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## **HUAXI HOLDINGS COMPANY LIMITED**

**華禧控股有限公司**

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

**(Stock Code: 01689)**

### **DISCLOSEABLE TRANSACTIONS ACQUISITION OF PROPERTY**

#### **FIRST RESERVATION AGREEMENT**

The Board wishes to announce that on 10 January 2019, SH Environmental Treatment entered into the First Reservation Agreement with the Vendor, pursuant to which SH Environmental Treatment agreed to purchase from the Vendor the First Target Property at a price of RMB58,000 per square metre (equivalent to approximately HK\$64,554). The total gross floor area of the First Target Property will be subject to final confirmation from the relevant land department in the PRC. Assuming that the total gross floor area of the First Target Property is approximately 286.06 square metres, the consideration for purchasing the First Target Property is RMB16,591,480 (equivalent to approximately HK\$18,466,320).

#### **SECOND RESERVATION AGREEMENT**

On 22 November 2019 (after trading hours), SH Environmental Treatment entered into the Second Reservation Agreement with the Vendor, pursuant to which SH Environmental Treatment agreed to purchase from the Vendor the Second Target Property at a price of RMB46,000 per square metre (equivalent to approximately HK\$51,198). The total gross floor area of the Second Target Property will be subject to final confirmation from the relevant land department in the PRC. Assuming that the total gross floor area of the Second Target Property is approximately 256.06 square metres, the consideration for purchasing the Second Target Property is RMB11,778,760 (equivalent to approximately HK\$13,109,760).

## **LISTING RULES IMPLICATIONS**

Pursuant to Rule 14.22 of the Listing Rules, the transactions contemplated under the Reservation Agreements should be aggregated. As one or more of the applicable percentage ratios (after aggregation) are more than 5% but less than 25%, the transactions contemplated under the Reservation Agreements constitute discloseable transactions of the Company under the Listing Rules. Accordingly, such transactions are subject to the reporting and announcement requirements only but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Board wishes to announce that SH Environmental Treatment entered into the Reservation Agreements to purchase a total of nine commercial units in Xihuaxi Plaza at the aggregate preliminary consideration of RMB28,370,240 (equivalent to approximately HK\$31,576,080), subject to adjustments.

## **THE RESERVATION AGREEMENTS**

Set out below is a summary of the principal terms of the Reservation Agreements:

### **The First Reservation Agreement**

Date: 10 January 2019

Parties: SH Environmental Treatment (as purchaser); and  
the Vendor (as vendor)

Subject property: Five commercial units with a total gross floor area of approximately 286.06 square metres in Xihuaxi Plaza

Consideration: SH Environment Treatment shall purchase the First Target Property at a price of RMB58,000 per square metre (equivalent to approximately HK\$64,554). The total gross floor area of the First Target Property will be subject to final confirmation from the relevant land department in the PRC.

Assuming that the total gross floor area of the First Target Property is approximately 286.06 square metres, the consideration for purchasing the First Target Property is RMB16,591,480 (equivalent to approximately HK\$18,466,320), which shall be settled in accordance with the following manners:

- (i) RMB5,000,000 (equivalent to approximately HK\$5,565,000) being the first installment shall be paid to the Vendor within 10 days from the date of the First Reservation Agreement; and

- (ii) RMB11,591,480 (equivalent to approximately HK\$12,901,320) being the remaining sum of the consideration shall be paid to the Vendor within three months from the date of the First Reservation Agreement,

### **The Second Reservation Agreement**

Date: 22 November 2019

Parties: SH Environmental Treatment (as purchaser); and  
the Vendor (as vendor)

Subject property: Four commercial units with a total gross floor area of 256.06 square metres in Xinquaxi Plaza

Consideration: SH Environmental Treatment shall purchase the Second Target Property at a price of RMB46,000 per square metre (equivalent to approximately HK\$51,198). The total gross floor area of the Second Target Property will be subject to final confirmation from the relevant land department in the PRC.

Assuming that the total gross floor area of the Second Target Property is approximately 256.06 square metres, the consideration for purchasing the Second Target Property is RMB11,778,760 (equivalent to approximately HK\$13,109,760), which shall be settled in accordance with the following manners:

- (i) RMB5,000,000 (equivalent to approximately HK\$5,565,000) being the first installment shall be paid to the Vendor within 10 days from the date of the Second Reservation Agreement;
- (ii) RMB4,800,000 (equivalent to approximately HK\$5,342,400) being the second installment shall be paid to the Vendor within 20 days from the date of the Second Reservation Agreement;
- (iii) RMB1,000,000 (equivalent to approximately HK\$1,113,000) being the third installment shall be paid to the Vendor within 10 days after the registration with the executed real estate transaction management office of the formal sale and purchase agreement entered into by the two parties; and
- (iv) RMB978,760 (equivalent to approximately HK\$1,089,360) being the remaining sum of the consideration shall be paid to the Vendor within 10 days after the handover of the Second Target Property from the Vendor to SH Environmental Treatment,

Conditions precedent: (If applicable) if the Company fails to obtain the approval of its Shareholders or the Stock Exchange, SH Environmental Treatment shall have the right to revoke the Second Reservation Agreement and discharge itself from liabilities thereunder, whereas the Vendor shall forthwith return the paid consideration to SH Environmental Treatment.

