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HUIJING HOLDINGS COMPANY LIMITED

滙景控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9968)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE DISCLOSEABLE TRANSACTION: COOPERATION AGREEMENT

Reference is made to the announcement of Huijing Holdings Company Limited (the “**Company**”) dated 21 December 2020 in relation to the Investment (the “**Announcement**”). Unless otherwise defined herein, capitalized terms shall have the same meanings as given to them in the Announcement.

The Board wishes to provide the shareholders and potential investors of the Company with additional information in relation to the Investment.

SUPPLEMENTAL INFORMATION ABOUT THE TERMS OF THE INVESTMENT AND BOARD COMPOSITION OF DONGGUAN HUIJING EAST AUTOMOBILE

The investment amount to be paid is merely for the development of the Target Project, and such investment amount will be recorded as the share premium of Dongguan Huijing East Automobile. Increase in the share premium would not change the registered capital and does not involve any alteration to the articles of Dongguan Huijing East Automobile either. As such, the registered share capital of Dongguan Huijing East Automobile remains unchanged upon completion of the Investment. On the premise that necessary internal or governmental (if applicable) approvals, as required by relevant laws and regulations, are obtained by the parties of the Agreement, the PRC legal counsel of the Company is of the opinion that, the terms of the Agreement do not violate any compulsory PRC laws and regulations, and the transactions contemplated under the Agreement are legal, and there would not be any alteration to the shareholding structure of Dongguan Huijing East Automobile if the parties of the Agreement agree that the investment amount to be paid is not accumulated into the share capital.

The respective investment amount to be made by each of PRC Holdco and Shenzhen Runhang has been determined with reference to the estimated development costs for the Target Project, which includes estimated investment cost for resettlement of RMB1,860 million and estimated construction costs of RMB1,540 million as well as the expected funding which would be available upon the commencement of pre-sale of the Target Project and the financial resources of each of PRC Holdco and Shenzhen Runhang.

Set out below is the summary of the details of the contributions made by each shareholder to Dongguan Huijing East Automobile:

Shareholder	Amount of contribution as registered capital (RMB)	Amount of contribution as Investment (RMB) ^(Note 1)
Zhangmutou Economic Union	6,000,000	N/A
PRC Holdco	12,240,000 ^(Note 2)	575,000,000 ^(Note 3)
Shenzhen Runhang	<u>11,760,000</u>	<u>1,288,240,000</u>
Total	<u><u>30,000,000</u></u>	<u><u>1,863,240,000</u></u>

Note:

- (1) The contribution paid up has been recorded into the share premium of Dongguan Huijing East Automobile.
- (2) On 22 August 2013, PRC Holdco contributed RMB24 million to Dongguan Huijing East Automobile. Such contribution was recorded into the share capital of Dongguan Huijing East Automobile. Then, pursuant to the share transfer agreement dated 15 September 2020 entered into between PRC Holdco and Shenzhen Runhang, 39.2% of equity interest in Dongguan Huijing East Automobile was transferred from PRC Holdco to Shenzhen Runhang at a consideration of RMB11.76 million. There is no change to share capital of Dongguan Huijing East Automobile in relation to such share transfer as it is only a share transfer between PRC Holdco and Shenzhen Runhang.
- (3) The amount of contribution attributable to PRC Holdco comprises past contribution made up to 30 June 2020 in the amount of approximately RMB362 million and contributions to be made in the amount of approximately RMB213 million.

The respective investment amount committed by Shenzhen Runhang and PRC Holdco is RMB1,288 million and RMB575 million in the Target Project, representing 69.1% and 30.9% of the total investment amount respectively. The aforesaid amounts represent the amount of contribution which shareholders expect to contribute in response to the future needs of Dongguan Huijing East Automobile. The investment amount to be contributed by Shenzhen Runhang did not include the consideration amounted RMB11.76 million for the transfer of 39.2% of equity interest in Dongguan Huijing East Automobile. Save for the Investment, Shenzhen Runhang did not make any past contributions to Dongguan Huijing East Automobile. For the contribution amount of the Investment made by PRC Holdco, it has already contributed approximately RMB362 million up to 30 June 2020 and shall further contribute an amount of approximately RMB213 million to Dongguan Huijing East Automobile.

