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**恒基兆業發展有限公司**  
**HENDERSON INVESTMENT LIMITED**  
Incorporated in Hong Kong with limited liability  
(Stock Code : 97)

## **MAJOR TRANSACTION**

### **OFFER TO LEASE**

The Board is pleased to announce that on 28 January 2022, Unicorn (being a wholly-owned subsidiary of the Company) as tenant received the Offer to Lease, accepted by the Landlord as landlord, in respect of the leasing of the Premises for a term of 96 months commencing on and from 1 March 2022. The Premises is occupied by Unicorn for operating Unicorn's department store cum supermarket in the name of "APITA" under the Existing Tenancy Agreement which will expire on 28 February 2022.

In accordance with HKFRS 16, the Group is required to recognise the fixed basic rent payments for the whole period under the Offer to Lease as a right-of-use asset in relation to the Premises in its consolidated statement of financial position. Accordingly, the entering into of the Offer to Lease is regarded as an acquisition of asset by the Group under the Listing Rules. The value of the right-of-use asset recognised by the Group under the Offer to Lease amounted to approximately HK\$485 million.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the acquisition of right-of-use asset under the Offer to Lease is 25% or more but are all less than 100%, the entering into of the Offer to Lease constitutes a major transaction of the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Offer to Lease. The Company has obtained a written approval from the Closely Allied Group (which holds in aggregate approximately 69.27% of the total issued Shares) on the Offer to Lease and the transaction contemplated thereunder. Accordingly, pursuant to Rule 14.44 of the Listing Rules, no general meeting of the Company will be convened for the purpose of approving the Offer to Lease.

A circular containing, among other things, further information on the Offer to Lease and the transaction contemplated thereunder will be despatched to the Shareholders on or before 23 February 2022.

## INTRODUCTION

The Board is pleased to announce that on 28 January 2022, Unicorn (being a wholly-owned subsidiary of the Company) as tenant received the Offer to Lease, accepted by the Landlord as landlord, in respect of the leasing of the Premises for a term of 96 months commencing on and from 1 March 2022. The Premises is occupied by Unicorn for operating Unicorn's department store cum supermarket in the name of "APITA" under the Existing Tenancy Agreement which will expire on 28 February 2022.

## OFFER TO LEASE

The principal terms of the Offer to Lease are summarized as follows:

- Parties** : Landlord (as landlord); and  
Unicorn (as tenant).
- Date** : 28 January 2022.
- Premises** : All those portions of the first basement to ground floor of the retail and shopping center and podium known as Cityplaza forming part of the entire development of the commercial center located at Taikoo Shing, Hong Kong Island with a total lettable area of approximately 118,691 square feet.
- Term** : 96 months commencing on and from 1 March 2022 (the "Term").
- Basic rent** : From 1 March 2022 and ending on 28 February 2023, the total basic rent per calendar month is HK\$5,872,350. From 1 March 2023 and ending on 28 February 2026, the total basic rent per calendar month is HK\$6,224,690. From 1 March 2026 and ending on 28 February 2030, the total basic rent per calendar month is HK\$6,598,170.
- Turnover rent** : The amount (if any) by which 7% and 10% of the Gross Takings of the first basement and the ground floor of the Premises respectively in aggregate in any calendar year exceeds the basic rent for the respective first basement and ground floor for that calendar year.
- Other charges** : Other charges, including chilled water charge, service charge, promotional levy and refuse compactor charge, payable to the Landlord for the entire Term amounted to a total of approximately HK\$235 million, but they are subject to review from time to time (but not more than once each in a calendar year). The Tenant is also responsible for payment of Government rates and other outgoings of an annual or recurring nature attributable to the Premises.

**Payment terms** : The basic rent and other charges shall be paid in advance on the first day of each calendar month.

The turnover rent calculated based on the Gross Takings in a month (if any) shall be paid in arrears by the 15th day of the immediately following month, and reconciled after the end of each calendar year.

