have agreed to indemnify Shenzhen Errui and the Target Company for any losses or damages they may incur or suffer in connection with the right to use the Land, the Car Parking Lot, the Properties and the Land Entrustment Agreement.

INFORMATION OF THE GROUP

The principal activity of the Company is investment holding and the Group is principally engaged in the manufacture and sale of zippers and other related products. As disclosed in the Management Agreement Announcement, since September 2023, the Group commenced to provide property management services with respect to Jiajinlong Car City.

Shenzhen Errui, an indirect wholly-owned subsidiary of the Company, is established in the PRC with limited liability and is principally engaged in, amongst others, property management services, enterprise management advisory services, corporate headquarters management, financial advisory services and corporate image planning.

REASONS FOR AND BENEFITS OF THE SHARE SUBSCRIPTION

To diversify the business and broaden the income stream of the Group, in August 2023, the Group entered into the Management Agreement in relation to the management and operation of Jiajinlong Car City, which is located in Nanshan District of Shenzhen and is one of the most sizeable automobile trading venues in Shenzhen, China. Jiajinlong Car City comprises facilities such as showrooms for car sales, and provides car maintenance and after sales services. Many international and domestic renowned brands, including but not limited to BYD, Tesla, Maserati, Ford, and Honda set up their showrooms, sales office, repair and maintenance in Jiajinlong Car City. The operation and management period under the Management Agreement shall be one year commencing from 1 September 2023 to 31 August 2024 which has been extended for another year to 31 August 2025. Further details were set out in the announcements of the Management Agreement and the Extension Agreement.

With the entering into of the Management Agreement, the Group expanded its business into the property management services that provide stable income and cash flow, and improved the Group's financial performance and financial position. From September to December 2023, the new property management business generated approximately HK\$32.9 million in revenue and HK\$32.2 million in profit for the Group, respectively.

For the year ended 31 December 2023, revenue generated from the manufacture and sales of zippers and provision of property management services accounted for approximately 87.7% and 12.3% of the total revenue of the Group, respectively. Notwithstanding the increase of approximately 8.4% in revenue generated from the zipper business in 2023 as compared to the corresponding year in 2022, the geopolitical tensions, monetary policies and high interest rates remain influential factors. Given the rising costs, the Group reported a segment loss of approximately HK\$6.9 million in 2023 for the zipper business whereas a net profit of approximately HK\$32.2 million was recorded for the property management services segment for the four months from September to December 2023. Although the taking up of the shareholding of the Target Company will expand the Group's business operation and strengthen its revenue base, the Company currently has no intention to downsize, cease or dispose of the existing business upon Completion.

Upon Completion, the Target Company will be owned as to 90% by the Company and the Group will obtain control and management of Jiajinlong Car City, which enables the Group greater flexibility in the strategic directions and day-to-day management of Jiajinlong Car City, and hence to achieve operational and management efficiency which is beneficial to the Group's long-term development. The Company has no current plan to appoint new directors to be nominated by the Target Company.

The right to use the Land for Jiajinlong Car City shall expire on 29 June 2025 and such right may or may not be renewed. The Target Company (under the management of Shenzhen Errui) is currently assisting the Lessees in applying for the renewal of the right to use the Land and is pending for the results of renewal from the government authorities. The granting of the renewal of the right to use the Land is subject to the town planning, policy and discretion of the relevant governmental authorities. As at the date of this announcement, the Target Company has not encountered or does not foresee any material obstacle in obtaining approval for the renewal of the right to use the Land, however, there is no assurance that the application will be successful. Although there is uncertainty and risk, the Directors still consider that the Share Subscription is fair and reasonable and in the interests of the Company and the Shareholders as a whole, given Jiajinlong Car City is expected to generate rental income of approximately RMB80 million after Completion and until June 2025.

In addition, as stated in the paragraph headed “Undertakings” above, it is agreed in the Share Subscription Agreement that if the right to use the Land could not be renewed on or before its expiry on 29 June 2025 and the Target Company is required by the relevant government authorities to demolish any properties, buildings, facilities or equipment on the Land and to reinstate the Land to the satisfaction of the relevant government authorities, the Original Shareholders jointly and severally undertake to bear the cost of such demolition.

