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## **Zhaobangji Properties Holdings Limited**

### **兆邦基地產控股有限公司**

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

**(Stock code: 1660)**

## **DISCLOSEABLE TRANSACTIONS IN RELATION TO DISPOSAL OF SUBSIDIARY**

Reference is made to the announcement of the Company dated 2 April 2020 in relation to the MOU.

### **THE DISPOSAL**

The Board wishes to announce that on 21 May 2020 after trading hours, the Company and the Purchaser entered into the SP Agreement pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase the Sale Shares at the consideration of RMB70,000,000.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed 5% but all are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 2 April 2020 in relation to the MOU.

## **THE DISPOSAL**

On 21 May 2020 (after trading hours), the Company and the Purchaser entered into the SP Agreement, the principal terms of which are set out as follows:

**Date:** 21 May 2020 (after trading hours)

**Parties:** 1. The Company as vendor; and  
2. Fortune Living Construction Company Limited as purchaser

### **Subject matter:**

Under the SP Agreement, the Company has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, being 100% of the issued shares of the Target Company.

### **Consideration**

The Consideration for the Disposal is RMB70,000,000, which shall be paid upon Completion.

### **Basis of the Consideration**

The Consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to, among others, (i) the net assets value of the Target Group and (ii) the historical financial performance of the Target Group.

### **Conditions**

Completion of the SP Agreement is conditional upon the followings:

- (a) all necessary consents and approvals required to be obtained on the part of the Company and members of the Target Group (if applicable) in respect of the SP Agreement and the transaction contemplated thereunder having been obtained; and
- (b) the representations, warranties and/or undertakings made by the Company under the SP Agreement remaining true and accurate in all material respects during the period from the date of the SP Agreement up to the Completion Date.

If the above conditions have not been satisfied or waived on or before the day falling one month after the date of the SP Agreement, or such later date as the parties may agree, the SP Agreement shall cease and determine and neither party shall have any obligations and liabilities towards each other save for any antecedent claims.

## Completion

Subject to the fulfilment or waiver (as the case may be) of the Conditions, Completion shall take place on the Completion Date.

## INFORMATION OF THE GROUP

The Group is principally engaged in trading of machinery and spare parts, leasing of machinery and the provision of related services, the provision of transportation services in Hong Kong, and the provision of property management services, leasing of machinery and property leasing and subletting in the PRC.

## INFORMATION OF THE TARGET GROUP

**The Target Group comprises the Target Company, Jimaoshun Investment, Shenzhen Jimaoshun and Shenzhen Lanzhou.**

The Target Company is a limited company incorporated in the British Virgin Islands and is principally engaged in investment holding. As at the date of this announcement, the Target Company is wholly owned by the Company.

Jimaoshun Investment is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. As at the date of this announcement, Jimaoshun Investment is wholly owned by the Target Company.

Shenzhen Jimaoshun is a company established under the laws of the PRC with limited liability and is principally engaged in the sale of hotel products; purchase and sale of hardware, construction materials, decorative materials and general merchandise. As at the date of this announcement, Shenzhen Jimaoshun is wholly owned by Jimaoshun Investment.

Shenzhen Lanzhou is a company established under the laws of the PRC with limited liability and is principally engaged in the business of property leasing in Shenzhen, the PRC. Shenzhen Lanzhou holds the building ownership rights in respect of approximately 13,000 square meters of the DDM Mall located in Shenzhen (the “**Properties**”). As at the date of this announcement, Shenzhen Lanzhou is wholly owned by Shenzhen Jimaoshun.

Set out below are the consolidated results of the Target Group for the two years ended 31 March 2019 and 2020:

	<b>For the year ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Profit/Loss before taxation	(209)	(122)
Profit/Loss after taxation	(209)	(122)

The unaudited consolidated net assets value of the Target Group amounted to approximately HK\$65,226,000 as at 31 March 2020.

The consolidated results of the Target Group as disclosed above have excluded the rental income generated from the Properties due to an entrusted management contract (the “**Entrusted Management Contract**”) entered into between Shenzhen Lanzhou and Shenzhen Zhaobangji Business Management Co., Limited\* (深圳市兆邦基商業管理有限公司) (“**Shenzhen Zhaobangji BM**”), an indirect wholly-owned subsidiary of the Company, pursuant to which, Shenzhen Lanzhou assigned the right to collect rental income generated from the Properties to Shenzhen Zhaobangji BM. Shenzhen Zhaobangji BM is not within the scope of the Disposal. Upon entering into the SP Agreement, the Entrusted Management Contract will cease to have effect.

