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Leading Holdings Group Limited

領地控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6999)

DISCLOSEABLE TRANSACTION DISPOSAL OF THE EQUITY INTERESTS IN A JOINT VENTURE

INTRODUCTION

The Board is pleased to announce that on 12 September 2024 (after trading hours of the Stock Exchange), the Seller entered into the Agreement with the Purchasers, pursuant to which the Seller has agreed to sell, and the Purchasers has agreed to purchase the Equity Interests, which shall represent 50% equity interests in the Target Company, a joint venture of the Company, at the Consideration of RMB205,000,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.06 of the Listing Rules in respect of the Disposal are more than 5% but all of which are less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is only subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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THE AGREEMENT

The principal terms of the Agreement are set out below:

Date:

12 September 2024

Parties

- (i) the Seller;
- (ii) the Purchasers

The Purchasers are the existing shareholders of the Target Company. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Purchasers are all Independent Third Parties.

Subject matter

Pursuant to the Agreement, the Seller has agreed to sell, and the Purchasers has agreed to purchase, the Equity Interests, which shall represent 50% equity interests in the Target Company, among which, (i) 17.5% equity interests in the Target Company shall be sold to Zhang Yanping (張豔萍) for a consideration of RMB71,750,000; (ii) 15% equity interests in the Target Company shall be sold to Hong Yuefeng (洪岳豐) for a consideration of RMB61,500,000; (iii) 12.5% equity interests in the Target Company shall be sold to Teng Yudi (滕玉娣) for a consideration of RMB51,250,000; and (iv) 5% equity interests in the Target Company shall be sold to Liang Hongyue (梁紅躍) for a consideration of RMB20,500,000. Upon completion of the Disposal, the Company will cease to have any equity interests in the Target Company. As at the date of this announcement, the Company is indebted to the Target Company in the amount of RMB205,000,000 (the “**Debt**”). Pursuant to the terms of the Disposal, the Company shall assign the Debt to the Purchasers and offset against the Consideration on a dollar-to-dollar basis. Thus, the Company will not receive any consideration.

Consideration

The Consideration being RMB205,000,000 in total was arrived at after arm’s length negotiations between the Company and the Purchasers with reference to (i) the net assets value of the Target Company as at 31 August 2024 being RMB534 million; (ii) the dividend (the “**Dividend**”) declared and paid to the Company on 2 September 2024 being RMB104 million; (iii) the equity interests to be disposed of by the Company being 50% equity interests in the Target Company; and (iv) the Debt.

THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and principally engaged in property development. As at the date of this announcement and before the Disposal, the Target Company is held as to 50% by the Seller, 17.5% by Zhang Yanping (張豔萍), 15% by Hong Yuefeng (洪岳豐), 12.5% by Teng Yudi (滕玉娣) and 5% by Liang Hongyue (梁紅躍). Details of the property projects held by the Target Company as at the date of this announcement are set out below:

Name	Address	Purpose	Gross floor area	Status
Shenzhen Tianyu Garden	Northwest of the intersection of Pingan Road and Zhanggui Road, Guanlan Street, Longhua District, Shenzhen City	Residential/Commercial/ Carpark/Ancillary	70,807 sq.m.	Under the development
Shenzhen Tianyu Garden	Northwest of the intersection of Pingan Road and Zhanggui Road, Guanlan Street, Longhua District, Shenzhen City	Residential/Commercial/ Carpark/Ancillary	62,371 sq.m.	Held for sales

Financial Information of the Target Company

Set out below is the unaudited financial information of the Target Company for the two years ended 31 December 2023:

	For the financial year ended 31 December	
	2022	2023
	RMB'million (unaudited)	RMB'million (unaudited)
Revenue	0.68	0
Profit before the tax	(6.41)	0.84
Profit after the tax	(7.94)	0.44

Based on the unaudited financial information of the Target Company, the total assets value and net assets value of the Target Company as at 31 August 2024 were approximately RMB1,446.9 million and RMB534 million respectively.

