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## **EVERCHINA INT'L HOLDINGS COMPANY LIMITED**

**潤中國際控股有限公司**

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 202)**

### **MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF PROPERTIES**

#### **DISPOSAL OF 75% EFFECTIVE INTEREST IN THE PROPERTIES**

On 28 December 2023 (after trading hours), (i) the Vendor (a wholly-owned subsidiary of the Company); (ii) the PRC Subsidiary (a wholly-owned subsidiary of the Vendor); (iii) the JV Partner; and (iv) the Purchaser entered into the Master Agreement to set out the roadmap regarding the Group's disposal of 75% effective interest in the Properties (being the Hotel and the Carpark) to the Purchaser, as well as the refurbishment and re-branding of the Hotel into serviced apartments to be operated under the brand "Modena by Fraser". The Master Agreement is legally binding on all parties thereto.

To achieve the above, various agreements have been and will be signed. In particular, the PRC Subsidiary has entered into the 25% Acquisition Agreement on 28 December 2023 (after trading hours). The 25% Acquisition Agreement is not subject to any conditions and the PRC Subsidiary shall become holder of 25% equity interests in the Purchaser upon registration with SAIC. The Shareholders' Agreement and the Purchaser's Articles have also been signed on the same date to regulate the shareholders' rights and operations of the Purchaser, in particular, as regards the PRC Subsidiary's obligations to make the PRC Subsidiary Contribution (being RMB64,000,000 (equivalent to approximately HK\$69,824,000)) to the Purchaser (partly in the form of registered capital and partly as shareholder's loan). The remaining equity interests of the Purchaser shall be held by the JV Partner, a private investment fund the general partner of which is a subsidiary of Tishman Speyer Group, a reputable group principally engaged in real estate investment.

Thereafter, the Vendor and the Purchaser shall enter into the Disposal Agreement to dispose of the entire interests in the Properties at the Disposal Consideration, being RMB360,000,000 (equivalent to approximately HK\$392,760,000). Completion is subject to fulfilment (or waiver, as the case may be) of the Disposal Conditions. One of the Disposal Conditions is that the Shareholders shall have approved of the Disposal Agreement, the Shareholders' Agreement, the Purchaser's Articles and the transactions contemplated thereunder. Upon Completion, the Group shall hold 25% indirect interest in the Properties.

### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, which is subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **GENERAL**

A GM will be convened and held for the Shareholders to consider and, if thought fit, to approve, among other matters, the Disposal Agreement, the Shareholders' Agreement and the Purchaser's Articles and the transactions contemplated thereunder. A circular containing, among other things, (i) details regarding disposal of 75% effective interest in the Properties; (ii) a property valuation report on the Properties; (iii) other information as required to be disclosed under the Listing Rules; and (iv) a notice of the GM, will be sent to the Shareholders. Since more time is required for the Company to prepare the necessary information to be included in the circular, it is expected the circular will be despatched to the Shareholders on or before 29 February 2024.

**Shareholders and potential investors should note that Completion is subject to the Conditions to be fulfilled or waived. Accordingly, Completion may or may not proceed. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the Shares.**

## **BACKGROUND**

### **Existing Ownership of the Properties**

As at the date of this announcement, the Group is the legal and beneficial owner of the Properties, being the Hotel (i.e., Holiday Inn Express Shanghai Wujiaochang (上海五角場智選假日酒店) and the Carpark (i.e., a 2-storey carpark)), both located in and forming part of the Yifu Business Plaza\* (怡富商務廣場) in Yangpu District, Shanghai, the PRC. Currently, the Properties are held by the Vendor (being an indirect wholly-owned subsidiary of the Company) and are leased to the PRC Subsidiary (being a direct wholly-owned subsidiary of the Vendor) as operator of the Hotel pursuant to the Tenancy Agreement. The Hotel is managed by the Hotel Manager under the brand “Holiday Inn Express”. Property management of the Properties is currently carried out by the Property Manager (being a member of the private group of companies controlled by Mr. Jiang Zhaobai, a substantial Shareholder, a non-executive Director and the chairman of the Company) pursuant to the Property Management Agreement. After the Hotel has ceased serving as a quarantine hotel in January 2023, it has since become vacant.

### **The Master Agreement**

On 28 December 2023 (after trading hours), (i) the Vendor; (ii) the PRC Subsidiary; (iii) the JV Partner; and (iv) the Purchaser entered into the Master Agreement to set out the roadmap regarding the Group’s disposal of 75% effective interest in the Properties to the Purchaser, as well as the refurbishment and re-branding of the Hotel into serviced apartments to be operated under the brand “Modena by Fraser”.

### **The Purchaser and the JV Partner**

As at the date of this announcement, so far as the Company understands:

- (i) the entire equity interests of the Purchaser is held by Shanghai Shixuan, which according to the Purchaser is a subsidiary of Tishman Speyer Group; and
- (ii) the JV Partner is a private investment fund with:
  - (a) its fund manager being Shanghai Shiyao Investment Consulting Co., Ltd.\* (上海獅耀投資諮詢有限公司), another subsidiary of Tishman Speyer Group;
  - (b) its general partner being Shanghai Shixuan, holding 2.5% interests of the JV Partner;
  - (c) its limited partners being:
    - (1) The National Trust Ltd\* (國民信託有限公司), holding 54.51%;

- (2) Guotong Trust Co., Ltd.\* (國通信託有限責任公司), holding 31.51%; and
- (3) Danjiangkou Huahan Shite Equity Investment Partnership (Limited Partnership)\* (丹江口市華函石特股權投資合夥企業(有限合夥)), holding 11.48%.

### **The roadmap**

The roadmap according to the Master Agreement (details of which are set out in section A below) is set out as follows:

1. step 1: the PRC Subsidiary and the JV Partner shall acquire 25% and 75% respective interests in the Purchaser from Shanghai Shixuan, whereupon the following documents have been signed on the same date as the Master Agreement:
  - i. the 75% Acquisition Agreement (detailed terms of which are set out in section C below);
  - ii. the 25% Acquisition Agreement (detailed terms of which are set out in section B below);
  - iii. the Acquisition Custodian Agreement (detailed terms of which are set out in section D below);
  - iv. the Shareholders' Agreement (detailed terms of which are set out in section E below); and
  - v. the Purchaser's Articles (detailed terms of which are set out in section F below);
2. step 2: the PRC Subsidiary and the JV Partner shall apply for registration of the above transfer within 5 business days. Upon the PRC Subsidiary and the JV Partner having been registered as equity holders of 25% and 75% respective interests of the Purchaser, the Vendor and the Purchaser shall proceed with the sale and purchase of the entire interests of the Properties, whereupon the following documents shall be signed:
  - vi. the Disposal Agreement (detailed terms of which are set out in section G below); and
  - vii. the Disposal Custodian Agreement (detailed terms of which are set out in section H below);

3. step 3: within 10 business days after the signing of the Disposal Agreement, the following agreements shall be signed by the Purchaser:

- viii. the Renovation Consultancy Agreement (detailed terms of which are set out in section I below);
- ix. the Technical Support Services Agreement (detailed terms of which are set out in section J below); and
- x. the New Hotel Management Agreement (detailed terms of which are set out in section K below).

As one of the Disposal Conditions set out in the Disposal Agreement, the New Property Management Agreement (detailed terms of which are set out in section L below) shall also be signed between the Purchaser and the Property Manager.

### **Disposal Consideration**

Pursuant to the Disposal Agreement, the Disposal Consideration (being RMB360,000,000 (equivalent to approximately HK\$392,760,000)) shall be payable as follows:

- (i) as to RMB108,000,000 (equivalent to approximately HK\$117,828,000), representing 30% of the Disposal Consideration (the “**1st Instalment**”), shall be payable into the Disposal Custodian Account within 10 business days after the date of the Disposal Agreement;
- (ii) as to RMB65,600,000 (equivalent to approximately HK\$71,570,000, representing 18.22% of the Disposal Consideration (the “**2nd Instalment**”) shall be payable after release of the 1st Instalment from the Disposal Custodian Account;
- (iii) as to RMB168,400,000 (equivalent to approximately HK\$183,724,000), representing 46.78% of the Disposal Consideration (the “**3rd Instalment**”) shall be payable after (a) fulfilment (or waiver, as the case may be) of the Disposal Conditions; (b) the Purchaser having obtained the new real estate ownership certificate (《不動產權證書》) of the Properties; and (c) the lending entity to the Purchaser having been registered as first chargee of the Properties; and
- (iv) RMB18,000,000 (equivalent to approximately HK\$19,638,000), representing 5% of the Disposal Consideration shall be payable after expiry of 3 months from the date of Completion.

## **The Group's contribution to the Purchaser**

Pursuant to the Shareholders' Agreement, the PRC Subsidiary shall contribute RMB64,000,000 (equivalent to approximately HK\$69,824,000, the "PRC Subsidiary Contribution") to the Purchaser, partly in the form of registered capital and partly in the form of shareholder's loan. Pursuant to the Master Agreement and the Shareholders' Agreement, such amount shall be paid out of the 1st Instalment to be received by the Group under the Disposal Agreement.

## **The Group's interest upon Completion**

Upon Completion, the Group shall indirectly hold 25% interests in the Properties.

### **A. THE MASTER AGREEMENT**

#### **Date**

28 December 2023 (after trading hours)

#### **Parties**

- (i) Vendor: Loyal Rich International Investment Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
- (ii) The PRC Subsidiary: Tianfu (Shanghai) Hotel Management Company Limited\* (天富(上海)酒店管理有限公司), a company established in the PRC and a wholly-owned subsidiary of the Vendor
- (iii) The JV Partner: Shanghai Jingyi Equity Investment Partnership (Limited Partnership)\* (上海景奕股權投資合夥企業(有限合夥)), a private investment fund established in the PRC and filed with the Asset Management Association of China\* (中國證券投資基金業協會) in the PRC
- (iv) The Purchaser: Shanghai Jingyao Ting Hotel Co., Limited\* (上海晶耀庭酒店有限公司), a company established in the PRC

The limited partners of the JV Partner and their relevant information according to the Purchaser are as follows:

- (i) The National Trust Ltd\* (國民信託有限公司, holding 54.51% of the JV Partner), a trust company with the corresponding product being “國民信託·鐵獅門中國基金投資1號集合資金信託計畫”, a trust plan of assembled funds (集合資金信託計畫) registered with the China Trust Registration Co., Ltd.\* (中國信託登記有限責任公司) of the PRC;
- (ii) Guotong Trust Co., Ltd.\* (國通信託有限責任公司, holding 31.51% of the JV Partner), a trust company with the corresponding product being “國通信託·獅通投資1號集合資金信託計畫”, a trust plan of assembled funds (集合資金信託計畫) registered with the China Trust Registration Co., Ltd.\* (中國信託登記有限責任公司) of the PRC; and
- (iii) Danjiangkou Huahan Shite Equity Investment Partnership (Limited Partnership)\* (丹江口市華函石特股權投資合夥企業(有限合夥), holding 11.48% of the JV Partner), a private investment fund filed with the Asset Management Association of China (中國證券投資基金業協會) in the PRC.

As set out above, as at the date of this announcement, the Purchaser is held by Shanghai Shixuan, which according to the Purchaser is a subsidiary of Tishman Speyer Group, which in turn is controlled by Jerry I. Speyer and Robert J. Speyer. According to the Purchaser, Tishman Speyer Group is principally engaged in real estate investment including but not limited to ownership, development, fund management and operation of real estate properties, and is active across the North America, Europe, South America, and Asia. Currently, it has projects in different stages of development in major cities around the world including Beijing, Shanghai, Shenzhen, São Paulo, Rio de Janeiro, London, New York, Washington D.C. and Los Angeles.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser, the JV Partner as well as their respective ultimate beneficial owners are Independent Third Parties.

As set out in the annual report of the Company for the year ended 31 March 2023 as well as the interim report of the Company for the 6 months ended 30 September 2023, the LOI (being a letter of intent in relation to the possible disposal of the Properties) was entered into between the Vendor and Tishman Consultancy (being, according to the Purchaser, a wholly-owned subsidiary of Tishman Speyer Group) on 23 May 2023. Save for the aforesaid, there was no previous transaction entered into between the Group and the Purchaser before the date of this announcement.

## **Principal terms of the Master Agreement**

### ***Roadmap***

- (i) At the time of signing of the Master Agreement:
  - (a) the JV Partner shall sign the 75% Acquisition Agreement with Shanghai Shixuan to acquire 75% equity interests in the Purchaser;
  - (b) the PRC Subsidiary shall sign the 25% Acquisition Agreement with Shanghai Shixuan to acquire 25% equity interests in the Purchaser; and
  - (c) the JV Partner and the PRC Subsidiary shall sign the Shareholders' Agreement and the Purchaser's Articles.
- (ii) Within 5 business days after the above transfer having been registered with the SAIC, the Vendor and the Purchaser shall sign the Disposal Agreement and the relevant ancillary documents (such as the Disposal Custodian Agreement).
- (iii) Within 10 business days after signing the Disposal Agreement, the JV Partner and the PRC Subsidiary shall procure the Purchaser to sign:
  - (a) the Renovation Consultancy Agreement with Tishman Consultancy and Tishman Advisory (being, according to the Purchaser, another wholly-owned subsidiary of Tishman Speyer Group) in relation to renovation of the Hotel;
  - (b) the Technical Support Service Agreement with the New Hotel Manager in relation to the technical consultancy services to be provided by the New Hotel Manager in relation to the renovation until the opening of the Hotel as serviced apartments; and
  - (c) the New Hotel Management Agreement with the New Hotel Manager in relation to the post-renovation operation and management of the Hotel.



