

*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.*



## **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 CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF MINORITY INTEREST IN A SUBSIDIARY**

Reference is made to the announcement of Huijing Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 29 November 2023 (the “**Announcement**”) in relation to the acquisition of minority interest in a subsidiary. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

This announcement is made to provide the supplemental information on the Acquisition.

#### **BACKGROUND**

Huijing Group Limited\* (滙景集團有限公司) (“**Huijing Group**”), an indirect wholly-owned subsidiary of the Company, and the Vendor entered into an equity transfer agreement on 21 December 2016 (the “**2016 Equity Transfer Agreement**”). Both parties agreed that (i) Huijing Group would be fully responsible for project development and operation; (ii) the Vendor would have the right to nominate one director and one finance department personnel to Pinghu City Chang Ming; and (iii) the Vendor would have the right to understand and supervise daily operations of the Project.

#### **REASONS FOR THE ACQUISITION**

As disclosed in the Announcement, 618 properties were delivered during the first eight months of 2023, and accordingly the relevant sales and profits were recorded during the same period. The cumulative owner’s equity of approximately RMB130,000,000 as at 31 August 2023 has reflected the profits recognized during the first eight months of 2023, when compared with the net liabilities of approximately RMB26,000,000 as at 31 December 2022.

The reasons for the Acquisition include (i) the Vendor would like to divest from the Project as it has been substantially delivered; (ii) the retained earnings from the Project can be ascertained with relatively high certainty as all the units have been sold; (iii) the Consideration equals to the Vendor's proportion to the total owners' equity of Pinghu City Chang Ming and would have no detrimental financial effect on the Company; and (iv) there is possibility that the Company and the new shareholder may have disagreements going forward if the Target Equity was sold to another party which may give rise to uncertainty in shareholder dynamics, in addition to the full decision-making and management powers in respect of Pinghu City Chang Ming by the Group.

The maintenance costs arise from quality warranties provided to home buyers by Pinghu City Chang Ming after delivery was required by relevant PRC regulations. The warranty period for different parts maybe different but normally lasts for two years. Such maintenance costs would be largely covered by the construction contractors of the Project during warranty period as stipulated in the related construction contracts; however, Pinghu City Chang Ming is still responsible for liaising with the construction contractors. The Board is of the view that although Pinghu City Chang Ming is the contractual party for quality warranty to home buyers, it is not expected to incur any material expenses.

## **CONSIDERATION AND OTHER PAYABLES**

In addition to the Consideration, the nature and circumstances leading to the other payments payable by the Company to the Vendor (the **"Other Payables"**) before Completion are as below:

- (i) HK\$80,250, representing the legal fees owed by Huijing Group to the Vendor in relation to lawyers' costs for documentation in connection with the acquisition in 2016, which should be equally shared between the two parties according to the Equity Transfer Agreement;
- (ii) US\$200,000 (equivalent to approximately HK\$1,559,004), were the amount owed by Huijing Group to the Vendor pursuant to the 2016 Equity Transfer Agreement, which represents remaining cash balance of Pinghu City Chang Ming before the acquisition in 2016 and was agreed to be returned to the Vendor; and
- (iii) HK\$180,000, representing advance payment by the Vendor in relation to certain licensing, filing and registration fees of the Target Company for the past years.

Both items (i) and (ii) were historical liabilities of Huijing Group due to the Vendor carried forward from the acquisition in 2016; and item (iii) was advance by the Vendor in nature. All of the above should be repaid to the Vendor regardless of the Acquisition.

According to relevant PRC rules and regulations, pre-sale proceeds are required to be deposited into designated pre-sale bank accounts, and such proceeds can only be released by stages and upon approval of regulatory authorities. Pursuant to the Equity Transfer Agreement, Pinghu City Chang Ming agreed to settle the total amount payable along with the Company as when the restriction on bank account of Pinghu City Chang Ming is lifted. Pinghu City Chang Ming will be able to declare and distribute cash dividend from its cumulative owner's equity to its shareholder, being the Company, who in return can use the proceed to settle the Consideration.

Given (i) the profits from the Project and the cumulative owner's equity of Pinghu City Chang Ming can be ascertained with relatively high certainty; (ii) the Consideration was determined with reference to (a) Pinghu City Chang Ming has the cumulative owner's equity of approximately RMB130,000,000 as at 31 August 2023; and (b) the effective indirect interests of the Vendor in Pinghu City Chang Ming; (iii) the Consideration would have no detrimental financial effect on the Company; (iv) the Other Payables should be repaid to the Vendor regardless of the Acquisition; and (v) the maintenance costs would largely covered by the construction contractors and estimated financial impact on Pinghu City Chang Ming is immaterial, the Directors consider the Consideration to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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

By order of the Board  
**Huijing Holdings Company Limited**  
**Lun Ruixiang**  
*Chairman and Non-executive Director*

Hong Kong, 11 December 2023

*As at the date of this announcement, the Board comprises Mr Lun Zhao Ming, Mr Lu Peijun and Mr Luo Chengyu as executive Directors, Mr Lun Ruixiang as a non-executive Director, and Mr Chan Kin Man, Ms Ou Ningxin and Mr Chen Guilin as independent non-executive Directors.*

*\* For identification purposes only*