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NET-A-GO TECHNOLOGY COMPANY LIMITED

網譽科技有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1483)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF A SUBSIDIARY

DISPOSAL OF A SUBSIDIARY

On 10 January 2025 (after trading hours of the Stock Exchange), the Company and the Purchaser entered into the Disposal Agreement, pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares at the Consideration of RMB71,788,700.

The Disposal Company, a direct wholly-owned subsidiary of the Company, is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. The Disposal Group is principally engaged in the property leasing business.

Upon Completion, the Company will cease to have any equity interest in the Disposal Company and it will cease to be a subsidiary of the Company. Accordingly, the financial results of the Disposal Group will no longer be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios defined under Rule 14.07 of the Listing Rules of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion of the Disposal is conditional upon the satisfaction of the conditions set out in the sections headed “Conditions precedent” in this announcement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

INTRODUCTION

On 10 January 2025 (after trading hours of the Stock Exchange), the Company and the Purchaser entered into the Disposal Agreement, pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares at the Consideration of RMB71,788,700.

THE DISPOSAL AGREEMENT

Date

10 January 2025 (after trading hours of the Stock Exchange)

Parties

Vendor : The Company

Purchaser : Mr. Qi Junguo (齊軍國)

The Group principally engages in four operating segments namely, (i) environmental maintenance business, (ii) property leasing business, (iii) trading business, and (iv) media and advertising. The Company is incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1483).

Mr. Qi Junguo (齊軍國) is a merchant conducting business in PRC.

As confirmed by the Purchaser and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Purchaser is an Independent Third Party.

Assets to be disposed of

Pursuant to the Disposal Agreement, the Company shall dispose of the Sale Shares, representing the entire equity interests in the Disposal Company free from all liens, claims, charges, encumbrances, equities and adverse interests and with all rights, titles and interests attached or accruing thereto at the Completion Date (including the right to receive all dividends and other distributions declared, made or paid on or after the Completion Date) at the Consideration of RMB71,788,700 to the Purchaser upon Completion.

The Disposal Company is an investment holding company. The Disposal Group is principally engaged in the provision of property leasing business where it holds a property in the PRC for office leasing purposes.

Consideration

The Consideration of the Disposal is RMB71,788,700 which will be settled in the following manners:

- (i) the deposit in the sum of RMB3,589,435 (equivalent to its value in Hong Kong Dollars) to be paid by the Purchaser by way of cashier's order, wire transfer or bank transfer to the Company upon the signing of the Disposal Agreement. The deposit shall be applied as part payment towards the Consideration upon Completion; and
- (ii) the balance of the Consideration in the sum of RMB68,199,265 (equivalent to its value in Hong Kong Dollars) to be paid by the Purchaser by way of cashier's order, wire transfer or bank transfer to the Company on or before Completion.

The Purchaser and the Company agree that the Consideration shall be paid in its equivalent value in Hong Kong Dollars. Under the Disposal Agreement, the exchange rate shall be fixed at RMB1.000 to HKD1.063.

Basis of consideration

The Consideration was determined after arm's length negotiations between the Company and the Purchaser, with reference to the following factors:

- (i) the Disposal Group was valued at RMB70,236,000 as of 31 December 2024. This valuation was prepared by an independent valuer using the asset-based approach:
- (ii) the property was independently valued at RMB64,000,000 as of 31 December 2024. In valuing the property, the valuer primarily adopted the direct comparison method, comparing actual sales transactions and/or offerings of comparable properties. Appropriate adjustments were applied to reflect differences between the comparable properties and the subject property. As a cross-check, the valuer also adopted the income method, specifically the term and reversionary method, which capitalizes the current rental income over the existing lease term and the prospective market rental income upon reversion, using appropriate capitalization rates; and
- (iii) the overall market environment and the Group's business strategy, as explained in the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" below, were also taken into consideration.

The Directors consider that the Consideration of the Disposal are fair and reasonable and are on normal commercial terms and are in the best interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Disposal Agreement is conditional upon: -

- (i) the Purchaser being satisfied with the results of the due diligence in respect of the Disposal Company, including but not limited to the assets, liabilities, operations and affairs of the Disposal Company;
- (ii) all representations, warranties and undertakings as set out in the Disposal Agreement remaining true, valid, and effective up to and including the Completion Date; and
- (iii) the Purchaser being satisfied that, from the date of the Disposal Agreement to the date of Completion there has not been any change which has a material and adverse effect on the business and financial position of the Disposal Company as a whole.

If any of the above conditions have not been fulfilled or waived by the Purchaser in writing on or before the Long Stop Date, all rights and obligations of the parties under the Disposal Agreement shall cease and terminate. No party shall have any claim against the other save for any claim in respect of any antecedent breach thereof and the Company shall refund the deposit of RMB3,589,435 (in its equivalent value in Hong Kong Dollars) to the Purchaser.

