

Hong Kong Exchange 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.



HJ Capital (International) Holdings Company Limited
華金國際資本控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 982)

CONNECTED TRANSACTIONS PRODUCTS PURCHASE AGREEMENTS

PRODUCTS PURCHASE AGREEMENTS

References are made to the announcement and circular of the Company dated 19 March 2019 and 13 June 2019, respectively, in relation to the Property Lease Framework Agreement, as well as the announcement of the Company dated 6 December 2019 in relation to the Customer Thankful Month Cooperation Agreements.

On 8 June 2020 (after trading hours), the Management Company (Sheraton Hotel) entered into Products Purchase Agreement-1 with Zhuhai Huafa Labour Union Committee, pursuant to which Zhuhai Huafa Labour Union Committee agreed to purchase from the Management Company (Sheraton Hotel) festival gift boxes for a total aggregated amount not exceeding RMB765,000 (service charge and tax inclusive) (equivalent to approximately HKD832,789).

On 8 June 2020 (after trading hours), the Management Company (Huafa Place) entered into Products Purchase Agreement-2 with Huafa Industrial Share Labour Union Committee, pursuant to which Huafa Industrial Share Labour Union Committee agreed to purchase from the Management Company (Huafa Place) festival gift boxes for an aggregated amount not exceeding RMB441,000 (service charge and tax inclusive) (equivalent to approximately HKD479,981).

PREVIOUS ARRANGEMENTS AND CUSTOMER THANKFUL MONTH COOPERATION AGREEMENTS

As disclosed in the Company's announcement dated 6 December 2019, upon Management Company (Sheraton Hotel) entering into the Customer Thankful Month Cooperation Agreements, the service fees receivable by the Management Company when aggregated with the service fees received or receivable by the Group as a whole under the Previous Arrangements during the 12-month period prior to entering into the Customer Thankful Month Cooperation Agreements, would be in excess of HKD3,000,000.

PREVIOUS DE MINIMIS ARRANGEMENTS

Further, following the entering into the Customer Thankful Month Cooperation Agreements and prior to entering into the Products Purchase Agreements, each of the hotels managed by Management Company as service providers provided certain accommodation, catering services and related services to certain members of the Huafa Group (excluding our Group) under the Previous De Minimis Arrangements. The total aggregated consideration for the Previous De Minimis Arrangements was RMB2,140,628 (equivalent to approximately HKD2,329,887).

LISTING RULES IMPLICATIONS

As each of the service recipients under the Previous De Minimis Arrangements is a member of the Huafa Group (excluding our Group) and each of the Purchasers is labour union committee of Zhuhai Huafa and an indirect subsidiary of Zhuhai Huafa, an indirect controlling shareholder of the Company interested in approximately 36.88% of the total issued share capital of the Company, each of the service recipients and Purchasers is a connected person of the Company pursuant to Chapter 14A of the Listing Rules and all transactions contemplated by each of the Previous De Minimis Arrangements and the Products Purchase Agreements constitute connected transactions of the Company.

As each of the applicable percentage ratio of the Previous De Minimis Arrangements (in aggregate) is less than 5% and the total consideration is less than HK\$3,000,000, they constitute de minimis transactions pursuant to Rule 14A.76(1)(c) of the Listing Rules and are fully exempt from Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules. However, upon the entering into the Products Purchase Agreements, the purchase prices of products received or receivable by each hotel managed by Management Company when aggregated with the service fees received or receivable by the Group as a whole under the Previous De Minimis Arrangements will be in excess of HKD3,000,000.

The Previous Arrangements, the Customer Thankful Month Cooperation Agreements, the Previous De Minimis Arrangements and the Products Purchase Agreements are of a similar nature, i.e. in relation to provision of accommodation, catering services and other related services. As a result, the Previous Arrangements, the Customer Thankful Month Cooperation Agreements, the Previous De Minimis Arrangements and the Products Purchase Agreements shall be aggregated as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules.

Since all applicable percentage ratios in respect of the Previous Arrangements, the Customer Thankful Month Cooperation Agreements, the Previous De Minimis Arrangements and the Products Purchase Agreements in aggregate are less than 25% and the aggregate service fees and purchase prices are less than HKD10,000,000, the entering into of the Products Purchase Agreements is subject to the reporting and announcements requirements but is exempt from the circular (including independent financial advice) and Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

PRODUCTS PURCHASE AGREEMENTS

Products Purchase Agreement-1

Date

8 June 2020 (after trading hours)

Parties

- a) Management Company (Sheraton Hotel)
- b) Zhuhai Huafa Labour Union Committee

Products to be sold

Management Company (Sheraton Hotel) agreed to sell, and Zhuhai Huafa Labour Union Committee agreed to purchase festival gift boxes, which shall be delivered to Zhuhai Huafa Labour Union Committee by 18 June 2020.