### *The Purchaser*

- (i) Set out below is a table showing the equity interests and contributions to be made by the JV Partner and the PRC Subsidiary:

Name of party	Percentage of equity holding	Amount of contribution	Contribution in the form of registered capital	Contribution in the form of shareholders' loan
JV Partner	75%	RMB192,000,000 (equivalent to approximately HK\$209,472,000)	RMB129,352,500 (equivalent to approximately HK\$141,124,000)	RMB62,647,500 (equivalent to approximately HK\$68,348,000)
PRC Subsidiary	25%	RMB64,000,000 (equivalent to approximately HK\$69,824,000, i.e., the PRC Subsidiary Contribution)	RMB43,117,500 (equivalent to approximately HK\$47,041,000)	RMB20,882,500 (equivalent to approximately HK\$22,783,000)
<b>Total:</b>	<b>100%</b>	<b>RMB256,000,000</b> (equivalent to approximately HK\$279,296,000)	<b>RMB172,470,000</b> (equivalent to approximately HK\$188,165,000)	<b>RMB83,530,000</b> (equivalent to approximately HK\$91,131,000)

### *Initial Contribution and payment of the 1st Instalment*

- (i) The JV partner shall make an initial contribution of RMB180,000,000 (equivalent to approximately HK\$196,380,000) (the “**Initial Contribution**”) to the Purchaser, partly in the form of registered capital and partly in the form of shareholders' loan;
- (ii) pursuant to the Disposal Agreement, the 1st Instalment (being RMB108,000,000 (equivalent to approximately HK\$117,828,000)) is to be paid to the Disposal Custodian Account within 10 business days after the signing of the Disposal Agreement; and
- (iii) the JV Partner and the PRC Subsidiary agree that the 1st Instalment shall be paid by the Purchaser by applying part of the proceeds from the Initial Contribution paid by the JV Partner.

### ***PRC Subsidiary Contribution and Acquisition Custodian Agreement***

- (i) The JV Partner and the PRC Subsidiary shall also enter into the Acquisition Custodian Agreement with the Acquisition Custodian Bank as regards the PRC Subsidiary Contribution (being RMB64,000,000 (equivalent to approximately HK\$69,824,000)). The Acquisition Custodian Account shall be opened in the name of the PRC Subsidiary and all interest accrued in this account shall be paid to the PRC Subsidiary.
- (ii) Upon release of the 1st Instalment from the Disposal Custodian Account in accordance with the terms of the Disposal Agreement, the Purchaser shall direct payment of RMB64,000,000 (equivalent to approximately HK\$69,824,000, i.e., an amount equivalent to the PRC Subsidiary Contribution) out of such 1st Instalment to the Acquisition Custodian Account.
- (iii) Provided the JV Partner shall have made the Initial Contribution, within 2 business days after deposit of the PRC Subsidiary Contribution into the Acquisition Custodian Account, RMB60,000,000 (equivalent to approximately HK\$65,460,000) shall be directed to be paid into the Purchaser's account in order to satisfy part of the payment obligations of the PRC Subsidiary Contribution.

### ***Payment of the remaining instalments of the Disposal Consideration***

- (i) Upon the Purchaser's receipt of the aforesaid RMB60,000,000 (equivalent to approximately HK\$65,460,000), the Purchaser shall pay the 2nd Instalment to the Vendor.
- (ii) The 3rd Instalment shall be funded by the Purchaser's bank borrowings.

### ***Default***

- (i) In the event the PRC Subsidiary fails to pay the RMB60,000,000 (equivalent to approximately HK\$65,460,000) contribution to the Purchaser, the PRC Subsidiary shall be liable to pay the JV Partner compensation and indemnification according to the Shareholders' Agreement.
- (ii) If the PRC Subsidiary's failure to make contribution to the Purchaser renders the Purchaser not being able to complete its acquisition of the Properties under the Disposal Agreement, and the Purchaser shall have incurred any loss as regards any payment made by it under the Disposal Agreement (including but not limited to the 1st Instalment), the PRC Subsidiary shall be liable to indemnify the JV Partner in the latter's funding of the 1st Instalment.

- (iii) If the PRC Subsidiary fails to make the PRC Subsidiary Contribution, the Purchaser shall not be liable to pay the remaining instalments of the Disposal Consideration under the Disposal Agreement. This shall not be construed as the Purchaser's breach of the Disposal Agreement. Instead, the PRC Subsidiary shall be liable to pay compensation to and indemnify the JV Partner under the Shareholders' Agreement, and the PRC Subsidiary shall also indemnify the JV Partner for any amount that had been paid to the Purchaser as payment of the Disposal Consideration.
- (iv) In the event the PRC Subsidiary fails to make the PRC Subsidiary Contribution in accordance with the Master Agreement and the Shareholders' Agreement, thus rendering the Purchaser not being able to pay the remaining instalments of the Disposal Consideration, this shall not be construed as the Purchaser's breach of the Disposal Agreement. In the event the PRC Subsidiary has not made the relevant contribution for over 10 business days, the JV Partner shall be entitled to procure the Purchaser to exercise the latter's rights under the Disposal Agreement to terminate the Disposal Agreement. In such event, the PRC Subsidiary shall indemnify the JV Partner under the Shareholders' Agreement.
- (v) In the event the JV Partner fails to fund the payment of the 1st Instalment in accordance with the Master Agreement and the Disposal Agreement, and thus rendering the Purchaser's failure to pay the 1st Instalment, any liability of the Purchaser under the Disposal Agreement shall be borne by the JV Partner.
- (vi) In the event the JV Partner fails to provide instructions for release of the PRC Subsidiary Contribution from the Acquisition Custodian Account in accordance with the Master Agreement and the Acquisition Custodian Agreement, and thus rendering the PRC Subsidiary failing to make its contribution to the Purchaser and the Purchaser failing to pay the Disposal Consideration, this shall not be construed as the PRC Subsidiary's breach under the Shareholders' Agreement. Any liability of the Purchaser under the Disposal Agreement shall be borne by the JV Partner.

### ***Voting***

Since the Vendor and the PRC Subsidiary are related parties, the PRC Subsidiary shall abstain from voting on all Purchaser's resolutions relating to the Purchaser's acquisition of the Properties. The PRC Subsidiary, however, shall be entitled to attend any such meeting and provide its opinion.

### ***Payment direction***

- (i) The Vendor directs all payment to be made to it under the Disposal Agreement be made to the PRC Subsidiary, whereupon any payment by the Purchaser to the PRC Subsidiary shall constitute absolute discharge of the Purchaser's payment obligations under the Disposal Agreement.
- (ii) The above direction also applies to any refund or payment obligations of the Vendor under the Disposal Agreement or the Master Agreement, whereupon the PRC Subsidiary shall make any such payment on behalf of the Vendor. The Vendor and the PRC Subsidiary shall bear joint and several obligations regarding such payment obligations.

### ***Termination***

- (i) In the event Shareholders' approval cannot be obtained as regards the transactions contemplated under the Disposal Agreement and the Shareholders' Agreement, the Master Agreement, the Disposal Agreement and the Shareholders' Agreement shall terminate.
- (ii) In such event, the Vendor and the PRC Subsidiary shall be liable for the relevant liabilities under the Disposal Agreement and the Shareholders' Agreement.
- (iii) Within 10 business days after termination of the Disposal Agreement, the Vendor shall co-operate regarding release of the 1st Instalment from the Disposal Custodian Account, the PRC Subsidiary shall co-operate to procure the Purchaser to refund the capital contribution made by the JV Partner.
- (iv) In the event the Vendor and the JV Partner refuse the aforesaid co-operation, they shall be liable to pay the JV partner an amount equivalent to 0.03% per day of the refund amount as damages.

### ***Legal effect***

The Master Agreement is legally binding on all parties thereto.

## **B. THE 25% ACQUISITION AGREEMENT**

### **Date**

28 December 2023 (after trading hours)

## **Parties**

- (i) Vendor: Shanghai Shixuan
- (ii) Purchaser: the PRC Subsidiary

As set out above, according to the Purchaser, Shanghai Shixuan is a wholly-owned subsidiary of Tishman Speyer Group, which is ultimately controlled by Jerry I. Speyer and Robert J. Speyer. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shanghai Shixuan and its ultimate beneficial owners are Independent Third Parties.

## **Assets to be acquired**

25% equity interests of the Purchaser. As at the date of this announcement, the registered capital of the Purchaser is RMB1,000,000 (equivalent to approximately HK\$1,091,000), none of which has been paid up.

## **Consideration**

RMB0 (equivalent to HK\$0), which is determined after arm's length negotiations between Shanghai Shixuan and the Group based on the fact that none of the registered capital of the Purchaser has been paid up.

## **Registration of transfer**

The sale and purchase under the 25% Acquisition Agreement is unconditional. Shanghai Shixuan and the PRC Subsidiary shall proceed with SAIC registration in relation thereto within 5 business days after the date of the 25% Acquisition Agreement.

The Directors considers the terms of the 25% Acquisition Agreement are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

## **C. THE 75% ACQUISITION AGREEMENT**

Save for the parties to the agreement (which are set out below), the terms of the 75% Acquisition Agreement (including the date thereof) are materially the same as the 25% Acquisition Agreement:

- (i) Vendor: Shanghai Shixuan
- (ii) Purchaser: the JV Partner

## **D. THE ACQUISITION CUSTODIAN AGREEMENT**

### **Date**

28 December 2023 (after trading hours)

### **Parties**

- (i) The PRC Subsidiary;
- (ii) the JV Partner; and
- (iii) the Acquisition Custodian Bank.

### **Principal terms of the Acquisition Custodian Agreement**

**Custodian amount:** RMB64,000,000 (equivalent to approximately HK\$69,824,000), i.e., the PRC Subsidiary Contribution

- Term:**
- (i) The custodian obligations arise from the date when the PRC Subsidiary Contribution has been deposited with the Acquisition Custodian Account until such amount has been fully released in accordance with the terms of the Acquisition Custodian Agreement.
  - (ii) The term of the Acquisition Custodian Agreement is 5 years from its date, subject to early termination or extension agreed by the PRC Subsidiary, the JV Partner and the Acquisition Custodian Bank.

- Acquisition Custodian Account:**
- (i) The Acquisition Custodian Account shall be opened by the PRC Subsidiary with the Acquisition Custodian Bank.
  - (ii) The Acquisition Custodian Account shall be jointly operated by the PRC Subsidiary and the JV Partner.
  - (iii) All drawings, transfers and other operations of the Acquisition Custodian Account shall be made in accordance with the joint instructions from the PRC Subsidiary and the JV Partner.

(iv) Any interest accrued in the Acquisition Custodian Account shall be paid to the PRC Subsidiary.

(v) The Acquisition Custodian Account shall be closed and cancelled upon termination of the custodian obligations under the Disposal Custodian Account.

**Release of the custodian amount:**

(i) In relation to the amount required to be released to the Purchaser's account, the PRC Subsidiary and the JV Partner shall provide joint instructions to the Acquisition Custodian Bank. The Acquisition Custodian Bank shall transfer the relevant amount to the Purchaser's account within 1 business day after receipt of such joint instructions.

(ii) In relation to the amount required to be released to accounts other than the Purchaser's, the PRC Subsidiary and the JV Partner shall provide joint instructions to the Acquisition Custodian Bank. The Acquisition Custodian Bank shall transfer the relevant amount to the account specified in the joint instructions within 1 business day after receipt of such joint instructions.

**Custodian fee:**

No custodian fee shall be chargeable by the Acquisition Custodian Bank. However, the PRC Subsidiary shall be responsible for all payment of transfer and other administrative fees payable in relation to the Acquisition Custodian Account.

**E. THE SHAREHOLDERS' AGREEMENT**

**Date**

28 December 2023 (after trading hours)

**Parties**

(i) The PRC Subsidiary; and

(ii) the JV Partner.

## Principal terms of the Shareholders' Agreement

<b>Shareholding structure upon completion of 25% Acquisition Agreement and 75% Acquisition Agreement:</b>	(i) PRC Subsidiary	25%
	(ii) JV Partner	75%

**Purpose:** For the acquisition, renovation, ownership and operation of the Properties

**Business of the Purchaser:** hotel management, housing rental, leasing services (not including licensed leasing services), parking services, food and beverage management, information consultancy services (not including licensed information consultancy services), housekeeping services, laundry services, fitness and leisure activities, professional cleaning, cleaning and disinfection services, as well as marketing.

