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# **Liu Chong Hing Investment Limited**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 00194)**

## **DISCLOSEABLE TRANSACTION**

### **ACQUISITION OF PROPERTY LOCATED AT BARRATT HOUSE, 341–349 OXFORD STREET, LONDON W1**

#### **THE ACQUISITION**

The Board is pleased to announce that on 6 April 2023, the Purchasers, each being an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Sellers to acquire the Sale Interests, comprising, *inter alia*, (i) the entire issued units in the Unit Trust which acting through its Trustee, indirectly through the Partnership, holds the beneficial ownership of the Property; and (ii) the entire issued shares of Nominee One and Nominee Two, which hold the legal ownership of the Property, for a Consideration of approximately GBP44,000,000 (equivalent to approximately HK\$426,800,000). Closing took place on 6 April 2023, immediately following the entering into of the Sale and Purchase Agreement.

#### **LISTING RULES IMPLICATIONS**

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

#### **THE ACQUISITION**

The Board is pleased to announce that on 6 April 2023, the Purchasers, each being an indirect wholly-owned subsidiary of the Company, purchased from the Sellers the Sale Interests, comprising, *inter alia*, (i) the entire issued units in the Unit Trust which acting through its Trustee, indirectly through the Partnership, holds the beneficial ownership of the Property; and (ii) the entire issued shares of Nominee One and Nominee Two, which hold the legal ownership of the Property, for a Consideration of approximately GBP44,000,000 (equivalent to approximately HK\$426,800,000).

On Closing, the Purchasers have paid the Sellers in one lump sum in cash approximately GBP44,000,000 (equivalent to approximately HK\$426,800,000), being the Estimated NAV of the Target Group immediately prior to Closing as shown in the Estimated NAV Statement plus the nominal value for the Sale Shares. The Consideration was satisfied from the Group's internal resources.

## **The Property**

The Property, held on 4 separate long absolute leasehold titles with approximately 1,872 years unexpired, is located at Barratt House 341–349 Oxford Street, London W1, United Kingdom. The Property occupies a prominent corner position to the west of Oxford Circus, on the south side of the street, in close proximity to the junction with New Bond Street and at the northern edge of Mayfair. The Property situates amongst a number of large scale redevelopments on Oxford Street in London.

The total area of the seven-floored Property with basement, ground, and five upper floors amounts to 16,200 square feet of retail, leisure/pub and office accommodation, comprising 6,052 square feet of retail units, 1,904 square feet of public house units over basement, ground and first floors and 8,244 square feet of refurbished offices on four upper floors. It is a tenanted-commercial building and fully let to seven tenants who are Independent Third Parties as at Closing. Total gross rent from the Property for the two years ended 31 December 2021 and 31 December 2022 were GBP2,105,000 (equivalent to approximately HK\$20,418,500) and GBP2,455,000 (equivalent to approximately HK\$23,814,000) respectively. The market value of the Property was valued at GBP44,600,000 (equivalent to approximately HK\$432,620,000) as at 2 March 2023 by an independent valuer Cushman & Wakefield Debenham Tie Leung Limited, which made reference to the market rent and market value of comparable properties in the market.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Company has been focused on developing its property portfolio in Hong Kong and in mainland China, but is also very willing to expand its sphere of activities in different geographical region. It is the Group's strategy to review and optimise its property portfolio from time to time with a view to achieving the greatest value for its shareholders.

The Group has a diversified portfolio of businesses including, among other things, property investment, property development, investment holding and hotel operations. The Acquisition is an excellent opportunity for the Company to acquire a high quality commercial property at a prime location in the London Mayfair with a stable rental income.

With a view of optimism towards the global economic recovery post-pandemic, the Board considers the Acquisition as an opportunity for the Group to further its exposure in international portfolio of investment property. With the prime location of the Property coupled with the implementation of the New West End Company initiatives for transformation of Oxford Street, the Board considers that the long term appeal of Oxford Street will benefit investment return of the Property. Given the occupancy of the Property and its stable rental return, the management considered the investment would provide an attractive investment return together with a long term appreciation of properties to the Group, which is beneficial for the continuous growth of the Group's property development and investment business.