In the event where additional investment is required by the Target Project, PRC Holdco, as the party steering the Target Project, would consider various ways of financing, including the then financial position such as the amount of pre-sale proceeds available for use, bank financing, in the event where further investment from the existing shareholders, if required, the parties of the Agreement shall negotiate separately to decide on the contribution and the proportion to be paid by the parties of the Agreement. In the event when there is a material

obstacle in the project progress which may affect the investment gain and profit sharing of Shenzhen Runhang, such as, when Dongguan Huijing East Automobile fails to initiate the “land supply procedure”, which refers to the procedure of deregistering the current land title and issuance of new land use right, under the Target Project in a timely manner within the year of 2021, the Company may compensate Shenzhen Runhang, while the details of the compensation to be agreed separately between the parties of the Agreement when such event occurs. As the amount of compensation may vary depending on the negotiation between the parties of the Agreement, in the event where the parties of the Agreement decide to terminate their cooperation and that the Company acquires the interests of the other shareholders in Dongguan Huijing East Automobile, such compensation amount would constitute a notifiable transactions under the Listing Rules. Depending on the compensation amount of which would be agreed between the parties of the Agreement, based on the applicable percentage ratios as calculated in accordance with Rule 14.07 of the Listing Rules, the Company would comply with the relevant requirement as required by the Listing Rules.

In the event of liquidation of Dongguan Huijing East Automobile, the remaining assets of Dongguan Huijing East Automobile will be shared amongst the then shareholders according to the proportion of registered share capital (which have been fully paid-up) as respectively contributed by then shareholders after the settlement of liquidation expenses, employee wages, social insurance expenses, statutory compensation, outstanding tax payments and company’s debts. The aforesaid basis of apportionment could be adjusted by way of a shareholders’ agreement to be entered into by all the then shareholders. Taking into account the progress of the Target Project, the Directors consider that it would be more appropriate and efficient to negotiate the terms in relation to the liquidation of Dongguan Huijing East Automobile when such situation takes place, and the PRC Legal Advisers confirm that such arrangement is in compliance with the relevant PRC laws. In such case, the Directors shall then assess the situation at liquidation and arrange the shareholders’ agreement to be entered into, and comply with any relevant requirements under the Listing Rules.

Other than the initial capital contribution, Dongguan Zhangmutou Economic Union has not and will not make any financial contributions to the Target Project, as it only acts as the representative of the villagers in the resettlement negotiation therefore it is not entitled to any investment gain of the Target Project.

Board composition

As at the date of this announcement, the board of Dongguan Huijing East Automobile comprises four directors, of which three are appointed by PRC Holdco, one is appointed by Shenzhen Runhang. There has been no change in the board composition before and after completion of the Investment.

SUPPLEMENTAL INFORMATION ABOUT THE COUNTERPARTIES OF THE AGREEMENT

As at the date of the Agreement, Shenzhen Runhang was held as to 99.98% by Zhonghang Trust Shares Co. Limited* (中航信託股份有限公司) (“**Zhonghang Trust**”). Zhonghang Trust was in turn owned as to 82.7% by AVIC Capital Holdings Co., Ltd.* (中航資本控股股份有限公司), which is a state-owned enterprise and was owned as to 39.2% by State-owned Assets Supervision and Administration Commission of the State Council.

As at the date of the Agreement, Dongguan Zhangmutou Economic Union was collectively owned by villagers and is a town association formed in 2003 in the PRC responsible for facilitating economic activities of the local communities.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, based on the information available to the Company, the counterparties of the Agreement and their respective ultimate beneficial owners are independent and not connected with the Company, its connected persons and their respective associates. Except their shareholding in Dongguan Huijing East Automobile, the counterparties of the Agreement and their respective ultimate beneficial owners are independent of each other.

SUPPLEMENTAL INFORMATION ABOUT THE TARGET PROJECT

Set out below are the further details of the Target Project:

The Target Project refers to the development on the land parcel located in Zhangmutou Town, Dongguan City with a total site area of approximately 171,330 square metres (the “**Target Land**”).

Owners of the property and the land use rights : The Target Land comprises (i) a portion of land which is of state-owned nature and the relevant properties thereon which are owned by various local companies; (ii) a portion of land together with the relevant properties thereon which is collectively owned by the respective town association of the local community, i.e. Dongguan Zhangmutou Economic Union.

Regarding the current lease on the Target Land, it is the responsibilities of the owner of the land use rights of all the relevant properties to terminate any leases of the Target Land as part of the process under the urban renewal process.

Nature of the property to be developed : Residential, commercial and other ancillary facilities (subject to government approval regarding the land use rights of the land, which is expected to be in June 2021).

