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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)

CONTINUING CONNECTED TRANSACTION RENEWAL OF OFFICE SHARING AGREEMENT

Reference is made to the announcement published by the Company on 10 July 2018 in relation to, among other things, the office sharing agreement dated 10 July 2018 entered into between the Company and HK Huafa. The 2018 Office Sharing Agreement will expire on 31 December 2020.

The Board hereby announces that, on 31 December 2020, the Company and HK Huafa entered into the 2020 Office Sharing Agreement to renew the 2018 Office Sharing Agreement for a term commencing from 1 January 2021 and ending on 30 November 2023 (both days inclusive).

LISTING RULES IMPLICATIONS

HK Huafa is an indirect controlling shareholder of the Company interested in approximately 36.88% of the total issued share capital of the Company. Therefore HK Huafa is a connected person of the Company pursuant to Chapter 14A the Listing Rules. Accordingly, the 2020 Office Sharing Agreement constitutes a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio calculated in respect of the proposed annual caps under the 2020 Office Sharing Agreement is more than 0.1% but less than 5%, such continuing connected transaction is only subject to the reporting, announcement and annual review requirements but is exempt from the circular (including independent financial advise) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

* For identification purpose only

INTRODUCTION

Reference is made to the announcement published by the Company on 10 July 2018 in relation to, among other things, the office sharing agreement dated 10 July 2018 entered into between the Company and HK Huafa. The 2018 Office Sharing Agreement will expire on 31 December 2020.

The Board hereby announces that, on 31 December 2020, the Company and HK Huafa entered into the 2020 Office Sharing Agreement to renew the 2018 Office Sharing Agreement for a term commencing from 1 January 2021 and ending on 30 November 2023 (both days inclusive).

2020 OFFICE SHARING AGREEMENT

The principal terms of the 2020 Office Sharing Agreement are set out as below:

Date

31 December 2020

Parties

- (i) the Company
- (ii) HK Huafa

The 2020 Office Sharing Agreement

HK Huafa is the tenant of the Office Space pursuant to the Tenancy Agreements entered into between the Landlord and HK Huafa for a combined term ending on 30 November 2023. Pursuant to the 2020 Office Sharing Agreement, HK Huafa has agreed to grant the Company the non-exclusive right to use designated areas of approximately 2,150 square feet of the Office Space in consideration of the Sharing Fees payable by the Company.

Term and termination

The 2020 Office Sharing Agreement shall take effect upon the fulfilment or waiver on or before 31 December 2020 or any other date to be determined by HK Huafa and the Company (as the case may be) of (i) the warranties given by HK Huafa and the Company in the 2020 Office Sharing Agreement being true, correct, accurate and not misleading; (ii) provision of evidence to the satisfaction of the Landlord proving the relationship between HK Huafa and the Company; (iii) due execution of a Deed of Indemnity by HK Huafa, the Company and the Landlord; (iv) the Tenancy Agreements not being terminated and the Landlord has not given any written or oral notice of such termination; and (v) all authorisation, registration, filing, confirmation, licenses, consents, permission and approvals required being obtained. The 2020 Office Sharing Agreement is for a term commencing from the Effective Date and ending on 30 November 2023. The 2020 Office Sharing Agreement shall be terminated immediately upon the Tenancy Agreements being terminated during their respective terms. Only items (i), (iii) and (v) above may be waived by HK Huafa and the Company (as appropriate) under the 2020 Office Sharing Agreement.

Price Determination

The rent payable by the Company pursuant to the 2020 Office Sharing Agreement was determined with reference to the rent, management fees, rates and all other miscellaneous costs payable by HK Huafa under the Tenancy Agreements and the approximately 2,150 square feet designated for sharing with the Company.

Payment

Unless otherwise agreed, the Sharing Fees are payable in full by the Company within thirty (30) Business Days after HK Huafa has rendered bills for such Sharing Fees.

Historical Transaction Amounts

During the period from 10 July 2018 to 31 December 2018 and for the years ended 31 December 2019 and 2020, the fees paid/payable by the Company were approximately HK\$1,196,000, HK\$3,783,000 and HK\$3,771,000, respectively.

Annual caps

The proposed annual caps for the Sharing Fees for the period from the Effective Date up to 30 November 2023 are set out below:

Year ending 31 December 2021 (HK\$)	Year ending 31 December 2022 (HK\$)	Period ending 30 November 2023 (HK\$)
5,000,000.00	5,000,000.00	4,600,000.00

In arriving at the above proposed annual caps, the Directors have taken into account the following factors:

- (a) total area of the Office Space;
- (b) total area of the Office Space designated for sharing with the Company; and
- (c) total rent, management fees, rates and all other miscellaneous costs paid by HK Huafa in respect of and in relation to the Office Space pursuant to the Tenancy Agreements.

Deeds of Indemnity

As required by the Landlord, HK Huafa, can only share the Office Space with the Company subject to the Company and HK Huafa entering into the Deed of Indemnity in favour of the Landlord. The Deed of Indemnity shall be in a form prescribed by the Landlord. Pursuant to the Deed of Indemnity, HK Huafa and the Company will jointly and severally indemnify the Landlord and keep the Landlord indemnified against all losses, damages, demands, suits, actions, proceedings, costs and expenses whatsoever brought against the Landlord in respect of or arising out of directly or indirectly the use and occupation of the Office Space by the Company. Notwithstanding the Deed of Indemnity and the 2020 Office Sharing Agreement, HK Huafa shall remain fully liable to the Landlord for all the obligation under the Tenancy Agreements as the tenant.