**Term of operation:** 30 years

**Amount of investment:**

- (i) For the purpose of acquiring, renovating and operating the Properties by the Purchaser, the PRC Subsidiary and the JV Partner shall make contribution in the amount of RMB256,000,000 (equivalent to approximately HK\$279,296,000) to the Purchaser, of which:
  - (a) the PRC Subsidiary shall contribute RMB64,000,000 (equivalent to approximately HK\$69,824,000, being the PRC Subsidiary Contribution), of which RMB43,117,500 (equivalent to approximately HK\$47,041,000) shall be made in the form of registered capital, and the remaining as shareholder's loan; and
  - (b) JV Partner shall contribute RMB192,000,000 (equivalent to approximately HK\$209,472,000), of which RMB129,352,500 (equivalent to approximately HK\$141,124,000) shall be made in the form of registered capital and the remaining as shareholder's loan.



- (ii) The general manager of the Purchaser (who shall be appointed by the JV Partner) shall, based on the payment schedule of the Disposal Agreement and progress of the related renovation, notify the PRC Subsidiary and the JV Partner the amount, timing, and means of contribution, whereupon the PRC Subsidiary and the JV Partner shall ensure contribution be made at least 7 business days (or such other date as may be agreed by the PRC Subsidiary and the JV Partner) prior to the payment deadline under the Disposal Agreement or other documents.
  
- (iii) Subject to below, the PRC Subsidiary and the JV Partner shall make their respective contribution in accordance with their shareholding in the Purchaser:
  - (a) payment of the 1st Instalment under the Disposal Agreement shall be made by the Purchaser by applying the contribution made by the JV Partner to the Purchaser;
  
  - (b) provided the JV Partner shall have made the Initial Contribution, the PRC Subsidiary shall make the relevant contribution to the Purchaser after release of the 1st Instalment such that the shareholding of the PRC Subsidiary and the JV Partner shall maintain at the ratio of 25:75; and
  
  - (c) in the event the PRC Subsidiary has failed to make such contribution, it shall constitute a breach of the Shareholders' Agreement, and provisions regarding default in contribution shall apply (including the obligation to pay the JV Partner compensation and to indemnify the JV Partner all loss in relation thereto).

**Registered capital:**

As at the date of the Shareholders' Agreement, the registered capital of the Purchaser was RMB1,000,000 (equivalent to approximately HK\$1,091,000). The PRC Subsidiary and the JV Partner agreed that the registered capital shall be increased to RMB172,470,000 (equivalent to approximately HK\$188,165,000), of which:

- (i) the PRC Subsidiary shall pay up RMB43,117,500 (equivalent to approximately HK\$47,041,000), representing 25% of the registered capital, which shall be paid prior to expiry of the term operation of the Purchaser; and
- (ii) the JV Partner shall pay up RMB129,352,500 (equivalent to approximately HK\$141,124,000), representing 75% of the registered capital, which shall be paid prior to expiry of the term operation of the Purchaser.

**Funding for the acquisition of the Properties and the related renovation:**

- (i) The Purchaser shall fund the acquisition of the Properties and the related renovation by:
  - (a) the contributions made by the PRC Subsidiary and the JV Partner (in the form of registered capital or shareholders' loan);
  - (b) bank borrowings or other fund raising.
- (ii) In the event the Purchaser is required to provide security to secure any bank borrowings or other fund raising, it shall:
  - (a) firstly arrange for charge on the Purchaser's assets; and
  - (b) thereafter, subject to consent from both the PRC Subsidiary and the JV Partner as regards the means of credit, arrange for credit to be provided by the PRC Subsidiary and the JV Partner in proportion to their shareholding as required by the financier.

- (iii) In the event the above funding is not sufficient, subject to consent from both the PRC Subsidiary and the JV Partner:
  - (a) firstly, additional shareholders' loan shall be made to the Purchaser in proportion to their shareholding at such interest and terms as may be agreed by the parties; and
  - (b) thereafter, subscription of equity interest in the Purchaser shall be made in proportion to the PRC Subsidiary and the JV Partner's shareholding or in such other means as may be agreed by the PRC Subsidiary and the JV Partner.
- (iv) In any event, the aggregate amount of bank borrowings and other fund raising shall not exceed 60% of the total costs relating to the acquisition of the Properties and the related renovation.

**Renovation Consultancy Agreement, Technical Support Services Agreement and New Hotel Management Agreement**

- (i) The JV Partner and the PRC Subsidiary shall procure the Purchaser to sign the Renovation Consultancy Agreement, Technical Support Services Agreement and the New Hotel Management Agreement within 10 business days after signing the Disposal Agreement.
- (ii) The JV Partner and the PRC Subsidiary agree that in the event any of them shall transfer their equity interests in the Purchaser to any third party, unless the transferee agrees to continue with the New Hotel Management Agreement, the Purchaser shall terminate the New Hotel Management Agreement pursuant to the early termination provisions of the New Hotel Management Agreement.

**Board composition:**

(i) The board of directors of the Purchaser (the “**Purchaser Board**”) shall comprise 3 directors, who shall be nominated by the shareholders as follows:

(a) PRC Subsidiary: 1

(b) JV Partner: 2

(ii) Chairman of the Purchaser Board shall be nominated by the JV Partner, who shall also be the Purchaser’s legal representative.

**Matters requiring unanimous consent from PRC Subsidiary and JV Partner**

The following matters must be approved by unanimous consent of the PRC Subsidiary and the JV Partner at shareholders’ meeting:

(i) appointment and removal of directors and supervisor;

(ii) approval of director’s report;

(iii) approval of supervisor’s report;

(iv) approval of any profit sharing arrangement or arrangement regarding indemnity for loss;

(v) increase or reduction of the Purchaser Group’s registered capital;

(vi) issue of bonds;

(vii) merger, consolidation, dissolution, liquidation or change of legal nature of the Purchaser;

(viii) amendment of the Purchaser’s articles;

(ix) establishment of any branch office, subsidiary, or entity, or making any other investment; and

(x) conducting any related party transaction with any shareholder or shareholder's related party (save for the acquisition of the Property and the Renovation Consultancy Agreement to be signed between the Purchaser, Tishman Consultancy and Tishman Advisory.

**Voting at shareholders' meeting:**

- (i) Since the Vendor is related to the PRC Subsidiary, any shareholders' resolutions relating to the Purchaser's acquisition of the Properties shall be made solely by the JV Partner, whereupon the JV Partner's attendance shall constitute sufficient quorum of such meeting. The PRC Subsidiary, however, shall be entitled to attend such meeting and express its opinion thereat.
- (ii) Save for matters requiring shareholders' unanimous consent, and matters relating to the Purchaser's acquisition of the Properties, all shareholders' resolutions shall be passed by more than 2/3 of the votes cast by shareholders attending and entitling to vote at such meeting.

**Matters requiring unanimous consent of the Purchaser Board:**

The following matters require unanimous approval of the Purchaser Board:

- (i) formulation of any plans relating to the Purchaser's profit and loss sharing;
- (ii) formulation of any plans relating to the increase or reduction of the Purchaser's registered capital;
- (iii) formulation of any plans relating to the issue of bonds by the Purchaser;
- (iv) formulation of any plans relating to the merger, segregation, termination, liquidation, dissolution of the Purchaser, or any alteration of the Purchaser's structure;
- (v) decisions relating to the Purchaser's system of management;

- (vi) engagement of non-big-5 valuers;
- (vii) engagement of non-big-4 auditors;
- (viii) drawing, application and repayment of the Purchaser's surplus cash;
- (ix) any fundraising arrangement;
- (x) provision of the Purchaser's assets or provision of guarantee by the Purchaser to any shareholder or any third party;
- (xi) any acquisition by the Purchaser (save for acquisition of the Properties) or sale of any interests in the Properties;
- (xii) any adjustment to the Properties' renovation budget that has exceeded 3% thereof;
- (xiii) the Purchaser's annual business plan and budget, and any adjustment that exceeds 3% thereof;
- (xiv) any amendment to or termination of the Renovation Consultancy Agreement, Technical Support Services Agreement and the New Hotel Management Agreement (save in accordance with the terms thereof).

**Voting at Purchaser Board meeting:**

- (i) Since the Vendor is related to the PRC Subsidiary, any board resolutions relating to the Purchaser's acquisition of the Properties shall be made solely by the directors nominated by the JV Partner, whereupon such directors' attendance shall constitute sufficient quorum of such meeting. Director nominated by the PRC Subsidiary, however, shall be entitled to attend such meeting and express his opinion thereat.
- (ii) Save for the above, each director at the Purchaser board meeting shall have one vote.

**Renovation and post-renovation matters:**

- (i) Subject to the investor consent from the JV Partner, on the basis of the same terms being offered, the Purchaser shall give priority to engaging the PRC Subsidiary's related party as the head constructor.
- (ii) Upon completion of the Properties' renovation, Tishman Consultancy and Tishman Advisory (i.e., parties to the Renovation Consultancy Agreement) shall be responsible for supervising and monitoring the New Hotel Manager's performance. In this regard, Tishman Consultancy and Tishman Advisory shall be entitled to an annual payment of RMB1,300,000 (equivalent to approximately HK\$1,418,000), which shall be payable from the Purchaser's surplus cash.

**Lock-up:**

Neither the PRC Subsidiary or the JV Partner can transfer the equity interests to any non-related party during the period commencing from the date of the Shareholders' Agreement and ending on the 1st anniversary of completion of the Properties' renovation (the "**Lock-up Period**").

**Rights of first offer:**

Upon expiry of the Lock-up Period, a selling shareholder shall notify the other shareholder its intention to sell all of its equity interests in the Purchaser. The non-selling shareholder shall be entitled make an offer to purchase such interest by proposing the relevant consideration and payment terms. In the event the selling shareholder has not accepted such offer, it shall not sell its equity interests to any third party at a price that is below 103% of that offered by the non-selling shareholder.

**Right of co-sale:** Upon expiry of the Lock-up Period, if the JV Partner proposes to sell all of its interests in the Purchaser to any third party, it shall notify the PRC Subsidiary in relation to the selling price, the proposed transferee and other material terms of the proposed sale. The PRC Subsidiary shall be entitled to exercise its right of co-sale such that the transferee shall acquire the PRC Subsidiary's equity interests in the Purchaser on the same terms as the JV Partner.

**Drag-along rights:** Upon expiry of the Lock-up Period, if the JV Partner proposes to sell all of its interests in the Purchaser to any third party, it shall be entitled to request the PRC Subsidiary to sell its equity interests in the Purchaser to the proposed transferee at the same terms as the JV Partner, provided the sale price shall be not less than all contributions made by the PRC Subsidiary. Such sale shall be completed within 3 months (or such other date as may be agreed by the JV Partner and the PRC Subsidiary).

**Market sale:** Upon expiry of the Lock-up Period, if the JV Partner would like to offer the entire equity interests of the Purchaser (including both of its and the PRC Subsidiary's interests) for sale to any third party, it shall first approach and enquire whether the PRC Subsidiary would be interested in making such purchase. In the event the PRC Subsidiary has expressed its interest and has offered its price of purchase but is rejected by the JV Partner, the ultimate sale procured by the JV Partner shall not be conducted at a sale price that is lower than that offered by the PRC Subsidiary.

<b>Sharing of profit:</b>	(i) PRC Subsidiary	25%
	(ii) JV Partner	75%



**Deadlock:**

The PRC Subsidiary and the JV Partner shall use their best efforts to negotiate when deadlock occurs. In the event a consensus cannot be reached, the PRC Subsidiary and the JV Partner shall liquidate the Purchaser in accordance with the terms of the Shareholders' Agreement.

**Default:**

*In respect of contribution:*

- (i) In the event any party to the Shareholders' Agreement fails to pay the required contribution, the party that has paid the required contribution shall be entitled to:
  - (a) require the default party to pay to the compliant party an amount equivalent to 0.03% per day of the outstanding contribution as compensation;
  - (b) the compliant party may advance the outstanding contribution, whereupon the default party shall pay an amount equivalent to 0.03% per day of the outstanding contribution as finance fee;
  - (c) where the compliant party has advanced the outstanding contribution, the compliant party shall be entitled to adjust the shareholding of the Purchaser in accordance with the following formula:

$$S = (A/T) \times 100\%$$

whereupon:

S means the adjusted percentage of compliant party's shareholding

A means the aggregate amount of contribution made by the compliant party (including the outstanding contribution advance by it)

T means the total amount of contribution made by the shareholders of the Purchaser

Shareholders of the Purchaser shall further negotiate the provisions regarding shareholders and board meetings including any voting restrictions after adjustment of shareholding and enter into a supplemental shareholders' agreement.