The Consideration has been agreed upon arm's length negotiations between the parties to the Sale and Purchase Agreement on normal commercial terms and determined by reference to a valuation report prepared by independent property valuer based on the valuation of the Property as at 2 March 2023 being GBP44,600,000 (equivalent to approximately HK\$432,620,000). The Directors (including the Independent Non-executive Directors) consider the Consideration to be fair and reasonable.

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

The principal terms of Sale and Purchase Agreement are summarised below:

### **SALE AND PURCHASE AGREEMENT**

Date: 6 April 2023

Parties:

- (1) the Sellers
- (2) the Purchasers
- (3) JTC Employer Solutions Trustee Limited as Trustee
- (4) Ascot GP as General Partner
- (5) Eagle Venture General Partners Limited as New GP

### **Subject matter being acquired**

Pursuant to the terms of the Sale and Purchase Agreement, the Purchasers agreed to acquire from the Sellers the Sale Interests, free from all Encumbrance, comprising *inter alia*, (i) the Sale Units which acting through its Trustee, indirectly through the Partnership, holds the beneficial ownership of the Property; and (ii) the Sale Shares, which hold the legal ownership of the Property. Details of the allocation are as follows:

<b>Sellers</b>	<b>Purchasers</b>	<b>Sale Interests</b>
Aviva Life	Premium Realty	250,000 issued units of the Sale Units
PSP Jessica (acting as trustee of the PSP Jessica Trust)	Premium Realty	250,000 issued units of the Sale Units
Ascot GP (in its capacity as general partner of Ascot Partnership)	Bliss Alliance	55,593,488.970 issued units of the Sale Units
Share Seller	New Trustee	Sale Shares

Closing took place on 6 April 2023, immediately following the entering into of the Sale and Purchase Agreement. Following Closing, (1) the Unit Purchasers in aggregate directly hold the entire issued units in the Unit Trust (acting through its Trustee), which is the sole limited partner in the Partnership; and (2) the New Trustee is the sole legal and beneficial owner of the Sale Shares comprising the entirety of Nominee One and Nominee Two's allotted and issued share capital. The New GP has acquired the entirety of the benefit of all agreements or other arrangements (if any) entered into by the General Partner prior to Closing following the General Partner's retirement from Partnership upon Closing.

The Partnership is the sole beneficial owner of the Property and Nominee One and Nominee Two together hold the legal title to the Property on bare trust on behalf of the Partnership.

### **Stamp Duty**

All stamp duty in relation to the Acquisition shall be borne by the Purchaser.

### **The net asset adjustment**

Within 30 business days after Closing, the Sellers will prepare the Closing Accounts and deliver the same to the Purchasers. Once the Closing Accounts is agreed to by the Purchasers, if the Estimated NAV is different from the NAV of the Target Group immediately prior to Closing as shown in the Closing Accounts, any shortfall thereof will be paid by the Sellers to the Purchasers, or the Purchasers shall pay to the Sellers any surplus thereof (as the case may be) within 10 business days after the final determination of the Closing Accounts.

### **INFORMATION ON THE PURCHASERS AND THE GROUP**

The Purchasers are each an indirect wholly-owned subsidiary of the Company incorporated for the purpose of the Acquisition. The Units Purchasers, the New Trustee and the New GP are newly incorporated in the British Virgin Islands, Jersey and England and Wales respectively.

The Group is principally engaged in property investment, property development, investment holding and hotel operations.

