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東方企控集團有限公司

ORIENTAL ENTERPRISE HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 18)

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF PROPERTIES

SALE AND PURCHASE AGREEMENTS

On 21 January 2022, the Vendor, a wholly-owned subsidiary of the Company, entered into the SPA with the Purchaser, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Properties at an aggregate consideration of AUD38,000,000 (approximately HK\$212,960,000).

LISTING RULES IMPLICATIONS

As some of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

The Purchaser is a connected person of the Company as it is wholly-owned by Mr. Alexander MA, a director of the Vendor. The Disposal therefore constitutes a connected transaction for the Company under the Listing Rules and is subject to Independent Shareholders' approval.

An independent board committee of the Company comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the SPA and the Disposal are fair and reasonable and in the interest of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the General Meeting. Emperor Capital Limited has been appointed as the independent financial adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this respect.

GENERAL

The General Meeting will be convened for the purpose of considering and, if thought fit, approving the SPA and the Disposal. For good corporate governance, the Chairman and the Vice Chairman, both being uncles of Mr. Alexander MA, and their respective associates will abstain from voting on the resolution approving the SPA and the Disposal. Save as aforesaid, to the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, no other Shareholders are materially interested in the Disposal who are required to abstain from voting on the resolution to be proposed at the General Meeting.

A circular containing, among other things, details of the SPA and the Disposal, and other information as required by the Listing Rules, together with the notice convening the General Meeting and the proxy form will be despatched to the Shareholders. In view of the intervening Chinese New Year holiday, it is expected that the circular will be despatched to the Shareholders on or before 28 February 2022.

As completion of the Disposal is subject to satisfaction of the conditions precedent set out in the SPA and may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

On 21 January 2022, the Vendor, a wholly-owned subsidiary of the Company, entered into the SPA with the Purchaser, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Properties at an aggregate consideration of AUD38,000,000 (approximately HK\$212,960,000).

SALE AND PURCHASE AGREEMENTS

The principal terms of the SPA are set out below:

Date: 21 January 2022

Parties: Vendor: ORO Group Pty Ltd., a wholly-owned subsidiary of the Company.

Purchaser: Bayside Pacific Developments Pty Ltd., a company wholly-owned by Mr. Alexander MA, a director of the Vendor and a nephew of the Chairman and the Vice Chairman. The Purchaser is a property investment company and Mr. Alexander MA is a businessman whose principal business focus is property investment in Australia at the moment.

Properties: Collectively,

- (i) a 2-storey commercial and retail building located at 2 Short Street, Double Bay, New South Wales, Australia, with a net lettable area of approximately 770 sq. m.;
- (ii) a 2-storey commercial and retail building located at 29, 31 and 33 Bay Street, Double Bay, New South Wales, Australia, with a net lettable area of approximately 674 sq. m.; and
- (iii) a 2-storey commercial and retail building located at 35, 37 and 39 Bay Street, Double Bay, New South Wales, Australia, with a net lettable area of approximately 773.8 sq. m.

The Properties are fully leased to various tenants as at the date hereof. The average monthly rental income generated by the Properties for period from 1 April 2021 to 30 September 2021 was AUD161,000 (approximately HK\$902,000) plus GST. The latest lease expiry date is August 2025.

Consideration: The aggregate consideration for the purchase of the Properties is AUD38,000,000 (approximately HK\$212,960,000) and is payable by the Purchaser to the Vendor in the following manner:

- (i) a sum of AUD3,800,000 (approximately HK\$21,296,000), representing 10% of the consideration was paid on signing of the SPA; and
- (ii) the balance of AUD34,200,000 (approximately HK\$191,664,000) shall be paid upon completion of the SPA.

The consideration was determined on the basis of normal commercial terms and after arm's length negotiation between the Vendor and the Purchaser with reference to the preliminary valuation of the Properties of AUD35,900,000 (approximately HK\$201,191,000) as at 31 December 2021 conducted by an independent property valuer.

Conditions precedent: Completion of the Disposal is conditional on (i) the approval of the Independent Shareholders having been obtained in respect of the entering into of the SPA and the Disposal within three months from the date of the SPA; and (ii) sale and purchase of all the Properties taking place simultaneously.

If the Independent Shareholders approval is not obtained within three months from the date of the SPA, the Vendor shall have the right to terminate the SPA and no party shall have any liability towards the other under the SPA after refund of the deposit to the Purchaser.

Completion: Subject to satisfaction of the conditions set out above, completion of the SPA shall take place within three months from the date of the SPA.

FINANCIAL EFFECTS OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS

The carrying amount of the Properties as at 31 March 2021 was approximately AUD35,072,000 (approximately HK\$196,551,000). Based on the consideration of AUD38,000,000 (approximately HK\$212,960,000) and the associated estimated direct cost and other relevant expenses and taxes of the Disposal of approximately AUD1,384,000 (approximately HK\$7,756,000), the Group is expected to record a gain on the Disposal of approximately AUD1,544,000 (approximately HK\$8,653,000). The exact amount of gain on the Disposal to be recorded in the consolidated financial statements of the Group for the year ending 31 March 2022 is subject to audit. It will be calculated based on the net book value of the Properties as at the date of completion of the Disposal, net of any incidental expenses, and therefore may differ from the estimated amount of gain set out above.