Taking into account (i) the operation and management of Jiajinlong Car City can generate a stable source of income to the Group and broaden its revenue base, which in turn expands the Group’s existing business and helps to diversify its operational risks; (ii) the Share Subscription enables the Company to gain control of Jiajinlong Car City, which enhance the Group’s operational and management efficiency; and (iii) the Share Subscription is considered to be fair and reasonable as detailed in the paragraph headed “Basis of Consideration” above, the Directors are of the view that the Share Subscription (including the terms of the Share Subscription Agreement) is fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Share Subscription is more than 100%, the Share Subscription constitutes a very substantial acquisition for the Company under the Listing Rules and is subject to the reporting, announcement, circular and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

EGM

An EGM will be convened for the purpose of, among other matters, considering and if thought fit, approving the Share Subscription Agreement and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has any material interest in the Share Subscription, and no Shareholder is required to abstain from voting at the EGM.

A circular containing, among other things, further information on the Share Subscription, the Share Subscription Agreement and the transactions contemplated thereunder and other information as required under the Listing Rules together with a notice of the EGM, is expected to be despatched to the Shareholders on or before 23 October 2024.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturdays, Sundays or public holidays in the PRC) on which licensed banks in the PRC are generally open for business throughout their normal business hours
“Car Parking Lot”	the land situated at both sides of Pingnan Railway connected to the Land with an area of approximately 6,044 square metres which is used as the car parking lot of Jiajinlong Car City
“Company”	Gilston Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2011)
“Completion”	completion of the Share Subscription in accordance with the terms and conditions of the Share Subscription Agreement
“Completion Date”	within five Business Day after all the conditions precedent set out in the Share Subscription Agreement have been completely fulfilled or waived or such other date as Shenzhen Errui and the Target Company may agree
“connected person”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	RMB9,000,000, being the total consideration of the Share Subscription
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Share Subscription Agreement and the transactions contemplated thereunder
“Entrustment Letter”	the letter for entrustment signed by the Lessees on 16 July 2013, pursuant to which, the Target Company and Shenzhen Anle Liandui were entrusted to the planning, development, operation and management of the Jiajinlong Car City
“Extension Agreement”	the extension agreement dated 30 August 2024 and entered into between the parties to the Management Agreement for the extension of the terms of the Management Agreement for 1 year
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any entity(ies) or person(s) which or who is/are not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
“Jiajinlong Car City”	Jiajinlong Car City (嘉進隆汽車城), currently operating at the Land, the Properties with showrooms for car sales, and offers car maintenance and after sales services, etc. and the Car Parking Lot. For details, please refer to the Management Agreement Announcement
“Land”	the land situated in the north of Baoan Avenue, east of Shuangjie River, west of Yueliangwan Avenue and both sides of Nanping Expressway in Nanshan District of Shenzhen City, Guangdong Province with construction site area of approximately 170,000 square metres and occupied a total construction area of approximately 230,000 square metres. The Urban Planning and Land Resources Commission of Shenzhen City (as the competent authority for state-owned land in Shenzhen City) has entrusted the operation and management of this land to the People’s Government of Nanshan District