**Deposit** : HK\$19,625,126, subject to increase from time to time to a sum equal to two months' basic rent, rates, chilled water charge, service charge and promotional levy at the highest ascertainable rates payable by Unicorn during the Term.

**Rent free period** : A rent free period is granted such that rent (including both basic rent and turnover rent), chilled water charge, service charge and promotional levy will only commence to be payable on 1 June 2022. Government rates and all other outgoings payable by Unicorn will commence to be payable on commencement of the Term.

**Restriction against alienation** : Unicorn shall not assign, underlet or otherwise part with the possession of the Premises or any part thereof whether by way of subletting, lending, sharing or other means without the Landlord's approval, failing which the Tenancy Agreement will be terminated. Takeover, reconstruction, amalgamation, merger, voluntary liquidation or change in the person or persons who owns or own a majority of the voting shares or who otherwise has or have effective control of Unicorn are deemed to be breaches of such restriction.

**Tenancy Agreement** : The Landlord and Unicorn shall enter into a formal tenancy agreement of the Premises (the "**Tenancy Agreement**") on or before 18 March 2022 (or such other date as may be agreed by them). If the Landlord and Unicorn fail to enter into the Tenancy Agreement, the Offer to Lease shall remain binding and in full force and effect and the Landlord and Unicorn shall continue to fulfill their respective obligations as stipulated in the Offer to Lease.

The consideration payable under the Offer to Lease was determined after arm's length negotiations between Unicorn and the Landlord with reference to the prevailing market rent of comparable properties, market rent valuation of the Premises performed by an independent property valuer and the rent and other charges payable under the Existing Tenancy Agreement, and will be satisfied by internal resources of the Group.

## **INFORMATION ON THE PARTIES**

The Company is an investment holding company and the principal business activities of its subsidiaries are investment holding, and supermarket and department store operation.

The principal business activity of Unicorn is the operation of supermarkets and department stores in the name of “UNY” and “APITA”.

The Landlord is a wholly-owned subsidiary of Swire Properties Limited, which is a company listed on the Main Board of the Stock Exchange (stock code: 1972). The principal business activity of the Landlord is property investment.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Landlord and its ultimate beneficial owner are third parties independent of the Company and connected persons (as defined in Chapter 14A of the Listing Rules) of the Company.

## **REASONS FOR AND BENEFITS OF THE OFFER TO LEASE**

Unicorn, which was acquired by the Group in May 2018, has been operating the department store cum supermarket in the name of “APITA” at Cityplaza, Taikoo Shing, Hong Kong Island for decades. The Board considers that it is in the commercial interest of the Group to enter into the Offer to Lease so as to continue the operation of the “APITA” store at Cityplaza and maintain the Group’s scale of operations.

The Directors believe that the terms of the Offer to Lease and the transaction contemplated thereunder are fair and reasonable and in the interests of the Shareholders as a whole.

## **ACCOUNTING TREATMENT AND LISTING RULES IMPLICATIONS**

In accordance with HKFRS 16, the Group is required to recognise the fixed basic rent payments for the whole period under the Offer to Lease as a right-of-use asset in relation to the Premises in its consolidated statement of financial position. Accordingly, the entering into of the Offer to Lease is regarded as an acquisition of asset by the Group under the Listing Rules. The value of the right-of-use asset recognised by the Group under the Offer to Lease amounted to approximately HK\$485 million, which has been initially measured on the basis of the discounted present value of the aggregate of such fixed lease payments payable throughout the entire Term by the Group under the Offer to Lease.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the acquisition of right-of-use asset under the Offer to Lease is 25% or more but are all less than 100%, the entering into of the Offer to Lease constitutes a major transaction of the Company and is therefore subject to the reporting,

announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting if (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the transaction under the Offer to Lease; and (ii) written approval has been obtained from a Shareholder who holds or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting of the Company to approve such transaction.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Offer to Lease. As such, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Offer to Lease and the transaction contemplated thereunder.

Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited, Gainwise Investment Limited and Darnman Investment Limited (all being wholly-owned subsidiaries of HLD) and (where applicable) their respective nominees (collectively, "**Closely Allied Group**"), together hold 2,110,868,943 Shares, representing approximately 69.27% of the total issued Shares having the right to attend and vote at a general meeting of the Company, details of which are set out below:

<u>Name of beneficial owners</u>	<u>Name of registered owners</u>	<u>No. of Shares</u>
Banshing Investment Limited	Banshing Investment Limited	843,249,284
Markshing Investment Limited	Markshing Investment Limited	342,705,418
	Arsenton Nominees Limited	259,693,000
Covite Investment Limited	Covite Investment Limited	363,328,900
Gainwise Investment Limited	Gainwise Investment Limited	167,750,000
	Superb Nominees Limited	49,500,000
Darnman Investment Limited	Darnman Investment Limited	34,955,000
	Superb Nominees Limited	49,687,341
	Total:	<u>2,110,868,943</u>

The Company has obtained a written approval from the Closely Allied Group on the Offer to Lease and the transaction contemplated thereunder in lieu of holding a general meeting of the Company. Accordingly, pursuant to Rule 14.44 of the Listing Rules, no general meeting of the Company will be convened for the purpose of approving the Offer to Lease and the transaction contemplated thereunder.

A circular containing, among other things, further information on the Offer to Lease and the transaction contemplated thereunder will be despatched to the Shareholders on or before 23 February 2022.

## DEFINITIONS

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

“Board”	the board of Directors;
“Closely Allied Group”	has the meaning as ascribed thereto in the section headed “ACCOUNTING TREATMENT AND LISTING RULES IMPLICATIONS” of this announcement;
“Company”	Henderson Investment Limited (恒基兆業發展有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 97);
“Director(s)”	the director(s) of the Company;
“Existing Tenancy Agreement”	the tenancy agreement dated 27 June 2013 entered into between Unicorn as tenant and the Landlord as landlord in respect of the leasing of the Premises for a term of 96 months commenced on 1 March 2014, as supplemented by the memorandum of agreement dated 16 November 2017;
“Government”	the government of Hong Kong;
“Gross Takings”	the gross amount without deduction of all sums billed or received from all sources in the course of Unicorn’s business conducted on or from the Premises;
“Group”	the Company and its subsidiaries;
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HLD”	Henderson Land Development Company Limited (恒基兆業地產有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 12) and being an intermediate holding company of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

“Landlord”	Cityplaza Holdings Limited (太古城中心控股有限公司), a company incorporated in Hong Kong with limited liability;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Offer to Lease”	the offer to lease issued by Unicorn as tenant and accepted by the Landlord as landlord on 28 January 2022 in respect of the leasing of the Premises for a term of 96 months commencing on and from 1 March 2022;
“Premises”	all those portions of the first basement to ground floor of the retail and shopping center and podium known as Cityplaza forming part of the entire development of the commercial center located at Taikoo Shing, Hong Kong Island;
“Shareholder”	holder of Share(s);
“Share(s)”	the share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tenancy Agreement”	has the meaning as ascribed thereto in the section headed “OFFER TO LEASE” of this announcement;
“Term”	has the meaning as ascribed thereto in the section headed “OFFER TO LEASE” of this announcement;
“Unicorn”	Unicorn Stores (HK) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company; and
“%”	per cent.

By Order of the Board  
**Timon LIU Cheung Yuen**  
*Company Secretary*

Hong Kong, 28 January 2022

*As at the date of this announcement, the Board comprises: (1) executive directors: Lee Ka Shing (Chairman and Managing Director), Lee Ka Kit, Lam Ko Yin, Colin and Li Ning; and (2) independent non-executive directors: Kwong Che Keung, Gordon, Ko Ping Keung, Wu King Cheong and Au Siu Kee, Alexander.*