### **INFORMATION ON THE SELLERS AND THE TARGET GROUP**

Aviva Life is a company established in England and Wales with limited liability. PSP Jessica is a company established in Jersey with limited liability. Ascot GP is a limited liability partnership registered in England and Wales. Aviva Life, PSP Jessica (acting as trustee of the PSP Jessica Trust) and Ascot GP (in its capacity as general partner of Ascot Partnership) together hold all the issued units in the Unit Trust (acting through its Trustee), which is the sole limited partner in the Partnership that is the sole beneficial owner of the Property. The Share Seller holds all the issued share capital of Nominee One and Nominee Two, which in turn, hold the legal title to the Property on bare trust for and on behalf of the Partnership.

The Unit Trust was administered solely by the Trustee prior to Closing. Following Closing, the Trustee has retired and the New Trustee has been appointed to administer the Unit Trust for the Group.

The carrying value of the net assets of the Unit Trust and the Partnership as at 6 April 2023 were both approximately GBP44,000,000 (approximately HK\$426,800,000). For the financial years ended 31 December 2022 and 31 December 2021, the net loss (including the change in fair value of investment property) of the Unit Trust and the Partnership were respectively:

	<b>For the Year Ended 31 December</b>	
	<b>2021</b> <b>(Audited)</b> <i>GBP</i>	<b>2022</b> <b>(Unaudited)</b> <i>GBP</i>
Net loss of the Unit Trust	(4,762,000)	(6,720,000)
Net loss of the Partnership	(4,762,000)	(6,720,000)

The unaudited net loss of the Unit Trust and the Partnership for the year ended 31 December 2022 in the aforesaid amount was mainly due to a loss on fair value of investment properties.

The carrying value of the net assets of Nominee One and Nominee Two as at 6 April 2023 was approximately GBP5 (approximately HK\$49) and GBP5 (approximately HK\$49) respectively. Based on the management accounts of Nominee One and Nominee Two, both companies had no profit or loss for the years ended 31 December 2022 and 31 December 2021.

Upon Closing, the assets and liabilities of the Unit Trust, the Partnership, Nominee One and Nominee Two will be consolidated into the accounts of the Group.

The Sellers are principally engaged in property investment in the United Kingdom. The Partnership and Unit Trust are established by the Sellers to hold the interest of the Property. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Sellers, i.e. Aviva Life, PSP Jessica, Ascot GP, the Trustee, Target Group, and their respective ultimate beneficial owners is an Independent Third Party.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Consideration of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise required, the following terms have the following meanings:

“Acquisition”	the acquisition of the Sale Interests subject to such terms and conditions as set out in the Sale and Purchase Agreement
“Ascot GP”	Ascot Real Estate Investments GP LLP, a limited liability partnership registered in England and Wales, being the general partner of the Ascot Partnership and the sole legal and beneficial owner of the Sale Shares
“Ascot Partnership”	Ascot Real Estate Investments LP, a limited partnership registered in England and Wales, the registered holder and sole legal and beneficial owner of 55,593,488.970 (representing 99.1086%) of the issued units in the Unit Trust
“Aviva Life”	Aviva Life & Pensions UK Limited, a company established in England and Wales, being the registered holder and sole legal and beneficial owner of 250,000 (representing 0.4457%) of the issued units in the Unit Trust
“Bliss Alliance”	Bliss Alliance Global Limited, a company incorporated in the British Virgin Islands, an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“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
“Closing”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Closing Accounts”	the final aggregated statement of the financial position of the Target Group as at immediately before Closing which sets out the NAV of the Target Group prepared and agreed in accordance with the terms of the Sale and Purchase Agreement
“Consideration”	the consideration for the Sale Interests
“Director(s)”	the director(s) of the Company