“Land Entrustment Agreement”	the agreement entered into between the Target Company, Shenzhen Anle Liandui, Shenzhen Daxin, Shenzhen Nantoucheng and Shenzhen Tianxia dated 27 September 2013, pursuant to which the Target Company and Shenzhen Anle Liandui are entrusted to manage and operate the Land and the Properties for the period from 1 January 2014 to 30 November 2023
“Land Lease Agreement”	an agreement entered into between Nanshan Reform Office, the Lessees, pursuant to which Nanshan Reform Office agreed to lease the Land to the Lessees with a lease term from 15 July 2013 to 15 July 2023
“Lessees”	four lessees of the Land, namely Shenzhen Anle 13, Shenzhen Daxin, Shenzhen Nantoucheng and Shenzhen Tianxia
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Agreement”	an agreement entered into on 30 August 2023 between the Target Company, the Original Shareholders and Shenzhen Errui, details of which are set out in the Management Agreement Announcement
“Management Agreement Announcement”	the announcement of the Company dated 30 August 2023 in respect of the Management Agreement
“Mr. Chen”	Mr. Chen Huipeng (陳輝鵬), an individual and an Independent Third Party, is one of the Original Shareholders
“Mr. Zhang”	Mr. Zhang Hongjie (張鴻傑), an individual and an Independent Third Party, is one of the Original Shareholders
“Nanshan Reform Office”	Urban Village (Old Village) Reform Office of Nanshan District, Shenzhen City* (深圳市南山區城中村(舊村)改造辦公室), a governmental organisation under the People’s Government of Nanshan District, Shenzhen City (深圳市南山區人民政府), which represented the relevant government authority to sign the Land Lease Agreement
“Original Shareholder(s)”	Mr. Chen and Mr. Zhang, the original shareholders of the Target Company

“Pingnan Railway Company”	Shenzhen Pingnan Railway Company Limited, an Independent Third Party and the entity which has the right to use the land at both sides of the Pingnan Railway connected to the Land
“PRC”	the People’s Republic of China, but for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Properties”	the properties situated on the Land, at which Jiajinlong Car City is operating. For details please refer to the Management Agreement Announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Share Subscription”	the subscription of the register capital of the Target Company in the amount of RMB9,000,000 at the Consideration of RMB9,000,000 pursuant to the Share Subscription Agreement
“Share Subscription Agreement”	the share subscription agreement dated 30 September 2024 entered into by the Original Shareholders, the Target Company and Shenzhen Errui in relation to the Share Subscription
“Shareholder(s)”	the holder(s) of the Share(s)
“Shenzhen Anle Liandui”	Shenzhen Anle Liandui Investment Development Co., Ltd. (深圳市安樂聯隊投資發展有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party. The registered capital of Shenzhen Anle Liandui is owned as to 10% by Mr. Zhang, one of the Original Shareholders. Mr. Zhang is also a supervisor of Shenzhen Anle Liandui
“Shenzhen Anle 13”	Shenzhen Anle Thirteen Co., Ltd.* (深圳市安樂十三股份合作公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Shenzhen Daxin”	Shenzhen Daxin Industrial Co., Ltd.* (深圳市大新實業股份有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party

“Shenzhen Errui”	Shenzhen Errui Investment Co., Ltd.* (深圳市爾瑞投資有限公司), an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Shenzhen Nantoucheng”	Shenzhen Nantoucheng Industrial Co., Ltd.* (深圳市南頭城實業股份有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Shenzhen Tianxia”	Shenzhen Tianxia Industrial Co., Ltd.* (深圳市田廈實業股份有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Entrustment Agreement”	the supplement agreement to the Land Entrustment Agreement entered into between the parties to the Land Entrustment Agreement on 1 January 2024 to supplement certain terms to the Land Entrustment Agreement
“Target Company”	Shenzhen Jiajinlong Industrial Development Co., Ltd.* (深圳市嘉進隆實業發展有限公司), a company incorporated in the PRC with limited liability
“Vacant Land Use Agreement”	the agreement entered into between, among others, the Target Company and Shenzhen Anle 13, pursuant to which, the Target Company leased part of the Land from Shenzhen Anle 13 up to 30 June 2023
“Warrantor(s)”	the Original Shareholders and the Target Company
“%”	per cent.

By Order of the Board
Gilston Group Limited
Yip Siu Lun Dave
Chairman and executive Director

Hong Kong, 30 September 2024

As at the date of this announcement, the executive Directors are Mr. Yip Siu Lun Dave, Mr. Mak Yung Pan Andrew, Mr. Wu Cody Zhuo-xuan and Ms. Cheung Ka Yuen; the non-executive Director is Ms. Lin Ping; and the independent non-executive Directors are Mr. Leung Ka Tin, Mr. Cheng Hong Kei, Mr. Liew Fui Kiang and Mr. Ko Kwok Shu.

* For identification purposes only