- (d) in the event the non-payment of contribution by the default party shall have caused any material adverse effect on the Purchaser's business, assets or operations, and where the compliant party does not choose to adjust the shareholding of the Purchaser, the compliant party may terminate the Shareholders' Agreement.
- (ii) The default party shall indemnify the Purchaser from all loss arising from the default party's non-payment of contribution (including but not limited to the loss incurred in relation to the Purchaser's failure to pay the Disposal Consideration under the Disposal Agreement). Where the default party is the PRC Subsidiary, whose non-payment of contribution renders the Purchaser's default in payment under the Disposal Agreement, the PRC Subsidiary shall bear all liability thereunder, and shall indemnify the Purchaser and the JV Partner.

**Termination:**

- (i) The Shareholders' Agreement shall terminate:
  - (a) upon consent from both the PRC Subsidiary and the JV Partner;
  - (b) upon expiry of the Purchaser's term of operation;
  - (c) the Purchaser has become wholly owned by one party;
  - (d) the transactions contemplated under the Shareholders' Agreement not having been approved by the Shareholders or the Stock Exchange;

- (e) if consensus cannot be reached after deadlock;  
or
  - (f) upon liquidation or dissolution of the Purchaser.
- (ii) The PRC Subsidiary or the JV Partner shall be entitled to terminate the Shareholder's Agreement if:
- (a) there being material breach of the Shareholders' Agreement by the other party;
  - (b) the other party fails to perform any documents referred to in the Shareholders' Agreement and such non-performance has material adverse effect on the Purchaser;
  - (c) there being a breach of the contribution obligations by the other party as set out in the section headed "Default" above;
  - (d) there being events leading to liquidation, winding up or dissolution of the Purchaser;
  - (e) there being events leading to liquidation, winding up or dissolution of the other party;
  - (f) the Purchaser has failed to acquire the Properties;
  - (g) there being force majeure events leading to material adverse effect on the Purchaser; or
  - (h) the change of law or regulations rendering it legal or commercially unreasonable for any party to continue investing in the Purchaser.
- (iii) Upon termination of the Shareholders' Agreement as set out above, the Purchaser shall, in accordance with the unanimous resolutions of the shareholders' meeting, proceed with voluntary liquidation.

(iv) If the Disposal Agreement is terminated due to reasons relating to the Vendor (including non-fulfilment of the Disposal Conditions), the JV Partner shall be entitled to terminate the Shareholders' Agreement and proceed with liquidation of the Purchaser. In such event:

(a) the PRC Subsidiary and the JV Partner shall bear all costs incurred by the Purchaser in proportion to their shareholding interest (including those relating to the Disposal, the Renovation Consultancy Agreement, the Technical Support Services Agreement and the New Hotel Management Agreement). Where at the time of termination the PRC Subsidiary has not yet fully paid up the Purchaser's registered capital, it shall still be liable to pay up such capital in order to share the costs as set out above. In addition, it shall reimburse the JV Partner if the latter has incurred any such costs on behalf of the Purchaser; and

(b) the PRC Subsidiary shall pay the JV Partner RMB25,200,000 (equivalent to approximately HK\$27,493,000) as compensation.

**Costs:**

(i) The Purchaser shall bear the costs of negotiating and drafting of the Shareholders' Agreement, the Purchaser's Articles, the Renovation Consultancy Agreement, the Technical Support Services Agreement and the New Hotel Management Agreement.

- (ii) In the event the Disposal is not completed:
- (a) the PRC Subsidiary and the JV Partner shall bear the costs in proportion to their shareholding in the Purchaser as regards:
- the Disposal;
  - the Technical Support Services Agreement;
  - the New Hotel Management Agreement; and
  - the Purchaser's subsequent dissolution, liquidation and deregistration.
- (b) the PRC Subsidiary and the JV Partner shall bear their own respective costs as regards the negotiations and signing of:
- the Shareholders' Agreement;
  - the Purchaser's Articles; and
  - the Renovation Consultancy Agreement.

The Directors considers the terms of the Shareholders' Agreement (including the PRC Subsidiary Contribution) are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

## **F. THE PURCHASER'S ARTICLES**

### **Date**

28 December 2023 (after trading hours)

### **Parties**

- (i) The PRC Subsidiary; and
- (ii) the JV Partner.

## **Principal terms of the Purchaser's Articles**

<b>Shareholding structure upon completion of 25% Acquisition Agreement and 75% Acquisition Agreement:</b>	(i) PRC Subsidiary	25%
	(ii) JV Partner	75%

**Purpose:** For the acquisition, renovation, ownership and operation of the Properties

**Business of the Purchaser:** hotel management, housing rental, leasing services (not including licensed leasing services), parking services, food and beverage management, information consultancy services (not including licensed information consultancy services), housekeeping services, laundry services, fitness and leisure activities, professional cleaning, cleaning and disinfection services, as well as marketing.

**Term of operation:** 30 years

**Amount of investment:** (i) For the purpose of acquiring, renovating and operating the Properties by the Purchaser, the PRC Subsidiary and the JV Partner shall make contribution in the amount of RMB256,000,000 (equivalent to approximately HK\$279,296,000) to the Purchaser, of which:

- (a) the PRC Subsidiary shall contribute RMB64,000,000 (equivalent to approximately HK\$69,824,000, being the PRC Subsidiary Contribution), of which RMB43,117,500 (equivalent to approximately HK\$47,041,000) shall be made in the form of registered capital, and the remaining as shareholder's loan; and
- (b) JV Partner shall contribute RMB192,000,000 (equivalent to approximately HK\$209,472,000), of which RMB129,352,500 (equivalent to approximately HK\$141,124,000) shall be made in the form of registered capital and the remaining as shareholder's loan.

- (ii) The general manager of the Purchaser (who shall be appointed by the JV Partner) shall, based on the payment schedule of the Disposal Agreement and progress of the related renovation, notify the PRC Subsidiary and the JV Partner the amount, timing, and means of contribution, whereupon the PRC Subsidiary and the JV Partner shall ensure contribution be made at least 7 business days (or such other date as may be agreed by the PRC Subsidiary and the JV Partner) prior to the payment deadline under the Disposal Agreement or other documents.
  
- (iii) Subject to below, the PRC Subsidiary and the JV Partner shall make their respective contribution in accordance with their shareholding in the Purchaser:
  - (a) payment of the 1st Instalment under the Disposal Agreement shall be made by the Purchaser by applying the contribution made by the JV Partner to the Purchaser;
  
  - (b) provided the JV Partner shall have made the Initial Contribution, the PRC Subsidiary shall make the relevant contribution to the Purchaser after release of the 1st Instalment such that the shareholding of the PRC Subsidiary and the JV Partner shall maintain at the ratio of 25:75; and
  
  - (c) in the event the PRC Subsidiary has failed to make such contribution, it shall constitute a breach of the Shareholders' Agreement, and provisions regarding default in contribution shall apply (including the obligation to pay the JV Partner compensation and to indemnify the JV Partner all loss in relation thereto).

**Registered capital:**

As at the date of the Shareholders' Agreement, the registered capital of the Purchaser was RMB1,000,000 (equivalent to approximately HK\$1,091,000). The PRC Subsidiary and the JV Partner agreed that the registered capital shall be increased to RMB172,470,000 (equivalent to approximately HK\$188,165,000), of which:

- (i) the PRC Subsidiary shall pay up RMB43,117,500 (equivalent to approximately HK\$47,041,000), representing 25% of the registered capital, which shall be paid prior to expiry of the term operation of the Purchaser; and
- (ii) the JV Partner shall pay up RMB129,352,500 (equivalent to approximately HK\$141,124,000), representing 75% of the registered capital, which shall be paid prior to expiry of the term operation of the Purchaser.

**Funding for the acquisition of the Properties and the related renovation:**

- (i) The Purchaser shall fund the acquisition of the Properties and the related renovation by:
  - (a) the contributions made by the PRC Subsidiary and the JV Partner (in the form of registered capital or shareholders' loan); and
  - (b) bank borrowings or other fund raising.
- (ii) In the event the Purchaser is required to provide security to secure any bank borrowings or other fund raising, it shall:
  - (a) firstly arrange for charge on the Purchaser's assets; and
  - (b) thereafter, subject to consent from both the PRC Subsidiary and the JV Partner as regards the means of credit, arrange for credit to be provided by the PRC Subsidiary and the JV Partner in proportion to their shareholding as required by the financier.



- (iii) In the event the above funding is not sufficient, subject to consent from both the PRC Subsidiary and the JV Partner:
  - (a) firstly, additional shareholders' loan shall be made to the Purchaser in proportion to their shareholding at such interest and terms as may be agreed by the parties; and
  - (b) thereafter, subscription of equity interest in the Purchaser shall be made in proportion to the PRC Subsidiary and the JV Partner's shareholding or in such other means as may be agreed by the PRC Subsidiary and the JV Partner.
- (iv) In any event, the aggregate amount of bank borrowings and other fund raising shall not exceed 60% of the total costs relating to the acquisition of the Properties and the related renovation.

**Renovation Consultancy Agreement, Technical Support Services Agreement and New Hotel Management Agreement**

- (i) The JV Partner and the PRC Subsidiary shall procure the Purchaser to sign the Renovation Consultancy Agreement, Technical Support Services Agreement and the New Hotel Management Agreement within 10 business days after signing the Disposal Agreement.
- (ii) The JV Partner and the PRC Subsidiary agree that in the event any of them shall transfer their equity interests in the Purchaser to any third party, unless the transferee agrees to continue with the New Hotel Management Agreement, the Purchaser shall terminate the New Hotel Management Agreement pursuant to the early termination provisions of the New Hotel Management Agreement.

**Board composition:**

- (i) The Purchaser Board shall comprise 3 directors, who shall be nominated by the shareholders as follows:
  - (a) PRC Subsidiary: 1
  - (b) JV Partner: 2
- (ii) Chairman of the Purchaser Board shall be nominated by the JV Partner, who shall also be the Purchaser's legal representative.

**Matters requiring unanimous consent from PRC Subsidiary and JV Partner**

The following matters must be approved by unanimous consent of the PRC Subsidiary and the JV Partner at shareholders' meeting:

- (i) appointment and removal of directors and supervisor;
- (ii) approval of director's report;
- (iii) approval of supervisor's report;
- (iv) approval of any profit sharing arrangement or arrangement regarding indemnity for loss;
- (v) increase or reduction of the Purchaser Group's registered capital;
- (vi) issue of bonds;
- (vii) merger, consolidation, dissolution, liquidation or change of legal nature of the Purchaser;
- (viii) amendment of the Purchaser's articles;
- (ix) establishment of any branch office, subsidiary, or entity, or making any other investment; and
- (x) conducting any related party transaction with any shareholder or shareholder's related party (save for the acquisition of the Properties and the Renovation Consultancy Agreement to be signed between the Purchaser, Tishman Consultancy and Tishman Advisory).

**Voting at shareholders' meeting:**

- (i) Since the Vendor is related to the PRC Subsidiary, any shareholders' resolutions relating to the Purchaser's acquisition of the Properties shall be made solely by the JV Partner, whereupon the JV Partner's attendance shall constitute sufficient quorum of such meeting. The PRC Subsidiary, however, shall be entitled to attend such meeting and express its opinion thereat.
- (ii) Save for matters requiring shareholders' unanimous consent, and matters relating to the Purchaser's acquisition of the Properties, all shareholders' resolutions shall be passed by more than 2/3 of the votes cast by shareholders attending and entitling to vote at such meeting.

**Matters requiring unanimous consent of the Purchaser Board:**

The following matters require unanimous approval of the Purchaser Board:

- (i) formulation of any plans relating to the Purchaser's profit and loss sharing;
- (ii) formulation of any plans relating to the increase or reduction of the Purchaser's registered capital;
- (iii) formulation of any plans relating to the issue of bonds by the Purchaser;
- (iv) formulation of any plans relating to the merger, segregation, termination, liquidation, dissolution of the Purchaser, or any alteration of the Purchaser's structure;
- (v) decisions relating to the Purchaser's system of management;
- (vi) engagement of non-big-5 valuers;
- (vii) engagement of non-big-4 auditors;
- (viii) drawing, application and repayment of the Purchaser's surplus cash;

- (ix) any fundraising arrangement;
- (x) provision of the Purchaser's assets or provision of guarantee by the Purchaser to any shareholder or any third party;
- (xi) any acquisition by the Purchaser (save for acquisition of the Properties) or sale of any interests in the Properties;
- (xii) any adjustment to the Properties' renovation budget that has exceeded 3% thereof;
- (xiii) the Purchaser's annual business plan and budget, and any adjustment that exceeds 3% thereof; and
- (xiv) any amendment to or termination of the Renovation Consultancy Agreement, Technical Support Services Agreement and the New Hotel Management Agreement (save in accordance with the terms thereof).

**Voting at Purchaser Board meeting:**

- (i) Since the Vendor is related to the PRC Subsidiary, any board resolutions relating to the Purchaser's acquisition of the Properties shall be made solely by the directors nominated by the JV Partner, whereupon such directors' attendance shall constitute sufficient quorum of such meeting. Director nominated by the PRC Subsidiary, however, shall be entitled to attend such meeting and express his opinion thereat.
- (ii) Save for the above, each director at the Purchaser board meeting shall have one vote.