“Encumbrance”	any claim, charge, mortgage, lien, interest or equity of any person (including any right to acquire, equitable right, power of sale, option or right of first refusal, right of pre-emption or conversion) or any standard security, pledge, restriction, assignment, third party right or interest, guarantee, indemnity, debenture, assignation by way of security, hypothecation, security interest, retention of title or any other security agreement or other encumbrance of any kind, or another type of preferential arrangement (including a title transfer or retention arrangement) having similar effect or arrangement, or any agreement (whether conditional or otherwise) to create any of the above
“Estimated NAV”	the Sellers’ best estimate of the closing NAV as at immediately before Closing, as set out in the Estimated NAV Statement
“Estimated NAV Statement”	the estimated completion statement showing the Estimated NAV, prepared in accordance with the terms of the Sale and Purchase Agreement
“GBP”	British Pound Sterling, the lawful currency of the United Kingdom of Great Britain and Northern Ireland
“General Partner”	Ascot GP as general partner of the Partnership
“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
“Independent Third Party”	third party independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“NAV”	the aggregate of the assets of the Target Group less the aggregate of the liabilities of the Target Group, in each case at immediately before Closing, prepared in accordance with the terms of the Sale and Purchase Agreement
“New GP”	Eagle Venture General Partners Limited, a company established in England and Wales
“New Trustee”	Barratt House Trustee Limited, a company established in Jersey, being purchaser of the Sale Shares and new trustee of the Unit Trust upon Closing

“Nominee One”	Barratt House Nominee 1 Limited, a company established in England and Wales
“Nominee Two”	Barratt House Nominee 2 Limited, a company established in England and Wales
“Partnership”	Barratt House LP, a limited partnership established in England and Wales
“Premium Realty”	Premium Realty Company Limited, a company incorporated in the British Virgin Islands, an indirect wholly-owned subsidiary of the Company
“Property”	the property situated at Barratt House, 341–349 Oxford Street, London W1, United Kingdom
“PSP Jessica”	PSP Jessica Trustee Limited, a company established in Jersey, acting in its capacity as trustee of the PSP Jessica Trust which is the registered holder and sole legal and beneficial owner of 250,000 (representing 0.4457%) of the issued units in the Unit Trust
“Purchasers”	the Unit Purchasers and the New Trustee collectively
“Sale and Purchase Agreement”	the agreement entered into between the Sellers, the Purchasers, the General Partner, the Trustee and the New GP dated 6 April 2023 for, among other things, the sale and purchase of the Sale Interests
“Sale Interests”	the Sale Units and the Sale Shares collectively
“Sale Shares”	5 ordinary shares in the capital of Nominee One representing the entire issued share capital of Nominee One as at the date of the Sale and Purchase Agreement and 5 ordinary shares in the capital of Nominee Two representing the entire issued share capital of Nominee Two as at the date of the Sale and Purchase Agreement collectively
“Sale Units”	56,093,488.97 issued units in the Unit Trust held by the Unit Sellers prior to Closing, representing the entirety of the issued units in the Unit Trust
“Sellers”	the Unit Sellers and the Share Seller collectively
“Share Seller”	Ascot GP as seller of the Sale Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	the Unit Trust, the Partnership, Nominee One and Nominee Two



“Trustee”	JTC Employer Solutions Trustee Limited (formerly known as RBC CEES Trustees Limited), a company established in Jersey acting in its capacity as trustee of the Unit Trust prior to Closing
“Unit Purchasers”	Premium Realty and Bliss Alliance collectively
“Unit Sellers”	Aviva Life, PSP Jessica and Ascot GP collectively
“Unit Trust”	Barratt House Unit Trust, a unit trust established under the laws of Jersey and administered by the Trustee prior to Closing, and where the context permits, references to the Unit Trust in this announcement shall mean or include the Trustee acting in its capacity as trustee of the Unit Trust prior to Closing
“%”	per cent

*In this announcement, for the purpose of illustration only, amounts quoted in GBP have been converted into HK\$ at the rate of GBP1.00 to HK\$9.7. 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 of  
**Liu Chong Hing Investment Limited**  
**Liu Lit Chi**

*Chairman, Managing Director and Chief Executive Officer*

Hong Kong, 6 April 2023

*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. The Hon. 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](http://www.lchi.com.hk) and the designated issuer website of the Stock Exchange [www.hkexnews.hk](http://www.hkexnews.hk).*