

Hong Kong Exchanges 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.



Liu Chong Hing Investment Limited

(Incorporated in Hong Kong with limited liability)

(Stock code: 00194)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF CHOENGMON REAL ESTATE COMPANY LIMITED

THE ACQUISITION

On 1 June 2021, the Purchasers entered into the Share Purchase Agreement with the Sellers in relation to the Acquisition, pursuant to which the Purchasers have conditionally agreed to acquire, and the Sellers have conditionally agreed to sell, the Sale Shares at the Purchase Price of THB2,480,000,000 (inclusive of the Shareholder Loans and the Bank Loan and subject to adjustment) subject to and upon, *inter alia*, the terms of the Share Purchase Agreement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceed 5%, but are less than 25%, the Acquisition contemplated under the Share Purchase Agreement constitutes a discloseable transaction for the Company and hence is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As Completion is subject to fulfilment of the Conditions Precedent and therefore may or may not proceed, the Shareholders and investors are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

On 1 June 2021, the Purchasers, indirect wholly-owned subsidiaries of the Company, entered into the Share Purchase Agreement with the Sellers in relation to the Acquisition. Pursuant to the Share Purchase Agreement, the Sellers conditionally agreed to sell, and the Purchasers conditionally agreed to purchase, the Sale Shares at the Purchase Price of THB2,480,000,000 (inclusive of the Shareholder Loans and the Bank Loan and subject to adjustment set out in the Share Purchase Agreement).

SHARE PURCHASE AGREEMENT

Set out below are the principal terms of the Share Purchase Agreement:

Date	1 June 2021
Parties	(1) the Sellers (2) the Purchasers

Assets to be Acquired

The Sale Shares represent the entire issued share capital of the Target Company. As detailed below, the principal asset to be acquired is the 100% interest in the registered capital of the Target Company, which is the owner of the Property and its main business is to acquire the Land and to construct the Resort thereon for future hotel operation.

The Land, held under a freehold (chanote) land title deed, is located at the northeastern Koh Samui District in Thailand with other world-renowned resorts in the area, with approximately 10-minute drive from the Samui International Airport.

The total area of the Land amounts to approximately 29,588 square metres and the clusters of buildings on the Land have a total area of over 19,421 square metres, over 10,000 square metres of which is reserved for various one or three-storey pool villas and suites including 138 guestrooms, the remaining areas being supporting facilities including, *inter alia*, restaurants, fitness centre and yoga studio, kids club, multi-purpose space to accommodate weddings or executive meetings and car parking spaces.

Construction of the Resort is substantially completed, and the Hotel Opening Date is expected to be the end of 2021. Upon completion of construction, the Resort is expected to be a five star quality beachfront resort at Choengmon Beach of Koh Samui District in Thailand.

Allocation of Sale Shares

Subject to the Conditions Precedent being satisfied or waived, the Sellers shall sell and transfer to the Purchasers, and the Purchasers shall purchase and accept from the Sellers, all of such right, title and interest in and to those of the Sale Shares as set out below at Completion:

Sellers	Purchasers	Sale Shares
Seabridge	Premium Access	20,000,000 preference shares
NYE	Premium Access	20,000,000 ordinary shares
NYE	Real Epic	4,999 ordinary shares
PN	Real Epic	1 ordinary share
SC	Great Essential	5,000 preference shares

Purchase Price and Payment Terms

The Purchase Price is THB2,480,000,000 (inclusive of the Shareholder Loans and the Bank Loan and subject to adjustment) and the payment terms as follows pursuant to the terms of the Share Purchase Agreement:

- (a) a deposit in the amount of THB496,000,000 being paid by the Purchasers to the Sellers which shall form part payment of the Purchase Price on the date of the Share Purchase Agreement; and
- (b) an amount equal to the remaining balance of the Purchase Price shall be paid by the Purchasers to the Sellers on Completion subject to adjustment as set out in the terms of the Share Purchase Agreement.

The Purchase Price has been agreed upon arm's length negotiations between the parties to the Share Purchase Agreement, taken into account the valuation of the Resort as well as the potential benefit for the Group as a result of the Acquisition. The Purchase Price will be satisfied from the Group's internal resources. The Directors (including the independent non-executive Directors) consider the Purchase Price to be fair and reasonable.