**Renovation and post-renovation matters:**

- (i) Subject to the investor consent from the JV Partner, on the basis of the same terms being offered, the Purchaser shall give priority to engaging the PRC Subsidiary's related party as the head constructor.

(ii) Upon completion of the Properties' renovation, Tishman Consultancy and Tishman Advisory (i.e., parties to the Renovation Consultancy Agreement) shall be responsible for supervising and monitoring the New Hotel Manager's performance. In this regard, Tishman Consultancy and Tishman Advisory shall be entitled to an annual payment of RMB1,300,000 (equivalent to approximately HK\$1,418,000), which shall be payable from the Purchaser's surplus cash.

**Lock-up:**

Neither the PRC Subsidiary or the JV Partner can transfer the equity interests to any non-related party during the Lock-up Period, being the period commencing from the date of the Shareholders' Agreement and ending on the 1st anniversary of completion of the Properties' renovation.

**Rights of first offer:**

Upon expiry of the Lock-up Period, a selling shareholder shall notify the other shareholder its intention to sell all of its equity interests in the Purchaser. The non-selling shareholder shall be entitled make an offer to purchase such interest by proposing the relevant consideration and payment terms. In the event the selling shareholder has not accepted such offer, it shall not sell its equity interests to any third party at a price that is below 103% of that offered by the non-selling shareholder.

**Sharing of profit:**

- |                    |     |
|--------------------|-----|
| (i) PRC Subsidiary | 25% |
| (ii) JV Partner    | 75% |

**Deadlock:**

The PRC Subsidiary and the JV Partner shall use their best efforts to negotiate when deadlock occurs. In the event a consensus cannot be reached, the PRC Subsidiary and the JV Partner shall liquidate the Purchaser in accordance with the terms of the Shareholders' Agreement.

**Default:**

*In respect of contribution:*

- (i) In the event any party to the Shareholders' Agreement fails to pay the required contribution, the party that has paid the required contribution shall be entitled to:
  - (a) require the default party to pay to the compliant party an amount equivalent to 0.03% per day of the outstanding contribution as compensation;
  - (b) the compliant party may advance the outstanding contribution, whereupon the default party shall pay an amount equivalent to 0.03% per day of the outstanding contribution as finance fee;
  - (c) where the compliant party has advanced the outstanding contribution, the compliant party shall be entitled to adjust the shareholding of the Purchaser in accordance with the following formula:

$$S = (A/T) \times 100\%$$

whereupon:

S means the adjusted percentage of compliant party's shareholding

A means the aggregate amount of contribution made by the compliant party (including the outstanding contribution advance by it)

T means the total amount of contribution made by the shareholders of the Purchaser

Shareholders of the Purchaser shall further negotiate the provisions regarding shareholders and board meetings including any voting restrictions after adjustment of shareholding and enter into a supplemental shareholders' agreement.

- (d) in the event the non-payment of contribution by the default party shall have caused any material adverse effect on the Purchaser's business, assets or operations, and where the compliant party does not choose to adjust the shareholding of the Purchaser, the compliant party may terminate the Shareholders' Agreement.
- (ii) The default party shall indemnify the Purchaser from all loss arising from the default party's non-payment of contribution (including but not limited to the loss incurred in relation to the Purchaser's failure to pay the Disposal Consideration under the Disposal Agreement). Where the default party is the PRC Subsidiary, whose non-payment of contribution renders the Purchaser's default in payment under the Disposal Agreement, the PRC Subsidiary shall bear all liability thereunder, and shall indemnify the Purchaser and the JV Partner.

**Termination:**

- (i) The Shareholders' Agreement shall terminate:
  - (a) upon consent from both the PRC Subsidiary and the JV Partner;
  - (b) upon expiry of the Purchaser's term of operation;
  - (c) the Purchaser has become wholly owned by one party;
  - (d) if consensus cannot be reached after deadlock;  
or
  - (e) upon liquidation or dissolution of the Purchaser.
- (ii) The PRC Subsidiary or the JV Partner shall be entitled to terminate the Shareholder's Agreement if:
  - (a) there being material breach of the Shareholders' Agreement by the other party;

- (b) the other party fails to perform any documents referred to in the Shareholders' Agreement and such non-performance has material adverse effect on the Purchaser;
  - (c) there being a breach of the contribution obligations by the other party as set out in the section headed "Default" above;
  - (d) there being events leading to liquidation, winding up or dissolution of the Purchaser;
  - (e) there being events leading to liquidation, winding up or dissolution of the other party;
  - (f) the Purchaser has failed to acquire the Properties;
  - (g) there being force majeure events leading to material adverse effect on the Purchaser; or
  - (h) the change of law or regulations rendering it legal or commercially unreasonable for any party to continue investing in the Purchaser.
- (iii) Upon termination of the Shareholders' Agreement as set out above, the Purchaser shall, in accordance with the unanimous resolutions of the shareholders' meeting, proceed with voluntary liquidation.



(iv) If the Disposal Agreement is terminated due to reasons relating to the Vendor, the JV Partner shall be entitled to terminate the Shareholders' Agreement and proceed with liquidation of the Purchaser. In such event:

(a) the PRC Subsidiary and the JV Partner shall bear all costs incurred by the Purchaser in proportion to their shareholding interest (including those relating to the Disposal, the Renovation Consultancy Agreement, the Technical Support Services Agreement and the New Hotel Management Agreement). Where at the time of termination the PRC Subsidiary has not yet fully paid up the Purchaser's registered capital, it shall still be liable to pay up such capital in order to share the costs as set out above. In addition, it shall reimburse the JV Partner if the latter has incurred any such costs on behalf of the Purchaser; and

(b) the PRC Subsidiary shall pay the JV Partner RMB25,200,000 (equivalent to approximately HK\$27,493,000) as compensation.

**Costs:**

(i) The Purchaser shall bear the costs of negotiating and drafting of the Shareholders' Agreement, the Purchaser's Articles, the Renovation Consultancy Agreement, the Technical Support Services Agreement and the New Hotel Management Agreement.

(ii) In the event the Disposal is not completed:

(a) the PRC Subsidiary and the JV Partner shall bear the costs in proportion to their shareholding in the Purchaser as regards:

— the Disposal;

— the Technical Support Services Agreement;

- the New Hotel Management Agreement; and
- the Purchaser's subsequent dissolution, liquidation and deregistration.

(b) the PRC Subsidiary and the JV Partner shall bear their own respective costs as regards the negotiations and signing of:

- the Shareholders' Agreement;
- the Purchaser's Articles; and
- the Renovation Consultancy Agreement.

The Directors considers the terms of the Purchaser's Articles (including the PRC Subsidiary Contribution) are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

## **G. THE DISPOSAL AGREEMENT**

### **Parties**

Vendor: the Vendor, being Loyal Rich International Investment Limited

Purchaser: the Purchaser, being Shanghai Jingyao Ting Hotel Co., Limited\* (上海晶耀庭酒店有限公司)

### **Assets to be disposed of**

The assets to be disposed of are the Properties located at Nos. 1729 and 1737 Huangxing Road, Yangpu District, Shanghai, the PRC, comprising:

- (i) the Hotel: a 20-storey hotel with a gross floor area of approximately 15,949.09 sq. m., located in Levels 1–20. The Hotel has been vacant and closed since 8 January 2023; and
- (ii) the Carpark: a 2-storey carpark with a gross floor area of 18,329.46 sq. m., located in B2 & B3.

The renovation and maintenance contribution in the amount of RMB4,652,625 (equivalent to approximately HK\$5,076,000, calculated as at 14 June 2023) made by the Group to the Property Manager as regards the Properties shall also be assigned such that the Purchaser shall be deemed to have made the same amount of contribution to the Property Manager upon Completion. Any interest accruing to such amount and as from 14 June 2023 shall be payable to the Purchaser.

### **Earnest Money**

Pursuant to the terms of the LOI, Tishman Consultancy had paid to the PRC Subsidiary the Earnest Money (being RMB5,000,000 (equivalent to approximately HK\$5,455,000)).

Pursuant to the terms of the LOI and the Disposal Agreement, the Earnest Money shall be refunded to Tishman Consultancy unconditionally and without interest within five business days after the signing of the Disposal Agreement.

### **Disposal Custodian Account**

- (i) The Vendor, the Purchaser and the Disposal Custodian Bank shall enter into the Disposal Custodian Agreement pursuant to which the Disposal Custodian Account is to be opened under the name of the Purchaser which shall be operated jointly by the Vendor and the Purchaser for the purpose of holding the 1st Instalment. All interest accrued in the Disposal Custodian Account shall be paid to the Vendor.
- (ii) In the event the amount in the Disposal Custodian Account has been frozen or encumbered by any governmental authority or any other third parties:
  - (a) due to reasons relating to the Purchaser, the Purchaser shall not be absolved from its obligation to pay, and shall still be liable for the relevant payment obligations under the Disposal Agreement; and
  - (b) due to reasons relating to the Vendor, the Purchaser shall be deemed to have satisfied its relevant payment obligations under the Disposal Agreement.

## Disposal Consideration

The Disposal Consideration (being RMB360,000,000 (equivalent to approximately HK\$392,760,000)) shall be payable in cash as follows:

	<b>Amount of Disposal Consideration</b>	<b>Payment terms</b>	<b>Release from Disposal Custodian Account to the Vendor</b>
(i)	1st Instalment: RMB108,000,000 (equivalent to approximately HK\$117,828,000), representing 30% of the Disposal Consideration	payable within 10 business days after the date of the Disposal Agreement by the Purchaser depositing such amount into the Disposal Custodian Account	Subject to all Disposal Conditions having been fulfilled or waived (as applicable), the 1st Instalment shall be released on the date when the relevant PRC registration authority has accepted the submission of the Title Transfer Application.
(ii)	2nd Instalment: RMB65,600,000 (equivalent to approximately HK\$71,570,000), representing 18.22% of the Disposal Consideration	payable to the bank account designated by the Vendor within 7 business days after release of the 1st Instalment to the bank account designated by the Vendor	Not applicable.

Amount of Disposal Consideration	Payment terms	Release from Disposal Custodian Account to the Vendor
(iii) 3rd Instalment: RMB168,400,000 (equivalent to approximately HK\$183,724,000), representing 46.78% of the Disposal Consideration	<p>payable to the bank account designated by the Vendor within 5 business days after:</p> <p>(i) fulfilment (or waiver, as the case may be) of the Disposal Conditions;</p> <p>(ii) the Purchaser having obtained the new real estate ownership certificate (《不動產權證書》) in respect of the Properties; and</p> <p>(iii) the lending entity to the Purchaser having been registered as first chargee of the Property.</p>	Not applicable.
(iv) RMB18,000,000 (equivalent to approximately HK\$19,638,000), representing 5% of the Disposal Consideration	payable to the bank account designated by the Vendor on the first business day after the expiry of three months from the date of Completion.	Not applicable.

The Disposal Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to, among other things, (i) the unaudited carrying value of the Properties of approximately RMB337,000,000 (equivalent to approximately HK\$363,746,000) as at 30 September

2023; and (ii) the valuation of the Properties of approximately RMB337,000,000 (equivalent to approximately HK\$363,746,000) as at 30 September 2023 as appraised by an independent qualified valuer using income and market approach.

**The New Property Management Agreement, Property Transfer Agreement, Title Transfer Application and Completion**

- (i) As one of the Disposal Conditions, the Purchaser and the Property Manager shall enter into the New Property Management Agreement in relation property management of certain area of the Properties.
- (ii) Within five business days after all Disposal Conditions have been fulfilled or waived (as the case may be), the Vendor and the Purchaser shall sign the Property Transfer Agreement. In the event the relevant governmental authority requires separate Property Transfer Agreements be signed in relation to the Hotel and the Carpark, the consideration for the relevant transfer shall be designated as follows:
  - (a) Hotel: RMB306,350,000 (equivalent to approximately HK\$334,228,000), which has included the value added tax of RMB3,159,500 (equivalent to approximately HK\$3,447,000); and
  - (b) Carpark: RMB53,650,000 (equivalent to approximately HK\$58,532,000), which has included the value added tax of RMB792,800 (equivalent to approximately HK\$865,000).
- (iii) Thereafter, subject to payment of all necessary taxes and duties payable by the Vendor, the Vendor and the Purchaser shall submit the Title Transfer Application to the relevant registration authority within 3 business days thereafter.
- (iv) Completion shall take place on the date when the Purchaser has obtained the Properties' real estate ownership certificate (《不動產權證書》) issued in its name (or on the business day thereafter). The Properties shall be delivered to the Purchaser on an "as-is" basis on Completion.

After Completion, the Group shall cease to hold any direct interests in the Properties, and they will not be accounted for as the Group's assets. However, the Purchaser will be accounted for as the Group's investment in associate.