FINANCIAL EFFECT OF THE DISPOSAL

It is expected that the Group will record a gain of approximately RMB45,999,189 after considering the Consideration, original investment cost of the Group, the investment value adjusted by the equity method and the Dividend. As the Consideration will be offset against the Debt, no proceeds will be generated from the Disposal. The actual gain or loss arising from the Disposal will be subject to audit by the auditor of the Company and may be different from the above stated.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the development and sales of residential and commercial properties in the PRC. In 2021, property developers in China has witnessed the repeated outbreaks of epidemic and the significant downturn in the real estate industry. In the first half of 2021, increasing administrative controls and tightening policies were implemented by the PRC government targeting the real estate industry. In the fourth quarter of 2021, with a major policy being implemented, the PRC government introduced relevant policies with an aim to “supporting the commercial housing market to address the reasonable housing needs of residents and facilitate the healthy development of the real estate industry”. In light of the above, the real estate industry in China has been undergoing profound transformation under continuous regulatory pressure and difficult financing environment in 2021. In 2022 and 2023, the global market was volatile and turbulent, and China’s economy continued to face great challenges. In view of the severe economic situation and the tightening regulatory regime, property developers in the PRC have experienced the most difficult year in the industry’s development. The Target Company is jointly established by the Seller and the Purchasers for the development and sales of property projects. While some of the projects of the Target Company have been sold, there are still projects under the development and further cost for the development and administrative expenses for the sales later are expected to be incurred. As the Company has received the dividend of RMB104 million on 2 September 2024, the Company believes that the Disposal offer an opportunity to quit the investment at earlier stage to avoid further expenses. As the Consideration will be offset against the Debt on a dollar-to-dollar basis, the Company is of the view that it is conducive to reduce liability level, maintain the smooth operation of the Group and therefore for the Company to be better positioned to handle any future challenges and adhere to its prudent operation strategy.

Having considered the above, the Board (including the independent non-executive Directors) believes that the terms of the Agreement are fair and reasonable and the Agreement is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Company

The Company is an investment holding company and its subsidiaries are principally engaged in the development and sales of residential and commercial properties. In addition, the Group holds a portion of commercial properties it developed for further investment purpose and is engaged in hotel management business.

The Seller

The Seller is a subsidiary of the Company established in the PRC with limited liability and principally engaged in property development. As at the date of this announcement, the Seller is indirectly held as to 99.975% by the Company and 0.025% by Wang Tao (汪濤) and Huang Chunan (黃春安).

The Purchasers

The purchasers are Zhang Yanping (張豔萍), Hong Yuefeng (洪岳豐), Teng Yudi (藤玉娣) and Liang Hongyue (梁紅躍).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.06 of the Listing Rules in respect of the Disposal are more than 5% but all of which are less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is only subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite them below:

“Agreement”	the agreement dated 12 September 2024 entered into between the Seller and the Purchasers relating to the sale and purchase of the Equity Interests
“Board”	the board of Directors

“Company”	Leading Holdings Group Limited (領地控股集團有限公司) (formerly known as Leading China Holdings Limited (領地中國控股有限公司)), an exempted company incorporated in the Cayman Islands with limited liability on 15 July 2019, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6999)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for disposal of the Equity Interests
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Equity Interests as contemplated under the Agreement
“Equity Interests”	the 50% equity interests of the Target Company held by the Seller
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Purchasers”	Zhang Yanping (張豔萍), Hong Yuefeng (洪岳豐), Teng Yudi (滕玉娣) and Liang Hongyue (梁紅躍)
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Shenzhen Rongqi Investment Development Co., Ltd.* (深圳市榮啟投資發展有限公司) a company established in the PRC with limited liability and is a 99.975%-owned subsidiary of the Company

“Shareholder(s)”	shareholders of the Company
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shenzhen Fengsheng Shili Steel Pipe Co., Ltd.* (深圳豐盛實力鋼管有限公司) a company established in the PRC with limited liability
“%”	per cent.

* *For identification purpose only*

By Order of the Board
Leading Holdings Group Limited
Liu Yuhui
Chairman

Hong Kong, 12 September 2024

As at the date of this announcement, the Board comprises Mr. Liu Yuhui and Mr. Luo Changlin as executive Directors; and Ms. Luo Ying, Ms. Liang Yunxing and Mr. Fang Min as independent non-executive Directors.