Purchase Price

The total aggregated price of the festival gift boxes shall not exceed RMB765,000 (service charge and tax inclusive) (equivalent to approximately HKD832,789). Full payment shall be made within 10 working days after the satisfactory acceptance of the products.

The purchase prices for the products were determined on arm's length basis with reference to the unit price for each gift box, the number of gift boxes ordered, and the market prices of such products.

Termination

If either party (the “**Default Party**”) unilaterally terminates the agreement without legal or agreed cause, the Default Party shall pay to the other party liquidated damages of 20% of the total amount of the products in the agreement.

Products Purchase Agreement-2

Date

8 June 2020 (after trading hours)

Parties

- a) Management Company (Huafa Place)
- b) Huafa Industrial Share Labour Union Committee

Products to be sold

Management Company (Huafa Place) agreed to sell, and Huafa Industrial Share Labour Union Committee agreed to purchase festival gift boxes, which shall be delivered to Huafa Industrial Share Labour Union Committee for acceptance within 15 working days from the date of the Products Purchase Agreement-2.

Huafa Industrial Share Labour Union Committee shall arrange for inspection of products within 3 working days after the delivery of products. Management Company (Huafa Place) agreed to replace any defected products within 7 days after receipt of notification of any defected products.

Purchase Price

The total aggregated price of the festival gift boxes shall not exceed RMB441,000 (service charge and tax inclusive) (equivalent to approximately HKD479,928). Full payment shall be made within 30 working days after the satisfactory acceptance of the products.

The purchase prices for the products were determined on arm’s length basis with reference to the unit price for each gift box, the number of gift boxes ordered, and the market prices of such products.

Termination

Huafa Industrial Share Labour Union Committee shall be entitled to terminate Products Purchase Agreement-2 upon the occurrence of any of the below:

1. failing to deliver the products on time and accepted by Huafa Industrial Share Labour Union Committee, and the accumulated days of delay exceeds 10 days (including the 10th day);

2. after delivery and before the expiration of the warranty period, the products failing to meet the quality standard after being replaced three times (including the third times), and cannot be used normally;
3. without the written consent of Huafa Industrial Share Labour Union Committee, Management Company (Huafa Place) transfers the obligations of Products Purchase Agreement-2; and
4. Management Company (Huafa Place) refuses to perform other major obligations under Products Purchase Agreement-2.

Previous Arrangements and Customer Thankful Month Cooperation Agreements

As disclosed in the Company's announcement dated 6 December 2019, upon Management Company (Sheraton Hotel) entering into the Customer Thankful Month Cooperation Agreements, the service fees receivable by the Management Company when aggregated with the service fees received or receivable by the Group as a whole under the Previous Arrangements during the 12-month period prior to entering into the Customer Thankful Month Cooperation Agreements, would be in excess of HKD3,000,000.

Previous De Minimis Arrangements

Further, following the entering into the Customer Thankful Month Cooperation Agreements and prior to entering into the Products Purchase Agreements, each of the hotels managed by Management Company as service providers provided certain accommodation, catering services and related services to certain members of the Huafa Group (excluding our Group) under the Previous De Minimis Arrangements. The total aggregated consideration for the Previous De Minimis Arrangements was RMB2,140,628 (equivalent to approximately HKD2,329,887).

The service fees were determined by each of the hotels managed by Management Company on arm's length basis with reference to comparable market practice for fees payable under each of the individual agreement.

INFORMATION ON THE GROUP, THE MANAGEMENT COMPANY, THE MANAGEMENT COMPANY (SHERATON HOTEL) AND THE MANAGEMENT COMPANY (HUAFA PLACE)

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of property management services, hotel operation, hotel management and exhibition services, financial advisory services, securities underwriting and consultancy, securities and futures brokerage, equity research business, and money lending business.

Management Company is an indirect wholly-owned subsidiary of the Company, whose scope of business includes, inter alia, hotel, resort and high-end apartment management; hotel management consultancy; business information consultancy (other than financial consultancy); hotel marketing services; leasing; equipment rental; conferences services; reservation services; branding and marketing; business management and vocational training; and celebration and event services.

Management Company (Sheraton Hotel) is a hotel located at No.1663 Yin Wan Road, Wanzai, Xiang Zhou District, Zhuhai, China and a branch office of Management Company.

Management Company (Huafa Place) is an apartment hotel located at No.1663 Yin Wan Road, Wanzai, Xiang Zhou District, Zhuhai, China and a branch office of Management Company.