## **Disposal Conditions**

Signing of the Property Transfer Agreement is conditional upon the following Disposal Conditions having been fulfilled or waived (as the case may be):

- (1) the Vendor having obtained all approvals and authorisations in relation to the signing, delivery and performance of the Disposal Agreement (including approvals from the shareholders and directors of the Vendor);
- (2) (i) the Company having obtained approval from its Shareholders at the GM; (ii) all necessary approvals from the Stock Exchange; and (iii) the Company having complied with all requirements of the Listing Rules (including publication of an announcement), all in relation to the Disposal Agreement, the Shareholders' Agreement, the Purchaser's Articles and the transactions contemplated thereunder;
- (3) termination of the Hotel Management Documents, and the waiver by the Hotel Manager of its right of first refusal in connection with the transactions contemplated under the Disposal Agreement having been obtained;
- (4) termination of all existing leases of the Properties (including the Tenancy Agreement), and the waiver by the PRC Subsidiary of its right of first refusal in connection with the transactions contemplated under the Disposal Agreement having been obtained;
- (5) termination of the Property Management Agreement;
- (6) the New Property Management Agreement having been signed;
- (7) the clearing out of all tenants, occupiers, customers and employees in the Properties;
- (8) all licences in relation to the Properties that are registered under the name of the Vendor or its associates having been de-registered and there being no other third party registering the Properties as its registered address or business address, except for the Public Health License (《公共衛生許可證》) and Public Parking Lot (Garage) Registration Certificate (《公共停車場(庫)備案證明》); and
- (9) the Properties having been free of encumbrances, and the Vendor is not using the Properties as any form of security.

Disposal Conditions (1) and (2) cannot be waived. All other Disposal Conditions can be waived by the Purchaser in writing.

### ***Consequences to non-fulfilment of Disposal Conditions***

In the event all Disposal Conditions cannot be satisfied within 90 days after the date of the Disposal Agreement, it shall be deemed as vendor's material breach of the Disposal Agreement. The Purchaser shall be entitled to terminate the Disposal Agreement, and the Vendor shall pay an amount equivalent to 10% of the Disposal Consideration as damages. All Disposal Consideration paid by the Purchaser shall be refunded.

#### **Material breach**

##### ***(1) Material breach by the Purchaser***

- (i) In the event the Purchaser fails to pay the Disposal Consideration in accordance with the payment schedule referred to above, the Purchaser shall pay an amount equivalent to 0.03% per day to the Vendor; and
- (ii) In the event of Purchaser's other material breaches, the Vendor shall be entitled to terminate the Disposal Agreement and the Purchaser shall pay an amount equivalent to 10% of the Disposal Consideration as damages. All Disposal Consideration paid by the Purchaser shall be refunded. Such other material breaches refer to:
  - (a) the Purchaser having failed to sign the Property Transfer Agreement;
  - (b) the Purchaser having failed to pay the Disposal Consideration; or
  - (c) the Purchaser having terminated the Disposal Agreement without cause.

##### ***(2) Material breach by the Vendor***

- (i) In the event the Vendor failed to deliver the Properties and other information and documents in accordance with the Disposal Agreement, the Vendor shall pay an amount equivalent to 0.03% per day to the Purchaser; and
- (ii) In the event of the Vendor's other material breaches, the Purchaser shall be entitled to terminate the Disposal Agreement and the Vendor shall, within 10 business days thereof: (a) pay an amount equivalent to 10% of the Disposal Consideration as damages; (b) refund all Disposal Consideration paid by the Purchaser; and (c) co-operate with the Purchaser to release the custodian under the Disposal Custodian Agreement. Otherwise the Vendor shall be liable to pay an amount equivalent to 0.03% of the refund amount to the Purchaser.



- (iii) The other material breaches mentioned in sub-paragraph (ii) above refer to:
- (a) the Vendor having failed to sign the Property Transfer Agreement;
  - (b) the Vendor having failed to deliver the Properties and other information and documents in accordance with the Disposal Agreement;
  - (c) there being material adverse change to the Properties due to reasons of the Vendor;
  - (d) in the event all Disposal Conditions cannot be satisfied within 90 days after the date of the Disposal Agreement (i.e. the situation as set out in item (ii) of the sub-paragraph headed “Consequences of non-fulfilment of Disposal Conditions” of the paragraph headed “Disposal Conditions” in the section headed “The Disposal Agreement” above);
  - (e) the Properties fail to be registered under the name of the Purchaser due to the fault of the Vendor; or
  - (f) the Vendor having terminated the Disposal Agreement without cause.

## **H. THE DISPOSAL CUSTODIAN AGREEMENT**

### **Parties:**

- (i) The Vendor;
- (ii) the Purchaser; and
- (iii) the Disposal Custodian Bank.

### **Principal terms**

**Custodian amount:** RMB108,000,000 (equivalent to approximately HK\$117,828,000), i.e., the 1st Instalment.

- Term:**
- (i) The custodian obligations arise from the date when the 1st Instalment has been deposited with the Disposal Custodian Account until such amount has been fully released in accordance with the terms of the Disposal Custodian Agreement.
  - (ii) The Disposal Custodian Agreement shall terminate automatically after release of all custodian amount.

**Disposal Custodian  
Account:**

- (i) The Disposal Custodian Account shall be opened by the Purchaser with the Disposal Custodian Bank.
- (ii) The Disposal Custodian Account shall be jointly operated by the Vendor and the Purchaser.
- (iii) All drawings, transfers and other operations of the Disposal Custodian Account shall be made in accordance with the joint instructions from the Vendor and the Purchaser.
- (iv) Any interest accrued in the Disposal Custodian Account shall be paid to the Purchaser.
- (v) The Disposal Custodian Account shall be closed and cancelled upon termination of the custodian obligations under the Disposal Custodian Agreement.

**Release of the custodian  
amount:**

*As regards payment of tax*

- (i) Within 2 business days after the relevant government authority has issued tax notification as regards the tax payable by the Vendor or as regards the tax payable by the Purchaser on the Vendor's behalf under the Disposal, the Vendor and the Purchaser shall provide joint instructions to the Disposal Custodian Bank to release such amount for such tax payment.
- (ii) The Disposal Custodian Bank shall transfer such amount to the account of the relevant government authority set out in the joint instructions within 1 business day after receipt of the joint instructions.

*As regards release of the 1st Instalment*

- (i) The Vendor and the Purchaser shall provide joint instructions to the Disposal Custodian Bank in accordance with the Disposal Agreement (i.e., on the day when the relevant PRC registration authority has accepted the submission of the Title Transfer Application, whereupon all Disposal Conditions shall have been fulfilled (or waived, as the case may be)) as regards release of the 1st Instalment.
- (ii) The Disposal Custodian Bank shall transfer the 1st Instalment to the designated account(s) of the Vendor within 1 business day after receipt of such joint instructions — whereupon according to the Master Agreement, an amount equivalent to the PRC Subsidiary Contribution (i.e., RMB64,000,000 (equivalent to approximately HK\$69,824,000)) shall be directed to be transferred to the Acquisition Custodian Account, of which RMB60,000,000 (equivalent to approximately HK\$65,460,000) shall be further transferred from the Acquisition Custodian Account to the Purchaser's account in order to fulfill the PRC Subsidiary's contribution obligations under the Shareholders' Agreement.

*As regards any other transfer*

- (i) In the event the Disposal Agreement is terminated or in circumstances other than the above which calls for release of the custodian amount, the Vendor and the Purchaser shall provide joint instructions to the Disposal Custodian Bank regarding such release.
- (ii) The Disposal Custodian Bank shall transfer such amount to the account set out in the joint instructions within 1 business day after receipt of such joint instructions.

**Custodian fee:** No custodian fee shall be chargeable by the Disposal Custodian Bank. However, the Purchaser shall be responsible for all payment of transfer and other administrative fees payable in relation to the Acquisition Custodian Account.

## **I. THE RENOVATION CONSULTANCY AGREEMENT**

### **Parties:**

- (i) The Purchaser, being Shanghai Jingyao Ting Hotel Co., Limited\* (上海晶耀庭酒店有限公司);
- (ii) Tishman Consultancy, being Tishman (Shanghai) Management Co., Ltd. (鐵獅門(上海)管理有限公司); and
- (iii) Tishman Advisory, being Tishman Speyer China Manger, L.L.C..

According to the Purchaser, Tishman Consultancy and Tishman Advisory are both subsidiaries of Tishman Speyer Group, which is ultimately controlled by Jerry I. Speyer and Robert J. Speyer. According to the Purchaser, (i) Tishman Consultancy is principally engaged in corporate management advisory, real estate advisory, information advisory, economic advisory, provision of convention and exhibition services, as well as marketing planning; and (ii) Tishman Advisory is principally engaged in corporate and advisory services. According to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Tishman Consultancy, Tishman Advisory and their ultimate beneficial owners are Independent Third Parties.

### **Principal terms of the Renovation Consultancy Agreement**

**Purpose:** The Purchaser shall engage Tishman Consultancy and Tishman Advisory (the “**Consultants**”) as consultants to provide consultancy and project management services regarding renovation, design, decoration and outfitting etc. of the Properties.

**Services to be provided:**

- (i) To formulate renovation plan and related budget; and
- (ii) to co-ordinate, supervise and manage the relevant design, procurement, and installation.

**Fees and other payables:**

- (i) Consultancy fee:
  - (a) the consultancy fee is calculated at a percentage of the renovation costs;
  - (b) it shall be pre-paid on a monthly basis after completion of the Purchaser's acquisition of the Properties;
  - (c) the monthly amount payable shall be based on the amount of consultancy fee set out in the renovation budget; and
  - (d) the ultimate total amount of consultancy fees payable shall be determined after renovation completion, whereupon any shortfall or excess shall be payable or refunded after all actual amount payable to service providers, suppliers and contractors have been taken into account.
  
- (ii) Reimbursable costs and expenses:
  - (a) these refer to costs and expenses incurred by the Consultants, its related parties or such other service providers appointed by the Consultants, such as travelling expenses, food and beverage expenses, labour costs etc.;
  - (b) the total amount of reimbursable costs and expenses shall not exceed RMB7,700,000 (equivalent to approximately HK\$8,401,000, including value added tax); and
  - (c) the reimbursable costs and expenses shall be payable monthly based on invoices provided by the Consultants.

(iii) Post-completion supervision fee:

- (a) upon completion of the renovation, the Consultants shall be responsible for supervising and monitoring the Properties, including the New Hotel Manager's performance; and
- (b) in this regard, the Consultants shall be entitled to an annual payment of RMB1,300,000 (equivalent to approximately HK\$1,418,000, including value added tax), which shall be payable on a monthly basis after renovation completion.

**Termination:**

- (i) The Renovation Consultancy Agreement shall terminate upon payment in full of all fees payable thereunder.
- (ii) The Purchaser shall be entitled to terminate the Renovation Consultancy Agreement if:
  - (a) Tishman Consultancy having defaulted in material respects in its performance of the Renovation Consultancy Agreement causing material adverse effect on the Purchaser; or
  - (b) Tishman Consultancy becoming unable to pay its debts, or being subject to liquidation, provisional liquidation, winding up or dissolution proceedings.
- (iii) Tishman Consultancy shall be entitled to terminate the Renovation Consultancy Agreement if:
  - (a) the Purchaser having committed a material breach of the Renovation Consultancy Agreement; or

- (b) the Purchaser becoming unable to pay its debts, or being subject to liquidation, provisional liquidation, winding up or dissolution proceedings.
- (iv) If the Consultants shall no longer be controlled by Tishman Speyer Properties L.P., or the Properties or the Purchaser's entire equity interests shall have been disposed of to third party not controlled by Tishman Speyer Properties L.P., the Purchaser or the Consultants shall be entitled to terminate the Renovation Consultancy Agreement.
- (v) If the Purchaser fails to complete the acquisition of Properties for any reason, the Renovation Consultancy Agreement shall automatically terminate. In such event, the Purchaser shall not be liable to the Consultants for any compensation or damages, but shall pay the Consultants all consultancy fee and reimbursable costs and expenses incurred for the services provided up to termination.

## **J. THE TECHNICAL SUPPORT SERVICES AGREEMENT**

### **Parties:**

- (i) The Purchaser, being Shanghai Jingyao Ting Hotel Co., Limited\* (上海晶耀庭酒店有限公司); and
- (ii) the New Hotel Manager, being Shanghai Xing Feng Hotel Management Co., Ltd.\* (上海星豐酒店管理有限公司).

According to the Purchaser, the New Hotel Manager is wholly-owned by Frasers Hospitality PTE Ltd. and is principally engaged in hotel management, property management, business advisory, information technology advisory and corporate

management advisory. According to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the New Hotel Manager and its ultimate beneficial owners are Independent Third Parties.

**Purpose:** The New Hotel Manager shall provide the Purchaser technical support services relating to the Hotel until its opening as Hotel, which shall be named as "Modena by Fraser".

**Term:** The Technical Support Services Agreement shall terminate on the opening date of the Hotel as serviced apartments (unless terminated earlier in accordance with the provisions of the Technical Support Services Agreement). The term of the Technical Support Services Agreement may be extended by written consent of both parties.