Other principal terms of the Reservation Agreements are generally the same.

SH Environmental Treatment shall, within 15 days from receipt of notice from the Vendor, execute the respective formal sale and purchase agreements.

The arrangement of handover of the First Target Property and the Second Target Property, and the rights and liabilities of both parties shall be prescribed in the respective formal sale and purchase agreements.

## **INFORMATION OF THE COMPANY AND THE VENDOR**

The principal business of the Group is the manufacturing and the sales of cigarette packaging materials and environmental treatment business in the PRC. The Vendor is principally engaged in real estate development.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE RESERVATION AGREEMENTS**

As at the date hereof, Xinquaxi Plaza is under construction and the construction is expected to be completed by the end of 2019.

The properties are acquired for use as offices and showrooms for the Group's expanding environmental treatment business in order to enhance efficiency and management control. In addition, Xinquaxi Plaza is located in a premium location in Shantou. The Group may also benefit from any long-term capital gain if value appreciates in the future. The Board believes that there is a potential attractive capital appreciation for this investment over the long term.

The terms of the Reservation Agreements were determined based on the arm's length negotiations among the parties thereto on normal commercial terms with reference to the market value of similar properties in adjacent locations. The Directors (including the independent non-executive Directors) consider that the terms of the Reservation Agreements are on normal commercial terms, fair and reasonable and in the interest of the Group and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, the transactions contemplated under the Reservation Agreements should be aggregated. As one or more of the applicable percentage ratios (after aggregation) are more than 5% but less than 25%, the transactions contemplated under the Reservation Agreements constitute discloseable transactions of the Company under the Listing Rules. Accordingly, such transactions are subject to the reporting and announcement requirements only but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Board”	the board of Directors
“Company”	Huaxi Holdings Company Limited (華禧控股有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange (stock code: 01689)
“Directors”	the directors of the Company
“First Reservation Agreement”	the commercial unit reservation agreement* (商品房預訂協議書) entered into between SH Environmental Treatment and the Vendor on 10 January 2019 in relation to the purchase of the First Target Property by SH Environmental Treatment from the Vendor
“First Target Property”	five commercial units with a total gross floor area of approximately 286.06 square metres in Xinquaxi Plaza
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China and, except where the context otherwise requires and only for the purpose of this announcement, references to the PRC exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Reservation Agreements”	the First Reservation Agreement and the Second Reservation Agreement
“RMB”	Renminbi, the lawful currency of the PRC

“Second Reservation Agreement”	the commercial units reservation agreement* (商品房預訂協議書) entered into between SH Environmental Treatment and the Vendor on 22 November 2019 in relation to the purchase of the Second Target Property by SH Environmental Treatment from the Vendor
“Second Target Property”	four commercial units with a total gross floor area of approximately 256.06 square metres in Xinquaxi Plaza
“SH Environmental Treatment”	Shantou Hongdong Environmental Treatment Company* (汕頭市弘東環境治理有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Shareholders”	holders of the Shares
“Shares”	ordinary share(s) of HK\$0.005 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Shantou City Runhua Real Estate Development Co. Limited* (汕頭市潤華房地產開發有限公司), a company established in the PRC with limited liability
“Xinquaxi Plaza”	Xinquaxi Plaza* (新華禧廣場), a proposed name for a shopping mall which is under construction and located at No. 1 Keji Zhong Jie, Longhu Qu, Shantou, Guangdong, China (中國廣東省汕頭市龍湖區科技中街一號)
“%”	per cent.

*For the purpose of this announcement, the following exchange rate is used: RMB1.00 = HK\$1.113.*

By order of the Board  
**Huaxi Holdings Company Limited**  
**Zheng Andy Yi Sheng**  
*Chairman*

Hong Kong, 22 November 2019

*As at the date of this announcement, the Board comprises Mr. Zheng Andy Yi Sheng and Mr. Zheng Minsheng as executive Directors; Mr. Hao Jiming as non-executive Director and Mr. Lau Kwok Hung, Mr. Fok Po Tin and Mr. Ma Wenming as independent non-executive Directors.*

\* For identification purpose only