Conditions Precedent

Completion is subject to the fulfilment or waiver (as the case may be) of the following conditions:

- (a) the Purchasers' warranties as set out in the Share Purchase Agreement being true and correct in all material respects;
- (b) the Sellers' warranties as set out in the Share Purchase Agreement being true and correct in all material respects;
- (c) the Target Company having received the amended and updated BOI Certificate issued by the Board of Investment of Thailand and the amended Foreign Business Certificate issued to the Target Company satisfying the conditions as set out in the Share Purchase Agreement;
- (d) the Target Company having obtained all the requisite material licenses required for its hotel business as set out in the Share Purchase Agreement and such licenses being unconditional, effective and valid;
- (e) the Sellers having delivered to the Purchasers copies of the full and complete testing & commissioning reports, the warranty documents and full operational maintenance manual documents;
- (f) the Target Company having confirmed the Hotel Opening Date;
- (g) the Target Company having obtained the required third-party consents under the contracts to which the Target Company is a party for its change of control;

- (h) there being no claims or disputes affecting the rights and interests of the Resort, the Land, the Target Company or the Sellers' right to sell the Sale Shares, and the existing dispute having no effect on the same;
- (i) all intercompany loans or indebtedness owing immediately before Completion between the Target Company and any member of the Sellers' group being either released, written off or assigned to the satisfaction of the Purchasers; and
- (j) registration of the License Agreement entered into between the Target Company and the group company of the Hotel Manager dated 2 April 2021 having been duly submitted to the Department of Intellectual Property of Thailand with receipt of such submission provided to the Purchasers.

Completion

Subject to the Purchasers being given at least eight weeks written notice to confirm the Hotel Opening Date, Completion shall take place on the date that is (i) at least seven calendar days prior to the Hotel Opening Date; (ii) at least three Business Days after the Conditions Precedent have been fulfilled or waived; and (iii) no later than the Long Stop Date (unless extended on mutual agreement) and the parties to the Share Purchase Agreement anticipate that Completion of the Acquisition shall take place on 1 November 2021.

INFORMATION ON THE TARGET COMPANY, THE PURCHASERS AND THE GROUP

The Target Company was established in Thailand on 27 October 2015 and its main business is to acquire the Land and to construct the Resort thereon for future hotel operation. The Target Company has a paid-up registered capital of THB400,100,000.

The following table sets forth a summary of the audited financial results of the Target Company for the two years ended 31 December 2020, which is prepared in accordance with the Thai Financial Reporting Standards for Non-Publicly Accountable Entities:

	For the Year Ended 31 December	
	2020	2019
	<i>THB</i>	<i>THB</i>
Loss before tax	(3,890,954)	(2,277,654)
Loss after tax	(3,890,954)	(2,277,654)

As at 31 December 2020, the audited net assets and total assets of the Target Company are THB382,613,949 and THB2,112,548,092 respectively.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Target Company and its ultimate beneficial owners are Independent Third Parties of and not connected with the Company or any of its subsidiaries and its connected persons (as defined under the Listing Rules) as at the date of this announcement.

The Purchasers are each an indirect wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability for the purpose of the Acquisition.

The Group is principally engaged in property investment, property development, hospitality services and investment holding.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has a diversified portfolio of businesses including, among other things, property development and investment.

The Board considers that the Acquisition is a good investment opportunity for the Group to continue its strategies to diversify investments and to enhance its exposure and experience in international hospitality, with a view of optimism towards tourism in Thailand post-pandemic, which is beneficial for the continuous and stable growth of the Group's property development and investment business.

The Board further considers that the terms and conditions of the Acquisition as well as the Share Purchase Agreement are of normal commercial terms, fair and reasonable, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition under the Listing Rules exceed 5% but are less than 25%, the Acquisition contemplated under the Share Purchase Agreement constitutes a discloseable transaction for the Company and hence is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares subject to such terms and conditions as set out in the Share Purchase Agreement
“Bank Loan”	collectively the loans and any accrued interest thereof, outstanding as of Completion, of the loan agreement dated 19 October 2016, the soft loan agreement No. L828/011015/2564 dated 1 March 2021, and the soft loan agreement No. L828/011672/2564 dated 26 March 2021, including all of their respective appendices, amendments and supplements which form part of the finance documents between the Target Company and Kasikornbank Public Company Limited
“Board”	the board of Directors of the Company