**Services to be provided:** In order to enable the Purchaser to carry out the relevant works of design, renovation and outfitting of the Hotel as serviced apartments in accordance with the decoration standards and specifications relating to the brand "Modena by Fraser", the New Hotel Manager shall provide the following technical services:

- (i) site assessment;
- (ii) design and development;
- (iii) detailed design;
- (iv) site inspection to ensure the project be carried out in compliance with renovation standards and specifications, whereupon it will jointly approve any modifications required together with the Purchaser; and
- (v) pre-opening handover.



**Technical Services Fee:**

The Purchaser shall pay the New Hotel Manager consultancy fee calculated on a-fixed-amount- per-apartment-unit basis in the following manner:

- (i) as to 40% of the fees: payable before the 25th day of the month following the date of the Purchaser having obtained the real estate ownership certificate in its name;
- (ii) as to 30% of the fees: payable within 30 days of the date on which both parties confirm the design plan or within 12 months of the date of the Technical Support Services Agreement (whichever is earlier); and
- (iii) as to the remaining 30% of the fees: payable within 30 days of the Hotel's trial opening date.

**Event of default:**

The following shall constitute an event of default if:

- (i) either the Purchaser or the New Hotel Manager has breached the Technical Support Services Agreement causing material loss to the non-default party;
- (ii) the Purchaser fails to pay the New Hotel Manager any amount due under the Technical Support Services Agreement;
- (iii) either the Purchaser or the New Hotel Manager unilaterally terminates the Technical Support Services Agreement without reason in breach of the terms thereof;
- (iv) either the Purchaser or the New Hotel Manager is subject to bankruptcy, winding up, liquidation, dissolution or judicial administration proceedings or any such order is made against such party; or

(v) there being any order made as regards all or substantial assets of the Purchaser or the New Hotel Manager relating to the appointment of receiver, trustee or liquidator.

**Termination:**

(i) The Purchaser or the New Hotel Manager shall be entitled to terminate the Technical Support Services Agreement if there being an event of default.

(ii) If the Technical Support Services Agreement is terminated prior to its term, the Purchaser shall pay the New Hotel Manager within 30 days from the date of termination all fees payable thereunder prior to the termination.

(iii) If the Purchaser fails to complete the acquisition of Properties for any reason, the Technical Support Services Agreement shall automatically terminate. In such event, the Purchaser shall not be liable to the New Hotel Manager for any compensation or damages, but shall pay the New Hotel Manager all technical services fees incurred for the services provided up to termination.

**K. THE NEW HOTEL MANAGEMENT AGREEMENT**

**Parties**

(i) The Purchaser; and

(ii) the New Hotel Manager, being Shanghai Xing Feng Hotel Management Co., Ltd.\* (上海星豐酒店管理有限公司).

## **Principal terms of the New Hotel Management Agreement**

- Management term:**
- (i) The New Hotel Manager shall manage the Hotel from the date of its trial opening (tentatively to be 1 April 2025) until the expiry of 10 years from its opening date (which should not exceed 3 months from the trial opening date) or the date of early termination of the New Hotel Management Agreement (whichever is earlier) (the “**Management Period**”).
  - (ii) The Purchaser and the New Hotel Manager shall determine whether to renew the Management Period 12 months before its expiry.
  - (iii) If consensus for renewal has been reached, the New Hotel Management Agreement shall be renewed for a term of five 5 years.
  - (iv) If either party decides not to renew the Management Period, it shall notify in writing of such decision at least 12 months before expiry of the Management Period.
- Term of the New Hotel Management Agreement:** Unless being early terminated in accordance with the New Hotel Management Agreement, the New Hotel Management Agreement shall terminate upon expiry of the Management Period. In the case of an extension, it shall end on upon expiry of the extension.
- Exclusivity:** The New Hotel Manager shall be appointed as the sole manager of the Hotel (operating as serviced apartments).
- Branding:** The Hotel shall be operated under the name “Modena by Fraser”.

**Non-competition:**

During the term of the New Hotel Management Agreement, the New Hotel Manager shall not operate any business that belongs to the same “Modena by Fraser” brand as serviced apartments, or that is under the same operation model, decoration standards and specifications, as well as same business format within an agreed distance of the Hotel.

**Services to be provided by the New Hotel Manager:**

- (i) To prepare for trial opening of the Hotel, including employee structure, budgeting, recruitment and training, marketing, third party contracts etc.;
- (ii) to provide serviced apartments management services including human resources, management of inventories, Hotel repair and maintenance, budgeting and bookkeeping, marketing and sales etc.; and
- (iii) certain support services shall be provided by the related companies of the New Hotel Manager for the purpose of unifying the Fraser system globally, including management system, international marketing and sales services, central reservation system etc. (“**Fraser Group Management Service**”).

**Fees payable to the New Hotel Manager:**

- (i) Basic management fee:
  - (a) Basic management fee shall be calculated at a percentage of the Hotel’s annual revenue; and
  - (b) it shall be payable from the Hotel’s trial opening date.
- (ii) Floating management fee:
  - (a) Floating management fee shall be calculated at an ascending scale of percentages of the Hotel’s annual gross operating profits; and

(b) it shall be payable from the date when the Hotel first generates any revenue.

(iii) Headquarters service fee:

(a) Headquarters service fee shall be charged a fixed amount per month;

(b) it is payable for the services provided by the New Hotel Manager's headquarters in the PRC as regards services such as central procurement and financial audit etc.; and

(c) it shall be payable from the Hotel's trial opening date.

(iv) Fraser Group Management Service fee:

(a) this shall be calculated on a fixed amount per serviced apartment basis; and

(b) this shall be payable from the Hotel's trial opening date.

**Payment:**

(i) All aforesaid fees shall be calculated on the basis of a financial year.

(ii) However, the Purchaser shall pay in advance on a monthly basis all such fee based on the monthly report provided by the New Hotel Manager.

(iii) The ultimate amount of the aforementioned fees payable shall be determined and adjusted after certification by the auditors based on the audited accounts for the relevant financial year.

(iv) Any shortfall or excess shall be payable or refunded within 30 days after the New Hotel Manager's notification.

**Performance guarantee:**

- (i) Commencing from the 2nd financial year (calculated from the Hotel's trial opening date), in the event the audited operating gross profits of 2 consecutive financial years is less than a percentage of the operating gross profits in the respective financial year's budget, the New Hotel Manager shall have an option to pay the Purchaser such shortfall.
- (ii) In the event the New Hotel Manager does not pay such shortfall, the Purchaser shall be entitled to terminate the New Hotel Management Agreement. In such event, the New Hotel Manager shall not be liable to pay any compensation to the Purchaser.

**Damage and destruction to the Hotel:**

If the Hotel or any part thereof suffers serious damage or destruction due to fire or other reasons, resulting in more than 30% of the number of rooms being unable to be operated for more than 12 months, or more than 30% of the number of rooms is reasonably expected to require repair costs that exceed the insurance compensation, either party may terminate the New Hotel Management Agreement.

**Confiscation or expropriation:**

- (i) If the whole or part of the Hotel is compulsorily confiscated or expropriated, and according to the reasonable opinion of the New Hotel Manager or Purchaser, the remaining part of the Hotel cannot be operated as serviced apartments that meet Fraser standards, the New Hotel Manager or Purchaser shall be entitled to terminate the New Hotel Management Agreement.
- (ii) In this regard, the New Hotel Manager shall be entitled to an amount equivalent to insurance purchased by the Purchaser relating to business disruption.

**Event of default:**

The following shall constitute an event of default if the Purchaser or the New Hotel Manager:

- (i) has breached the New Hotel Management Agreement causing material loss to the non-default party;
- (ii) fails to pay any amount due under the New Hotel Management Agreement;
- (iii) unilaterally terminates the New Hotel Management Agreement in breach of the terms thereof;
- (iv) is subject to bankruptcy, winding up, liquidation, dissolution or judicial administration proceedings or any such order is made against such party; or
- (v) is having any order made against it as regards all or substantial part of its assets relating to the appointment of receiver, trustee or liquidator.

**Termination:**

- (i) If Purchaser has committed any event of default under the New Hotel Management Agreement or the Technical Support Services Agreement:
  - (a) the New Hotel Manager shall be entitled to terminate the New Hotel Management Agreement by serving a notice on the Purchaser within 120 days of such event of default; and
  - (b) the New Hotel Manager shall be entitled to a payment equivalent to the sum of basic management fee and floating management fee of the 12 months preceding the event of default.

- (ii) If the New Hotel Manager has committed any event of default under the New Hotel Management Agreement or the Technical Support Services Agreement:
  - (a) the Purchaser shall be entitled to terminate the New Hotel Management Agreement by serving a notice on the New Hotel Manager within 120 days of such event of default; and
  - (b) the Purchaser shall be entitled to a payment equivalent to the sum of basic management fee and floating management fee of the 12 months preceding the event of default.
  
- (iii) If the Purchaser disposes of the Hotel, or all or any shareholders of the Purchaser has transferred their or its equity interests in the Purchaser, unless the transferee agrees to continue the appointment of the New Hotel Manager on the same terms as the New Hotel Management Agreement:
  - (a) the Purchaser shall be entitled to terminate the New Hotel Management Agreement by giving 90 days' notice; and
  - (b) the Purchaser shall pay a fixed amount to the New Hotel Manager as early termination fee.
  
- (iv) If the transferee of the above disposal is a competitor of the New Hotel Manager:
  - (a) the New Hotel Manager shall be entitled to terminate the New Hotel Management Agreement by giving 90 days' notice; and
  - (b) the Purchaser shall pay a fixed amount to the New Hotel Manager as early termination fee.



- (v) If the Purchaser fails to complete the acquisition of Properties for any reason, the New Hotel Management Agreement shall automatically terminate. In such event, the Purchaser shall not be liable to the New Hotel Manager for any compensation or damages, but shall pay the New Hotel Manager all management fees incurred for the services provided up to termination.

## **L. THE NEW PROPERTY MANAGEMENT AGREEMENT**

### **Parties**

- (i) The Property Manager; and
- (ii) the Purchaser.

As set out above, the Property Manager is a member of the private group of companies controlled by Mr. Jiang Zhaobai, a substantial Shareholder, a non-executive Director and the chairman of the Company. The Property Manager is principally engaged in property management, housing equipment maintenance, cleaning and greening services, parking lot (warehouse) operations, etc..

The Property Manager has been appointed by (i) Owners' Meeting of Shanghai Yifu Business Plaza\* (上海市怡富商務廣場業主大會); and (ii) Owners' Committee of Shanghai Yifu Business Plaza\* (上海市怡富商務廣場業主委員會) as the property manager of Yifu Business Plaza\* (怡富商務廣場), where the Properties are located.

### **Principal terms of the New Property Management Agreement**

- |  |   |
|--|---|
| <b>Area to be managed by the Property Manager:</b>                       | <ul style="list-style-type: none"><li>(i) The Carpark; and</li><li>(ii) area of Yifu Business Plaza* (怡富商務廣場) other than the Excluded Area.</li></ul>   |
| <b>Area to be managed by third party to be engaged by the Purchaser:</b> | <ul style="list-style-type: none"><li>(i) All area constituting the Hotel including beams, columns and interior walls;</li><li>(ii) roof and exterior walls of the Hotel, as well as the public plaza area in front of the Hotel; and</li></ul> |

(iii) other Hotel facilities designated under the New Property Management Agreement

(the “**Excluded Area**”).

**Property management fee payable by the Purchaser:**

(i) As regards the Hotel:

(a) RMB5 (equivalent to approximately HK\$5.5, including value added tax) per square metre per month; and

(b) the total property management fee payable per month in this regard amounts to RMB79,745.4 (equivalent to approximately HK\$87,000, including value added tax).

(ii) As regards the Carpark:

(a) RMB70 (equivalent to approximately HK\$76.4, including value added tax) per parking space per month;

(b) the total number of car parking spaces is 392; and

(c) such amount shall have included the water and electricity supply relating to the Carpark.

**Utilities fee:**

As regards the Hotel, the Purchaser shall pay the Property Manager all utilities fee based on the relevant water, electricity and gas metres, whereupon the Property Manager shall pay the same to the relevant authorities on behalf of the Purchaser.

**M. INFORMATION ABOUT THE PROPERTIES**

The Company acquired the Properties through the acquisition of the entire issued share capital of the Vendor in November 2014 at the consideration of HK\$573,000,000. The Vendor directly owns the Properties. Its wholly-owned PRC Subsidiary is responsible for operations of the Hotel, and accordingly, the Vendor and PRC Subsidiary entered into the Tenancy Agreement for the purpose of the hotel operations.

Since then the Group had commenced the business segment of hotel operations, and the Hotel became the sole hotel property held by the Group. The Hotel has been managed by the Property Manager.

As at the date of this announcement, the Group has entered into (i) the Hotel Management Documents as regards the management of the Hotel; and (ii) the Property Management Agreement with the Property Manager as regards the management of the Properties. As part of the Disposal Conditions, the aforesaid agreements together with the Tenancy Agreement shall terminate prior to Completion.