Reasons and benefits for entering into the 2020 Office Sharing Agreement

The Company is of the view that the 2020 Office Sharing Agreement will enable the Company to (i) secure sufficient office space without incurring substantial additional costs; (ii) avoid any unnecessary disruption to the operations of the Company; and (iii) minimise any unnecessary relocation costs.

Listing Rules implications

HK Huafa is an indirect controlling shareholder of the Company interested in approximately 36.88% of the total issued share capital of the Company. Therefore HK Huafa is a connected person of the Company pursuant to Chapter 14A the Listing Rules. Accordingly, the 2020 Office Sharing Agreement constitutes a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio calculated with reference to the annual caps for the 2020 Office Sharing Agreement is more than 0.1% but less than 5%, the transactions contemplated under the 2020 Office Sharing Agreement are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements, and are only subject to the annual review, reporting and announcement requirements. Further, as the Company is receiving financial assistance from HK Huafa pursuant to the Deeds of Indemnity which are conducted on normal commercial terms and not secured by assets of the Group, the Deeds of Indemnity are fully exempt pursuant to Rule 14A.90 of the Listing Rules.

INFORMATION ON THE PARTIES TO THE TRANSACTION

Information on the Group

The Company is an investment holding company, the principal business activities of the Group are the provision of (i) property management services in the PRC; and (ii) hotel management, hotel advisory and exhibition services in the PRC.

HK Huafa

HK Huafa is wholly owned by Zhuhai Huafa and an indirect controlling shareholder of the Company, interested in approximately 36.88% of the total issued share capital of the Company. HK Huafa is a company incorporated under the laws of Hong Kong with limited liability, the principal business of which is investment holding. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, HK Huafa is a connected person of the Company.

The Landlord

The Landlord is a company incorporated under the laws of Hong Kong with limited liability. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Landlord and the ultimate beneficial owner of the Landlord is a third party independent of the Company.

DEFINITIONS

“2018 Office Sharing Agreement”	the office sharing agreement dated 10 July 2018 entered into between the Company and HK Huafa;
“2020 Office Sharing Agreement”	the office sharing agreement dated 31 December 2020 entered into between the Company and HK Huafa;
“Board”	the board of directors of the Company;
“Business Days”	means a day (not being a Saturday or a public holiday under the General Holidays Ordinance (Chapter 149 of the laws of Hong Kong) or a day on which a typhoon signal number 8 or above or a “black” rainstorm warning is hoisted) on which banks are open from 9:00 a.m. to 5:00 p.m. for usual banking business in Hong Kong;
“Company”	HJ Capital (International) Holdings Company Limited (華金國際資本控股有限公司), a company incorporated under the laws of Bermuda with limited liability and the shares of which are listed and traded on SEHK (Stock code: 982);
“Deed of Indemnity”	the deed of indemnity in the prescribed form provided by the Landlord in connection with the Tenancy Agreements in order to allow HK Huafa to share certain area of approximately 2,150 square feet of the Office Space with the Company;

“Director(s)”	the director(s) of the Company;
“Effective Date”	the date on which all of the conditions set out under the 2020 Office Sharing Agreement have been fulfilled or waived by the parties thereto (as the case may be) which is currently expected to be on 1 January 2021;
“Group”	the Company and its subsidiaries;
“HK Huafa”	Hong Kong Huafa Investment Holdings Limited (香港華發投資控股有限公司), a company incorporated under the laws of Hong Kong with limited liability and a direct wholly-owned subsidiary of Zhuhai Huafa;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Landlord”	Turbo Top Limited, a company incorporated under the laws of Hong Kong with limited liability and an independent third party of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Office Space”	rooms 3601, 3603 and 3605, 36/F, Cheung Kong Center, 2 Queen’s Road Central, Central, Hong Kong;
“percentage ratios”	percentage ratios as defined under Rule 14.04, Rule 14.07 and Rule 14A.06 of the Listing Rules;
“PRC”	the People’s Republic of China;
“SEHK”	The Stock Exchange of Hong Kong Limited;
“Shares”	ordinary shares in the Company;
“Shareholder(s)”	the holder(s) of the Shares;
“Sharing Fees”	fees payable by HK Huafa under the 2020 Office Sharing Agreement;

“Tenancy Agreement I”	the tenancy agreement dated 1 February 2018 entered into between HK Huafa and the Landlord whereby the Landlord leases to HK Huafa (1) room 3601, 36/F, Cheung Kong Center, 2 Queen’s Road Central, Central, Hong Kong for a term commencing from 1 February 2018 and ending on 31 January 2021; and (2) room 3605, 36/F, Cheung Kong Center, 2 Queen’s Road Central, Central, Hong Kong for a term commencing from 1 March 2019 and ending on 31 January 2021;
“Tenancy Agreement II”	the tenancy agreement dated 10 December 2020 entered into between HK Huafa and the Landlord whereby the Landlord leases to HK Huafa (1) room 3601 and room 3605, 36/F, Cheung Kong Center, 2 Queen’s Road Central, Central, Hong Kong for a term commencing from 1 February 2021 and ending on 30 November 2023; and (2) room 3603, 36/F, Cheung Kong Center, 2 Queen’s Road Central, Central, Hong Kong for a term commencing from 1 December 2020 and ending on 30 November 2023;
“Tenancy Agreements”	Tenancy Agreement I and Tenancy Agreement II;
“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; and
“%”	per cent.

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

Hong Kong, 31 December 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. Zhou Youfen and Mr. Shong Hugo (all being Non-Executive Directors); Dr. Chen Jieping, Mr. Pu Yonghao and Mr. Guo Shihai (all being Independent Non-Executive Directors).