Development status and expected completion date of development : As at the date of this announcement, the resettlement operations were in progress, including demolition of existing structures, if any, finalizing the settlement agreements in respect of villagers’ or collectively owned properties and assess the overall economic gain resulting from the urban renewal project. After the resettlement operations, government authorities will give a final approval, deregister existing rights to land title and issue new land use rights. The Target Project is expected to obtain new land use rights and commence construction in the third quarter of 2021 and be completed in the fourth quarter of 2023.

Company's intention on the : A mix of sale and lease, depending on the then market
properties developed demand.
under the Target Project

Estimated development : Estimated development cost to be incurred: RMB3,042
cost and development million.
cost already incurred

Development cost already incurred: RMB362 million up to
June 2020.

SUPPLEMENTAL INFORMATION ABOUT THE PROGRESS OF THE TARGET PROJECT

The Target Project is being conducted under the Cooperation Scenario (村企合作模式) for urban renewal under the relevant urban renewal policy, the process of which involves a number of steps, including feasibility studies, execution of cooperation agreements, application for renewal, unit plan determination, implementation solution and deregistering existing rights to land title and issuance of new land use certificates. Dongguan Huijing East Automobile has entered into cooperation agreements dated 14 August 2013 (supplemented on 16 May 2017) and 26 October 2014 with Dongguan Zhangmutou Economic Union and a separate economic organization respectively. As at the date of this announcement, Dongguan Huijing East Automobile has executed the cooperation agreements with the local economic union and was in the process of implementation solution, negotiating with the local village committee and obtaining government's approval. When the implementation solution is approved and the developer may apply to deregister the land title, and upon relocation of the residents and payment of land premium, the developer would be issued a new land certificate of the Target Land.

As at the date of this announcement, the Group has not yet obtained land use rights certificates for land in the Zhangmutou Baoshan Area, which, if the relevant land use rights certificates were obtained, would comprise 385,000 square metres of gross floor area based on the proposed plot ratio for development of residential and commercial properties. The Board considers that there is no legal impediment to obtain the land use rights certificates. The Group expects that it would have completed negotiation with local village committee and obtained the local government approval in first half of 2021, and the Group would have obtained the land use rights certificates and commenced construction in the third quarter of 2021.

SUPPLEMENTAL INFORMATION ABOUT DIFFERENT ROLES IN THE TARGET PROJECT

Pursuant to the Agreement, the Company and Dongguan Huijing East Automobile would be responsible for steering the Target Project, including (1) conducting the necessary work in order to complete the procedures relating to transformation of old towns; (2) obtaining the land use rights certificates and other relevant permits of the land for development in the Target Project; (3) obtaining the relevant permits for sales of property and responsible for completing the sales of the property upon completion of the construction. Dongguan Zhangmutou Economic Union, which is collectively owned by the villagers, became a shareholder of Dongguan Huijing East Automobile as a result of the resettlement of the

villagers at the land where the Target Project situates, and acts as the representative of the villagers in resettlement negotiation and a liaison between the villagers and the developer. Shenzhen Runhang is a main investor in the Target Project and provides funding to the Target Project in order to accelerate the progress of land acquisition and development of the Target Project.

The Directors are of the view that cooperating with Shenzhen Runhang would be beneficial to running the Target Project on the following grounds: (1) Shenzhen Runhang is experienced in the business property investment, the Group would be able to leverage on the financial resources of Shenzhen Runhang in supporting various aspects of the Target Project; (2) the injection of funds by Shenzhen Runhang into the share premium account of Dongguan Huijing East Automobile would also provide a healthy source of funds for the Target Project, and a more desirable method of funding than debt as the Investment incurs no interest costs as compared to bank borrowing; and (3) such structure enables PRC Holdco to retain its shareholding over Dongguan Huijing East Automobile without being diluted by the contribution of Shenzhen Runhang.

By order of the Board
Huijing Holdings Company Limited
Lun Zhao Ming
Executive Director

Hong Kong, 12 March 2021

As at the date of this announcement, the Board comprises Mr. Lun Zhao Ming, Mr. Lau Kam Kwok Dickson and Mr. Lu Peijun as executive Directors, Mr. Lun Ruixiang as a non-executive Director, and Ms. Chiu Lai Kuen Susanna, Mr. Hung Wan Shun Stephen and Ms. Lin Yanna as independent non-executive Directors.

* *For identification purpose only*