As the Hotel is located in a convenient location, the average occupancy rate had been kept between 75% and 80% before the Coronavirus 2019 (“COVID-19”) pandemic. By the end of March 2020, the Hotel had participated in the medical observation programme recognised by the Health Commission of Yangpu District, Shanghai and served as a quarantine hotel. As the effects of COVID-19 has started to subside, the Hotel ceased to operate as a quarantine hotel as of 8 January 2023. The Hotel has since become vacant.

Set out below is the audited consolidated financial information of the hotel operation of the Group as prepared in accordance with the Hong Kong Financial Reporting Standards for the years ended 31 March 2022 and 31 March 2023:

	<b>For the year ended 31 March 2023</b>	<b>For the year ended 31 March 2022</b>
	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	28,615	36,707
Profit/(loss) before taxation	(3,366)	4,037
Profit/(loss) after taxation	(3,473)	3,968

As at 30 September 2023, the carrying value of the Properties amounted to approximately HK\$363,746,000.

The Properties were completed in 2007 and operated as the Holiday Inn Express Shanghai Wujiaochang. Its last renovation took place almost 7 years ago back in 2017. On the other hand, the mid-to-high-end branded serviced apartments in Yangpu District are scarce. The Hotel is conveniently located approximately 540 metres away from the inner ring Highway, and approximately 1 kilometre from the Guoquan Road Metro Station of Line 10. It is also served by various bus lines connecting to the science and technology parks in Yangpu District, Yangpu Riverside and the nearby universities.

The science and technology parks as well as universities serve as a good source of customer base, which has gradually become one of the most active markets for branded serviced apartments in Shanghai. Yangpu District is also abundant with shopping centres such as 萬達商業廣場、悠邁商城、巴黎春天、百聯又一城、合生匯, making it an ideal and convenient district for short or long stays. The Purchaser plans to reposition, transform and operate the Properties, turning the Properties into branded serviced apartments that combine long-term and short-term stays for mid-to-high-end customers. Subsidiaries from the Tishman Speyer Group will assist in and manage the design and renovation of the Properties, which will then be managed by the New Hotel Manager under the name “Modena by Fraser”. The total renovation period of the Hotel is expected to be 16 months, which will then re-open as serviced apartments. Upon completion of the renovation, the Hotel will have 305 units of serviced apartments.

#### **N. REASONS FOR DISPOSAL OF 75% EFFECTIVE INTEREST IN THE PROPERTIES**

The Company is an investment holding company. The Group is principally engaged in agricultural operations, property investment, hotel operations and nature resources operations.

As disclosed in the annual report of the Company for the year ended 31 March 2023, the Group had outstanding other borrowings of approximately HK\$285,660,000 which fell due within 12 months. The Company therefore considers disposing of certain of its properties to reduce its indebtedness. Yet, the Company notices the property market has not recovered as expected, and the current economic condition is still weak. Therefore it is difficult to look for a buyer who is willing to fully acquire the interest of the Properties. Tishman Speyer Group, as leader of the Purchaser side (with subsidiary of the Tishman Speyer Group being the general partner of the JV Partner, which in turn will hold 75% equity interests upon completion of the 75% Acquisition Agreement) is interested in acquiring 75% effective interest of the Properties. Given the background and the experience of Tishman Speyer Group, the Group can ride on their rich and diversified experience in property investment by retaining 25% effective interests in the Properties. Upon completion of the Disposal, a net cash return of approximately HK\$306,571,000 is expected to be generated to the Group. The net proceeds from the Disposal, being the Disposal Consideration net of relevant expenses, are estimated to be approximately HK\$302,000,000. The cash return will strengthen the financial resources of the Group for repayment of its other borrowings when they fall due. After repayment of the other borrowings which amounted to approximately HK\$240,000,000 as at the date of this announcement, the remaining proceeds of approximately HK\$62,000,000 shall be applied to the Group’s general working capital.

The Purchaser will commence the renovation work and rebranding of the Hotel as hotel-style serviced apartments. Given the background of the New Hotel Manger, the Company is of the view that the 25% investment is in line with the Group's strategy in investing in income generating property with the potential of capital appreciation in the long term. The Company believes this will bring positive result to the Group in the future.

In addition, an unaudited gain from the Disposal of approximately HK\$8,078,000 is estimated to be recorded in the consolidated financial statements of the Group for the year ending 31 March 2024. Such gain is calculated with reference to the net proceeds of approximately HK\$371,824,000 net of the unaudited carrying value of the Properties as at 30 September 2023 of approximately HK\$363,746,000, to be recognised in the consolidated financial statements of the Group on Completion.

Shareholders should note that the exact amount of gain/loss of the Disposal to the Group would be calculated based on the carrying value of the Properties as at the Completion Date and is subject to audit and therefore may be different from the amount mentioned above. Taking into account the aforesaid, the Board considers that the terms of the Disposal Agreement, including the Disposal Consideration, are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

## **O. THE LISTING RULES IMPLICATION**

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, which is subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

None of the Directors had material interests in the Disposal Agreement, the Shareholders' Agreement, the Purchaser's Articles and the transactions contemplated thereunder, and hence no Director is required to abstain from voting on the Board resolutions approving the Disposal Agreement, the Shareholders' Agreement, the Purchaser's Articles and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, none of the Shareholders has a material interest in the Disposal Agreement, the Shareholders' Agreement, the Purchaser's Articles and the transactions contemplated thereunder, and therefore, no Shareholder will be required to abstain

from voting on the resolution(s) to be proposed at the GM to approve the Disposal Agreement, the Shareholders' Agreement, the Purchaser's Articles and the transactions contemplated thereunder.

## **P. GENERAL**

A GM will be convened and held for the Shareholders to consider and, if thought fit, to approve, among other matters, the Disposal Agreement, the Shareholders' Agreement, the Purchaser's Articles and the transactions contemplated thereunder. A circular containing, among other things, (i) details regarding disposal of 75% effective interest in the Properties; (ii) a property valuation report on the Properties; (iii) other information as required to be disclosed under the Listing Rules; and (iv) a notice of the GM, will be sent to the Shareholders. Since more time is required for the Company to prepare the necessary information to be included in the circular, it is expected the circular will be despatched to the Shareholders on or before 29 February 2024.

**Shareholders and potential investors should note that Completion is subject to the Disposal Conditions to be fulfilled or waived. Accordingly, Completion may or may not proceed. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

“25% Acquisition Agreement”	the sale and purchase agreement dated 28 December 2023 and signed by Shanghai Shixuan and the PRC Subsidiary in relation to the sale and purchase of 25% equity interests in the Purchaser
“75% Acquisition Agreement”	the sale and purchase agreement dated 28 December 2023 and signed by Shanghai Shixuan and the JV Partner in relation to the sale and purchase of 75% equity interests in the Purchaser
“Acquisition Custodian Account”	the bank account to be opened with the Acquisition Custodial Bank in the name of the PRC Subsidiary
“Acquisition Custodian Agreement”	the custodian agreement dated 28 December 2023 and signed by the PRC Subsidiary, the JV Partner and the Acquisition Custodian Bank in relation to custodian of the PRC Subsidiary Contribution

“Acquisition Custodian Bank”	Bank of China Limited Shanghai Jing’an Sub-branch* (中國銀行股份有限公司上海市靜安支行)
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Carpark”	a 2-storey carpark with a gross floor area of 18,329.46 sq.m.
“Company”	EverChina Int’l Holdings Company 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 Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Properties pursuant to the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement to be entered into between the Vendor and the Purchaser in relation to the Disposal
“Disposal Conditions”	the conditions set out in the paragraph headed “Disposal Conditions” in the section headed “The Disposal Agreement”
“Disposal Consideration”	the aggregate consideration of RMB360,000,000 (equivalent to approximately HK\$392,760,000), which has included the value added tax of RMB3,952,300 (equivalent to approximately HK\$4,312,000)
“Disposal Custodian Account”	the bank account to be opened with the Disposal Custodial Bank in the name of the Purchaser
“Disposal Custodian Agreement”	the custodian agreement to be signed by the Vendor, the Purchaser and the Disposal Custodian Bank in relation to custodian of the 1st Instalment
“Disposal Custodian Bank”	China CITIC Bank Corporation Limited Shanghai Branch* (中信銀行股份有限公司上海分行)

“Earnest Money”	the earnest money payable under the LOI, being RMB5,000,000 (equivalent to approximately HK\$5,455,000)
“GM”	the general meeting of the Company to be convened to be held to approve the Disposal Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel”	the hotel operating under the name “Holiday Inn Express Shanghai Wujiaochang (上海五角場智選假日酒店)” as at the date of this announcement; or the serviced apartments to be managed under the name “Modena by Fraser” after its renovation
“Hotel Management Documents”	all existing documents entered into between the Group and the Hotel Manager in relation to management of the Hotel
“Hotel Manager”	Intercontinental Hotels Group (Shanghai) Ltd. (六洲酒店管理(上海)有限公司), Six Continents Hotels, Inc., and their respective associated entities, whom to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are Independent Third Parties
“Independent Third Party(ies)”	third party(ies) independent of the Group and its connected persons
“JV Partner”	Shanghai Jingyi Equity Investment Partnership (Limited Partnership)* (上海景奕股權投資合夥企業(有限合夥))
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LOI”	the letter of intent dated 23 May 2023 and entered into between the Vendor and Tishman Consultancy in relation to the possible disposal of the Properties
“Master Agreement”	the agreement dated 28 December 2023 entered into among the Vendor, the PRC Subsidiary, the JV Partner and the Purchaser



“New Hotel Management Agreement”	the management agreement to be signed by the Purchaser and the New Hotel Manager
“New Hotel Manager”	Shanghai Xing Feng Hotel Management Co., Ltd.* (上海星豐酒店管理有限公司)
“New Property Management Agreement”	the property management agreement to be entered into between the Property Manager and the Purchaser in relation to property management of certain area of the Properties
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Properties”	the Hotel and the Carpark, which form part of Yifu Business Plaza* (怡富商務廣場)
“Property Management Agreement”	the property management agreement entered into between the Property Manager and the PRC Subsidiary
“Property Manager”	Shanghai Chun Chuan Property Service Co., Ltd.* (上海春川物業服務有限公司), the property manager of Yifu Business Plaza* (怡富商務廣場) (including the Properties) as at the date of this announcement, and a member of the private group of companies controlled by Mr. Jiang Zhaobai, a substantial Shareholder, a non-executive Director and the chairman of the Company
“Property Transfer Agreement”	the property transfer agreement (房地產買賣合同) to be entered into between the Vendor and the Purchaser in relation to the title transfer of the Properties
“Purchaser”	Shanghai Jingyao Ting Hotel Co., Limited* (上海晶耀庭酒店有限公司), a company established in the PRC
“Purchaser’s Articles”	the new articles of association of the Purchaser dated 28 December 2023 and signed by the PRC Subsidiary and the JV Partner
“PRC Subsidiary”	Tianfu (Shanghai) Hotel Management Company Limited* (天富(上海)酒店管理有限公司), a company established in the PRC which is a wholly-owned subsidiary of the Vendor

“Renovation Consultancy Agreement”	the agreement to be signed by the Purchaser, Tishman Consultancy and Tishman Advisory
“SAIC”	The State Administration for Industry and Commerce (國家工商行政管理總局)
“Shanghai Shixuan”	Shanghai Shixuan Enterprise Management Co., Ltd.* (上海獅瑄企業管理有限公司)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders’ Agreement”	the shareholders’ agreement dated 28 December 2023 and signed by the PRC Subsidiary and the JV Partner relating to the ownership and operation of the Purchaser
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Technical Support Services Agreement”	the technical support services agreement to be signed by the Purchaser and the New Hotel Manager
“Tenancy Agreement”	the tenancy agreement entered between the Vendor and the PRC Subsidiary in respect of the Properties
“Tishman Advisory”	Tishman Speyer China Manager, L.L.C.
“Tishman Consultancy”	Tishman (Shanghai) Management Co., Ltd. (鐵獅門(上海)管理有限公司), a company established in the PRC
“Title Transfer Application”	the application for the title transfer of the Properties
“Vendor”	Loyal Rich International Investment Limited (來富國際投資有限公司), a company incorporated in Hong Kong with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.
“sq.m.”	square metre

*For the purpose of this announcement, all amounts denominated in RMB have been translated (for information only) into HK\$ using the exchange rate of RMB1:HK\$1.091. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rate or any other rates at all.*

*\* for identification purpose only*

By order of the Board of  
**EverChina Int'l Holdings Company Limited**  
**Chen Yi, Ethan**  
*Executive Director and Chief Executive Officer*

Hong Kong, 28 December 2023

*As at the date of this announcement, the executive Directors are Mr. Chen Yi, Ethan and Mr. Jiang Xiao Heng Jason, the non-executive Director is Mr. Jiang Zhaobai (chairman), and the independent non-executive Directors are Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Mr. Ng Ge Bun.*