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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTY

Reference is made to the announcement of Huaxi Holdings Company Limited (the “**Company**”) dated 22 November 2019 (the “**Announcement**”) in relation to, inter alia, the acquisition (the “**Acquisition**”) of a total of nine commercial units in Xinquaxi Plaza, a shopping mall which is under construction in Shantou, the PRC. Unless the context requires otherwise, capitalised terms used herein shall have the same meaning as used in the Announcement.

The Board wishes to provide additional information regarding the Acquisition.

CONSIDERATION

The Board is of the view that the considerations for the First Target Property and the Second Target Property (the “**Target Properties**”) are fair and reasonable and in the interest of the Company and its shareholders as a whole as they were determined after arm’s length negotiation between SH Environmental Treatment and the Vendor with reference to the market value of similar properties in adjacent locations and the valuation performed by the independent valuer Guangdong Huayi Valuation Co. Limited* (廣東華逸資產評估有限公司) (the “**Valuer**”) on the Target Properties. The First Target Property was valued at RMB16,877,540 (equivalent to approximately HK\$18,784,702) as at 31 December 2018 whereas the Second Target Property was valued at RMB12,370,980 (equivalent to approximately HK\$13,768,901) as at 13 November 2019.

The Valuer has adopted the market approach by making reference to comparable sales evidence as available in the relevant market. In valuing the Target Properties, the Valuer has assumed that, inter alia, (i) there is an open market with seller and buyer on equal footings, and both seller and buyer are endowed with sufficient time and opportunities to obtain market information; and (ii) the Target Properties will be continually used for the purposes for which they are currently used after completion of the Acquisition.

Based on our discussion with the Valuer and our review on the relevant valuation reports and having considered (i) the methodology being applied in the valuations; (ii) the principal bases and assumptions used in arriving at the valuations; and (iii) the qualification, expertise and experiences of the Valuer, the Board considers that there is no substantial factors being identified which may cause us to doubt the fairness and reasonableness of the methodology adopted and the bases and assumptions used in arriving at the valuations. As such, we consider that the valuations are fair and reasonable.

The aggregate preliminary consideration for the Acquisition is RMB28,370,240 (equivalent to approximately HK\$31,576,080), subject to adjustments (the “**Consideration**”). Since the Xihuaxi Plaza is still under construction, the respective gross floor area of the First Target Property and the Second Target Property stated in the First Reservation Agreement and the Second Reservation Agreement are merely an estimate (the “**Estimated GFA**”) and are subject to final confirmation from the relevant land department in the PRC by the end of 2019. Hence, the Consideration would be adjusted if and only if the actual total gross floor areas of the Target Properties as confirmed by the relevant land department in the PRC (the “**Actual GFA**”) differ from the Estimated GFA (the “**Adjusting Event**”). In such case, the Consideration would be adjusted by multiplying the relevant price per square metre by the Actual GFA (the “**Adjustment Mechanism**”). Having considered the fact that the Xihuaxi Plaza is under construction and the nature of the Adjusting Event, the Board is of the view that the Adjustment Mechanism is fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Board shall comply with the relevant Listing Rules requirements if, in the unlikely event that the transactions contemplated under the Reservation Agreements would result in a higher classification after adjustments in the Consideration. However, having considered the Adjusting Event and the Adjustment Mechanism, the Board is of the view that the transactions contemplated under the Reservation Agreements will highly unlikely result in a higher classification after adjustments in the Consideration.

The Company intends to settle the Consideration by internal resources of the Group. As at the date of this announcement, the Company does not have any future capital commitment in the Target Properties.

FURTHER INFORMATION ON THE VENDOR

To be best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor is owned by (i) Shantou City Yontaili Trading Co. Limited* (汕頭市永泰利貿易有限公司); (ii) Shantou Gaoxin District Jinlin Weaving and Embroidery Co. Limited* (汕頭高新區金霖織繡有限公司) and (iii) Shantou High-Tech Industrial Development Zone Nancheng Real Estate Development Co. Limited* (汕頭高新技術產業開發區南誠房產開發有限公司). These three companies are in turn owned by Mr. Wang Zehua* (王澤華), Mr. Chen Yongning* (陳永寧), Mr. Fang Dongfen* (方冬奮) and Mr. Zhong Jianyuan* (鐘堅元) (as the case may be).

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

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, 3 December 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*