Based on the Board’s assessment of the lease contracts of the Properties, had the Entrusted Management Contract not been in place and had the rental income from the Properties been included in the accounts of the Target Group, the profit before taxation of the Target Group for the two years ended 31 March 2019 and 2020 would have been HK\$2,673,000 (audited) and HK\$9,635,000 (unaudited), respectively, while the profit after taxation of the Target Group for the two years ended 31 March 2019 and 2020 would have been HK\$2,233,000 (audited) and HK\$6,960,000 (unaudited), respectively.

## **INFORMATION OF THE PURCHASER**

The Purchaser is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. The Purchaser is owned as to 100% by Mr. Zhu Yuxian. To the best of the Directors’ knowledge, information and belief, and after making all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS**

Due to the recent outbreak of the novel coronavirus (COVID-19) pandemic, the Directors are of the view that there is a clear shift in the development of the consumer market and that online shopping will become a more popular trend, which will lead to a decrease in the rental income of the Properties.

The Directors are of the view that the terms and conditions of the SP Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

The Company intends to apply the proceeds from the Disposal as general working capital of the Group.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

The Properties were acquired by the Group through the acquisition of Shenzhen Jimaoshun in December 2018. The original acquisition cost of the Properties was approximately HK\$53,787,000.

After Completion of the Disposal, the Company will cease to have any interest in the Target Company. The Target Company will cease to be a subsidiary of the Company and its financial results and position will not be consolidated into the financial statements of the Company. Based on the net assets value of the Target Company as at 31 March 2020 and the Consideration of RMB70,000,000, the Group will record a profit (before tax) of approximately HK\$11,235,000 from the Disposal.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed 5% but all are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Board”	the Board of Directors
“Company”	Zhaobangji Properties Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal
“Completion Date”	the second business day after the date on which all the Conditions have been satisfied or otherwise waived in accordance with the SP Agreement, or such other date as the parties may agree in writing
“Consideration”	RMB70,000,000, being the total consideration for the Disposal payable by the Purchaser under the SP Agreement
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares by the Company pursuant to the SP Agreement

“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)”	an independent third party who is not connected with the Company and its connected persons (as defined under the Listing Rules)
“Jimaoshun Investment”	Jimaoshun Investment Holdings (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding memorandum of understanding as defined in the announcement of the Company dated 2 April 2020
“PRC”	The People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Fortune Living Construction Company Limited, a company incorporated in Hong Kong with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	50,000 ordinary shares in the Target Company, being 100% of the issued shares of the Target Company
“Share(s)”	ordinary shares of HK\$0.002 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shenzhen Jimaoshun”	Shenzhen Jimaoshun Trading Co., Ltd.* (深圳市吉茂順貿易有限公司), a company established under the laws of the PRC with limited liability
“Shenzhen Lanzhou”	Shenzhen Lanzhou Development Co., Ltd.* (深圳市藍洲發展有限公司), a company established under the laws of the PRC with limited liability

“SP Agreement”	the sale and purchase agreement dated 21 May 2020 entered into between the Company and the Purchaser relating to the sale and purchase of the Sale Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Jimaoshun Wealth Management Ltd, a BVI business company incorporated in the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of the Company
“Target Group”	the Target Company, Jimaoshun Investment, Shenzhen Jimaoshun and Shenzhen Lanzhou

By order of the Board  
**Zhaobangji Properties Holdings Limited**  
**Xu Chujia**  
*Chairman and executive Director*

Hong Kong, 21 May 2020

*As at the date of this announcement, the Board comprises six executive Directors, namely, Mr. Xu Chujia, Mr. Cai Chun Fai, Mr. Li Yan Sang, Mr. Sze-to Kin Keung, Mr. Wu Hanyu and Mr. Zhao Yiyong; two non-executive Directors, namely, Ms. Zhan Meiqing and Professor Lee Chack Fan, G.B.S., S.B.S., J.P.; and five independent non-executive Directors, namely, Mr. Hui Chin Tong Godfrey, Mr. Ma Fung Kwok, S.B.S., J.P., Mr. Wong Chun Man, Mr. Ye Longfei and Mr. Zhang Guoliang.*