INFORMATION ON ZHUHAI HUAFA AND THE PURCHASERS

Zhuhai Huafa Labour Union Committee is a labour union committee established under the laws of the PRC, and a labour union committee of Zhuhai Huafa, whose scope of business includes, inter alia, property leasing, property management, real estate, commerce, real estate development, urban renewal and subsidized housing construction.

Huafa Industrial Share Labour Union Committee is a labour union committee established under the laws of the PRC, and a labour union committee of Huafa Industrial Share, and an indirect subsidiary of Zhuhai Huafa, whose scope of business includes, inter alia, property development.

Zhuhai Huafa is an investment holding company and an indirect controlling shareholder of the Company interested in approximately 36.88% of the total issued share capital of the Company, therefore, both Zhuhai Huafa Labour Union Committee and Huafa Industrial Share Labour Union Committee being the labour union committees of Zhuhai Huafa and an indirect subsidiary of Zhuhai Huafa, are connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules.

REASONS FOR ENTERING INTO THE PRODUCTS PURCHASE AGREEMENTS AND THE PREVIOUS DE MINIMIS ARRANGEMENTS

Each hotel managed by Management Company provides quality hotel accommodation, catering and related services. They are located near to the convention and exhibition centre, which Huafa Group companies could arrange accommodation and related services to the performers and staff members of the relevant events in an easier manner. Having the favourable geographical location, well-equipped facilities and high-quality services, the services provided by each hotel managed by Management Company matches with the business needs of Huafa Group.

Further, as Dragon Boat Festival is fast approaching, each hotel managed by Management Company provides quality festival gift boxes during Dragon Boat Festival, the Directors (including the independent non-executive Directors) consider that the terms of the Products Purchase Agreements are fair and reasonable and on normal commercial terms and are entered into in the ordinary and usual course of the Company's business.

LISTING RULES IMPLICATION

As each of the service recipients under the Previous De Minimis Arrangements is a member of the Huafa Group (excluding our Group) and each of the Purchasers is labour union committee of Zhuhai Huafa and an indirect subsidiary of Zhuhai Huafa, an indirect controlling shareholder of the Company interested in approximately 36.88% of the total issued share capital of the Company, each of the service recipients and Purchasers is a connected person of the Company pursuant to Chapter 14A of the Listing Rules and all transactions contemplated by each of the Previous De Minimis Arrangements and the Products Purchase Agreements constitute connected transactions of the Company.

As each of the applicable percentage ratio of the Previous De Minimis Arrangements (in aggregate) is less than 5% and the total consideration is less than HK\$3,000,000, they constitute de minimis transactions pursuant to Rule 14A.76(1)(c) of the Listing Rules and are fully exempt from Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules. However, upon the entering into the Products Purchase Agreements, the purchase prices of products received or receivable by each hotel managed by Management Company when aggregated with the service fees received or receivable by the Group as a whole under the Previous De Minimis Arrangements will be in excess of HKD3,000,000.

The Previous Arrangements, the Customer Thankful Month Cooperation Agreements, the Previous De Minimis Arrangements and the Products Purchase Agreements are of a similar nature, i.e. in relation to provision of accommodation, catering services and other related services. As a result, the Previous Arrangements, the Customer Thankful Month Cooperation Agreements, the Previous De Minimis Arrangements and the Products Purchase Agreements shall be aggregated as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules.

Since all applicable percentage ratios in respect of the Previous Arrangements, the Customer Thankful Month Cooperation Agreements, the Previous De Minimis Arrangements and the Products Purchase Agreements in aggregate are less than 25% and the aggregate service fees and purchase prices are less than HKD10,000,000, the entering into of the Products Purchase Agreements is subject to the reporting and announcements requirements but is exempt from the circular (including independent financial advice) and Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

The Directors (including the independent non-executive Directors) have confirmed that the terms of the Products Purchase Agreements and the individual agreement of each of the Previous De Minimis Arrangements are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION

All executive Directors and Ms. Zhang Kuihong, the non-executive Director, are directors and/or senior management of Zhuhai Huafa and are therefore deemed to have material interests in the transactions under the Products Purchase Agreements and the Previous De Minimis Arrangements, and have abstained from voting on the relevant Board resolutions.

