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## **TEN PAO GROUP HOLDINGS LIMITED**

**天寶集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1979)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF LAND USE RIGHTS IN HUIZHOU CITY, THE PRC**

The Board is pleased to announce that on 19 December 2019, the Purchaser, a wholly-owned subsidiary of the Company, received the Notification from the Huizhou Trading Center accepting its bid of the land use rights of the Land offered for sale by the Vendor through the Listing-For-Sale Process held by the Huizhou Trading Center at the Land Premium of RMB86,360,000 (equivalent to approximately HK\$96,062,000).

The Purchaser will enter into the Confirmation Letter within 10 working days of receiving the Notification (i.e. on or before 3 January 2020) to confirm the grant of the land use rights of the Land by the Vendor to the Purchaser. Within 10 working days from the signing of the Confirmation Letter, the Purchaser will subsequently sign the Land Use Rights Grant Contract with the Vendor.

As one of the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

## INTRODUCTION

The Board is pleased to announce that on 19 December 2019, the Purchaser, a wholly-owned subsidiary of the Company, received the Notification from the Huizhou Trading Center accepting its bid of the land use rights of the Land offered for sale by the Vendor through the Listing-For-Sale Process held by the Huizhou Trading Center at the Land Premium of RMB86,360,000 (equivalent to approximately HK\$96,062,000).

## DETAILS ABOUT THE ACQUISITION

Date : 19 December 2019 (being the date the Purchaser was granted with the right to acquire the land use rights of the Land)

Parties : (1) the Huizhou Huicheng Natural Resources Bureau\* (惠州市惠城區自然資源局), being the Vendor; and  
(2) the Purchaser.

The ultimate beneficial owner of the Vendor is the government of the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner(s) is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

### Information on the Land

Location : Southern District, Shuikou Minying Industrial Zone, Huicheng District, Huizhou City, the PRC\* (中國惠州市惠城區水口民營工業園南區)

Code of the Land : GP2019-40

Site area\* : Approximately 86,796 square metres  
(宗地使用權面積)

Area for calculating construction land index\* (計算指標用地面積) : Approximately 93,045 square metres

Construction area based on floor area ratio\* (計容積率建築面積) : Approximately 372,022 square metres

Term : 50 years  
Permitted use : Industrial purposes

The Purchaser will enter into the Confirmation Letter within 10 working days of receiving the Notification (i.e. on or before 3 January 2020) to confirm the grant of the land use rights of the Land by the Vendor to the Purchaser. Within 10 working days from the signing of the Confirmation Letter, the Purchaser will subsequently sign the Land Use Rights Grant Contract with the Vendor.

### **Land Premium and the payment terms**

The Land Premium payable is RMB86,360,000 (equivalent to approximately HK\$96,062,000), which was the bid price made by the Purchaser and the minimum bidding price in the Listing-for-Sale Process. In determining the Land Premium, the Company has taken into account various factors including the minimum bidding price in the Listing-for-Sale Process, current property market conditions in Huicheng District, Huizhou City, the PRC, the strategic location of the Land in Huizhou city, the recent land price in the surrounding area of the Land and the development potential of the Land. Having considered the above, the Directors consider that the Land Premium is fair and reasonable and in the interest of the Company and its shareholders as a whole.

An initial payment in the amount of RMB25,908,000 (equivalent to approximately HK\$28,819,000) (the “**Deposit**”), representing the deposit required in order for the Purchaser to qualify for tendering the bid of the Land through the Listing-For-Sale Process, has been paid by the Purchaser at the time when the bid was submitted. The Deposit will be applied towards settling part of the Land Premium (which shall be capped at settling 20% of the Land Premium only) and the remaining balance of the Land Premium shall be payable in full within 30 days from the execution of the Land Use Rights Grant Contract. In the event that the Deposit exceeds 20% of the Land Premium, the difference between the Deposit and 20% of the Land Premium will be returned to the Purchaser by the Huizhou Trading Center.

The Land Premium will be financed by a combination of the Group’s internal resources and bank borrowings.

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

The Group’s principal place of business in the PRC was located in Shuikou Town, Huizhou City. The Land, situated at Huicheng District, Huizhou City, is within the proximity of the Group’s existing production plants in the same district. The Company intends to build a new factory on the Land so as to expand the Group’s production line to cater for the orders from customers.

The Company considers that the Acquisition will allow the Group to increase its production capacity by expanding manufacturing facilities at the Land and it is in an ideal location in light of the Group's existing production plants in Huizhou City. It is expected that the Acquisition will further strengthen the market position of the Group in the PRC.

The Board believes that the terms of the Acquisition are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

## **GENERAL INFORMATION**

The Group is principally engaged in the manufacturing and sale of switching power supply units for consumer products and smart chargers and controllers for industrial use. The Purchaser is a wholly-owned subsidiary of the Company and is principally engaged in the manufacturing and sale of switching power supply units for consumer products and smart chargers and controllers for industrial use.

The Vendor is a PRC governmental authority and the seller of the Land. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner(s) is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

## **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Acquisition”	the acquisition of the land use rights of the Land through the Listing-For-Sale Process and the signing of the Land Use Rights Grant Contract
“Board”	the board of Directors
“Company”	Ten Pao Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 1979)
“Confirmation Letter”	the confirmation letter to be entered into between the Purchaser and the Huizhou Trading Center, as agent of the Vendor, on or before 3 January 2020 confirming the successful bid of the Land at the Land Premium by the Purchaser
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huizhou Trading Center”	Huizhou Public Resource Trading Center* (惠州市公共資源交易中心)
“Land”	a piece of land located at Southern District, Shuikou Minying Industrial Zone, Huicheng District, Huizhou City, the PRC* (中國惠州市惠城區水口民營工業園南區) with a total site area of approximately 86,796 square metres
“Land Premium”	RMB86,360,000 (equivalent to approximately HK\$96,062,000), being the price for the acquisition of land use rights of the Land
“Land Use Rights Grant Contract”	the state-owned construction land use rights grant contract* (國有建設用地使用權出讓合同) in respect of the Land to be entered into between the Vendor and the Purchaser within 10 working days of signing the Confirmation Letter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Listing-For-Sale Process”	the online listing-for-sale process* (掛牌出讓) conducted by the Huizhou Trading Center for the sale of the land use rights of the Land
“Notification”	the notification (競價結果通知書) from the Huizhou Trading Center to inform the Purchaser of its successful bid of the Land
“PRC”	the People’s Republic of China
“Purchaser”	Ten Pao Electronic (Huizhou) Co., Ltd. (天寶電子(惠州)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	the Huizhou Huicheng Natural Resources Bureau* (惠州市惠城區自然資源局)
“%”	per cent.

By order of the Board  
**Ten Pao Group Holdings Limited**  
**Hung Kwong Yee**  
*Chairman & Chief Executive Officer*

Hong Kong, 19 December 2019

*\* All the English translation of certain Chinese names or words in this announcement is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words*

*As at the date of this announcement, the executive Directors are Mr. Hung Kwong Yee, Ms. Yang Bing Bing and Mr. Hung Sui Tak; and the independent non-executive Directors are Mr. Lam Cheung Chuen, Mr. Chu Yat Pang Terry and Mr. Lee Kwan Hung.*

*For illustrative purpose only, RMB is converted into HK\$ at an exchange rate of HK\$1.00 = RMB0.899 in this announcement.*