The net profit/(loss) of the Vendor (which principal business is holding and leasing of the Properties) for each of the year ended 31 March 2020 and 31 March 2021 are set out below:

	For the year ended 31 March			
	2021		2020	
	AUD	HK\$	AUD	HK\$
		(approximately)		(approximately)
(a) Net profit/(loss) before tax	2,392,000	13,405,000	(4,435,000)	(24,855,000)
(b) Net profit/(loss) after tax	1,657,000	9,286,000	(3,288,000)	(18,427,000)

As part of the use of proceeds and return to the Shareholders, subject to completion of the Disposal, the Board will consider to pay a special dividend to the Shareholders. The remaining net proceeds are intended to be used for general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company and is the holding company of the Group. The Group is principally engaged in publication of newspapers, money lending and property investment businesses. The Vendor is a wholly-owned subsidiary of the Company and is principally engaged in the business of property investment in Australia.

While the Properties are fully leased out at the moment, the rental income was adversely affected as a result of the anti-pandemic policies of the local government. The average monthly rental income attributable to the Properties dropped from approximately AUD169,000 (approximately HK\$947,000) plus GST for the year ended 31 March 2020 to AUD141,000 (approximately HK\$790,000) plus GST (after deducting statutory concession) for the year ended 31 March 2021. Despite the fluctuation in the rental market and the uncertainty of the anti-pandemic policies of the local government, the value of the Properties has appreciated, benefitting from the booming Australian real estate market in the past few years. The Properties were acquired by the Group between 2005 and 2012 at the total acquisition cost of approximately AUD25,583,000 (approximately HK\$143,372,000). The consideration under the SPA represents a premium of approximately AUD12,417,000 (approximately HK\$69,588,000) above the acquisition cost. The Disposal gives the Group a good opportunity to realise the capital gain in the investment and also enables the Company to share the return with the Shareholders.

The Directors (excluding the independent non-executive Directors, who will express their opinion after considering the advice of the independent financial adviser) are of the view that the terms of the SPA, which have been agreed after arm's length negotiations, are on normal commercial terms or better and such terms are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As some of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

The Purchaser is a connected person of the Company as it is wholly-owned by Mr. Alexander MA, a director of the Vendor. The Disposal therefore constitutes a connected transaction for the Company under the Listing Rules and is subject to Independent Shareholders' approval.

An independent board committee of the Company comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the SPA and the Disposal are fair and reasonable and in the interest of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the General Meeting. Emperor Capital Limited has been appointed as the independent financial adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this respect.

GENERAL

The General Meeting will be convened for the purpose of considering and, if thought fit, approving the SPA and the Disposal. For good corporate governance, the Chairman and the Vice Chairman, both being uncles of Mr. Alexander MA, and their respective associates, which together hold 1,793,637,284 Shares as at the date of this announcement (representing approximately 74.8% of the entire issued share capital of the Company), will abstain from voting on the resolution approving the SPA and the Disposal. Save as aforesaid, to the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, no other Shareholders are materially interested in the Disposal who are required to abstain from voting on the resolution to be proposed at the General Meeting.

A circular containing, among other things, details of the SPA and the Disposal, and other information as required under the Listing Rules together with the notice convening the General Meeting and the proxy form will be despatched to the Shareholders. In view of the intervening Chinese New Year holiday, it is expected that the circular will be despatched to the Shareholders on or before 28 February 2022.

As completion of the Disposal is subject to satisfaction of the conditions precedent set out in the SPA and may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AUD”	Australian dollars, the lawful currency of Australia
“Board”	the board of the Directors
“Chairman”	Mr. Ching-fat MA, the Chairman of the Board and an executive Director
“Company”	Oriental Enterprise Holdings Limited, a company incorporated in Hong Kong with limited liability which shares are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Disposal”	the disposal of the Properties pursuant to the SPA
“Director(s)”	the director(s) of the Company
“General Meeting”	the general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the SPA and the Disposal

“Group”	the Company and its subsidiaries
“GST”	tax imposed on goods and services sold or consumed in Australia
“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
“Independent Board Committee”	an independent Board committee comprising Mr. Yau-nam CHAM, Mr. Ping-wing PAO and Mr. Yat-fai LAM (all of whom are independent non-executive Directors) to advise the Independent Shareholders in relation to the SPA and the Disposal
“Independent Shareholders”	Shareholders other than the Chairman, the Vice Chairman and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Properties”	three commercial and retail buildings in Australia owned by the Vendor, which details are set out in the section headed “Sale and Purchase Agreements” in this announcement
“Purchaser”	Bayside Pacific Developments Pty Ltd., a company incorporated in Australia with limited liability and wholly-owned by Mr. Alexander MA
“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“SPA”	three sale and purchase agreements, all dated 21 January 2022, entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Properties
“sq. m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	ORO Group Pty Ltd., a company incorporated in Australia with limited liability and a wholly-owned subsidiary of the Company
“Vice Chairman”	Mr. King-ho MA, the Vice Chairman of the Board and an executive Director
“%”	per cent

By order of the Board
Oriental Enterprise Holdings Limited
Ching-fat MA
Chairman

Hong Kong, 21 January 2022

As at the date hereof, the Board comprises seven Directors, of which three are executive Directors, namely Mr. Ching-fat MA (Chairman), Mr. King-ho MA (Vice Chairman) and Mr. Shun-chuen LAM (Chief Executive Officer), one non-executive Director, namely Mr. Dominic LAI and three independent non-executive Directors, namely Mr. Yau-nam CHAM, Mr. Ping-wing PAO and Mr. Yat-fai LAM.

For the purpose of this announcement, the translation of AUD into HK\$ is based on the approximate exchange rate of AUD1.00 = HK\$5.6042. Such translation should not be construed as a representation that the amount in question has been, could have been or could be converted at any exchange rate or at all.