Other than those Directors mentioned above, none of the other Directors has or is deemed to have a material interest in the transactions under the Products Purchase Agreements and the Previous De Minimis Arrangements.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

| | |
|--|--|
| “Board” | the board of Directors |
| “Company” | HJ Capital (International) Holdings Company Limited (華金國際資本控股有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock code: 982) |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Customer Thankful Month Cooperation Agreements” | the Customer Thankful Month Cooperation Agreement-1 and the Customer Thankful Month Cooperation Agreement-2 dated 6 December 2019, entered into between Management Company (Sheraton Hotel) and two indirect subsidiaries of Zhuhai Huafa respectively for the provision by Management Company (Sheraton Hotel) of accommodation and catering services |
| “Directors” | the directors of the Company |
| “Group” | the Company and its subsidiaries from time to time |
| “HKD” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Huafa Group” | Zhuhai Huafa and its subsidiaries from time to time |
| “Huafa Industrial Share” | Huafa Industrial Share Company Limited* (珠海華發實業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600325), a non-wholly owned direct subsidiary of Zhuhai Huafa |

| | |
|---|--|
| “Huafa Industrial Share Labour Union Committee” | the labour union committee of Huafa Industrial Share |
| “Listing Rules” | Rules Governing the Listing of Securities on the Stock Exchange |
| “Management Company” | Zhuhai Hengqin New Area Huajin International Hotel Management Company Limited* (珠海市橫琴新區華金國際酒店管理有限公司), a company established under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company |
| “Management Company (Huafa Place)” | Zhuhai Hengqin New Area Huajin International Hotel Management Company Limited (Huafa Place)* (珠海市橫琴新區華金國際酒店管理有限公司會展行政公寓), a company established under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company |
| “Management Company (Sheraton Hotel)” | Zhuhai Hengqin New Area Huajin International Hotel Management Company Limited (Sheraton Hotel) (珠海市橫琴新區華金國際酒店管理有限公司喜來登酒店*), a company established under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company |
| “Previous Arrangements” | 17 previous arrangements between each of the hotels managed by Management Company as service providers with certain members of Huafa Group prior to entering into the Customer Thankful Month Cooperation Agreements, for the provision of accommodation, catering services and other services |
| “Previous De Minimis Arrangements “ | 16 previous de minimis arrangements between each of the hotels managed by Management Company as service providers with certain members of Huafa Group following the entering into the Customer Thankful Month Cooperation Agreements and prior to entering into the Products Purchase Agreements, for the provision of accommodation, catering services and other services |
| “Products Purchase Agreements” | Products Purchase Agreement-1 and Products Purchase Agreement-2 |

| | |
|---------------------------------------|--|
| “Products Purchase Agreement-1” | the products purchase agreement-1 dated 8 June 2020 and entered into between Management Company (Sheraton Hotel) and Zhuhai Huafa Labour Union Committee for the sale and purchase of festival gift boxes |
| “Products Purchase Agreement-2” | the products purchase agreement-2 dated 8 June 2020 and entered into between Management Company (Huafa Place) and Huafa Industrial Share Labour Union Committee for the sale and purchase of festival gift boxes |
| “Property Lease Framework Agreement” | the property lease framework agreement dated 19 March 2019 entered into between Management Company and Zhuhai SZM CBD Construction Holding Co. Ltd. (珠海十字門中央商務區建設控股有限公司) in relation to the lease of the Target Property by Management Company from Zhuhai SZM CBD Construction Holding Co. Ltd. |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Purchasers” | Zhuhai Huafa Labour Union Committee and Huafa Industrial Share Labour Union Committee |
| “Shareholders” | shareholders of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Property” | Huafa Place (華發行政公寓) and Sheraton Zhuhai Hotel (珠海華發喜來登酒店), hotels located at No.1663 Yin Wan Road, Wanzai, Xiang Zhou District, Zhuhai, China |
| “Zhuhai Huafa” | Zhuhai Huafa Group Company Limited (珠海華發集團有限公司), a state-owned enterprise wholly-owned by Zhuhai State-owned Asset Supervision and Administration Commission and a controlling shareholder of the Company |
| “Zhuhai Huafa Labour Union Committee” | the labour union committee of Zhuhai Huafa |

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HKD at the rate of RMB0.9186 to HKD1.00. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

By order of the Board
HJ Capital (International) Holdings Company Limited
Li Guangning
Executive Director and Chairman

Hong Kong, 8 June 2020

As at the date of this announcement, the Board of the Company comprises Mr. Li Guangning (Executive Director and Chairman); Mr. Xie Wei (Executive Director and Chief Executive Officer), Ms. Guo Jin and Mr. Tze Kan Fat (all being Executive Directors); Ms. Zhang Kuihong and Mr. Shong Hugo (all being Non-executive Directors); Dr. Chen Jieping, Mr. Pu Yonghao and Mr. Tse Yung Hoi (all being Independent Non-executive Directors).

* *for identification purpose only*