“Business Days”	a day other than a Saturday, Sunday or public holiday on which commercial banks are generally open for normal business in Thailand and Hong Kong
“Company”	Liu Chong Hing Investment Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition
“Conditions Precedent”	the conditions precedent to Completion
“Directors”	the directors of the Company
“Great Essential”	Great Essential Holdings Limited, a company incorporated in the British Virgin Islands with company number 2060969, an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Hotel Manager”	the hotel manager of the Resort for the time being
“Hotel Opening Date”	the hotel opening date of the Resort as confirmed by the Hotel Manager in accordance with the hotel management agreement between the Target Company and the Hotel Manager dated 2 April 2021 (including its first side deed dated 2 April 2021 and the letter of undertaking executed by NYE and Seabridge dated 2 April 2021)
“Independent Third Parties”	any persons or companies and their respective ultimate beneficial owners whom, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the Listing Rules
“Land”	the land under land title deed (Chanote) no. 17211, land no. 32, survey page 2640, located at Bophut Sub-district, Koh Samui District, Surat Thani Province, Thailand
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	the date falling on the 18th month from the date of the Share Purchase Agreement
“NYE”	NYE Estate Co., Ltd., a company incorporated in Thailand, being one of the Sellers
“PN”	Mrs. Pachara Nithivasin, a Thai citizen, being one of the Sellers
“Premium Access”	Premium Access International Limited, a company incorporated in the British Virgin Islands with company number 2039166, an indirect wholly-owned subsidiary of the Company
“Property”	the Land and the Resort collectively
“Purchase Price”	the purchase price payable by the Purchasers to the Sellers for the sale and purchase of the Sale Shares pursuant to the Share Purchase Agreement
“Purchasers”	Great Essential, Premium Access and Real Epic collectively
“Real Epic”	Real Epic Holdings Limited, a company incorporated in the British Virgin Islands with company number 2060986, an indirect wholly-owned subsidiary of the Company
“Resort”	a 138-guestroom international five star quality resort and the relevant revenue generating facilities comprising of all buildings, structures and other improvements owned and developed by the Target Company which are located on or affixed to the Land
“Sale Shares”	20,005,000 ordinary shares and 20,005,000 preference shares, totaling 40,010,000 issued shares in the Target Company
“SC”	Mr. Soravit Chairroj, a Thai citizen, being one of the Sellers
“Seabridge”	SBPS Mauritius Limited, a company incorporated in Mauritius, being one of the Sellers
“Sellers”	NYE, PN, SC and Seabridge collectively
“Shareholders”	holders of the Shares
“Shareholder Loans”	all of the outstanding loans (including in the form of promissory notes) granted to the Target Company by its Shareholders and their affiliates with accrued interest, owed by the Target Company to the Sellers and their affiliates

“Shares”	ordinary shares in the share capital of the Company
“Share Purchase Agreement”	the agreement entered into between the Sellers and the Purchasers dated 1 June 2021 for, among other things, the sale and purchase of the Sale Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Choengmon Real Estate Company Limited, a company incorporated in Thailand with company registration number 0105558172028
“Thailand”	the Kingdom of Thailand
“THB”	Thai Bahts, the lawful currency of Thailand
“%”	per cent

By Order of the Board
Liu Chong Hing Investment Limited
Liu Kam Fai, Winston
Deputy Managing Director

Hong Kong, 1 June 2021

As at the date of this announcement, the Board of Directors comprises the following Executive Directors: Mr. Liu Lit Chi (Chairman, Managing Director and Chief Executive Officer), Mr. Liu Kam Fai, Winston (Deputy Managing Director) and Mr. Lee Wai Hung; the following Non-executive Director: Mr. Kho Eng Tjoan, Christopher; and the following Independent Non-executive Directors: Dr. Cheng Mo Chi, Moses, Mr. Au Kam Yuen, Arthur, Dr. Ma Hung Ming, John, Mr. Cheng Yuk Wo and Mr. Tong Tsun Sum, Eric.

This announcement is published on the website of the Company www.lchi.com.hk and the designated issuer website of the Stock Exchange www.hkexnews.hk.