Completion

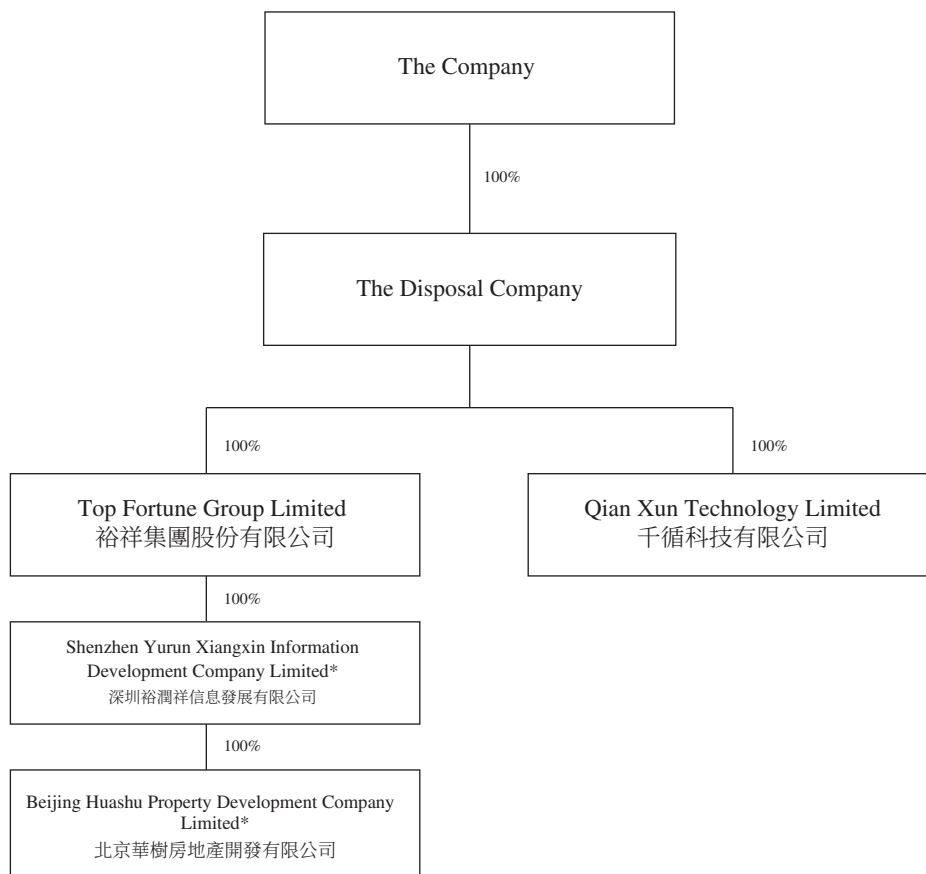
Completion shall take place on the Completion Date after the fulfilment (or otherwise waived) of the conditions precedent under the Disposal Agreement.

Upon Completion, the Company will cease to hold any equity interest in the Disposal Company and the results of the Disposal Group will no longer be consolidated into the consolidated financial statements of the Company.

Corporate Structure of the Disposal Group

The simplified corporate structure of the Company and Disposal Group are illustrated as follows: -

As at the date of this announcement: -



Upon Completion, the Company will cease to have any equity interest in the Disposal Company and it will cease to be a subsidiary of the Company. Accordingly, the financial results of the Disposal Group will no longer be consolidated into the consolidated financial statements of the Group. Upon Completion, the Company will no longer conduct the property leasing business.

INFORMATION ON THE DISPOSAL GROUP

The Disposal Company, a direct wholly-owned subsidiary of the Company, is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. The Disposal Group is principally engaged in the property leasing business in the PRC.

Each of Qian Xun Technology Limited and Top Fortune Group Limited is a private limited company incorporated in Hong Kong. Qian Xun Technology Limited and Top Fortune Group Limited are investment holding companies.

Shenzhen Yurun Xiangxin Information Development Company Limited* is a limited company incorporated in the PRC and is an investment holding company.

Beijing Huashu Property Development Company Limited* is a limited company incorporated in the PRC. It holds a real property located at No. 8, Fuchengmen Wai Road, Xicheng District, Beijing, the PRC* (北京市西城區阜成門外大街8號樓), with a total gross floor area of approximately 2,389.90 square metres for office leasing purposes.

The property consists of an entire office floor, 24 basement car parking spaces, and a car park ramp within a commercial building completed in 2004. The associated land use rights are granted for a term of 50 years, set to expire on 12 November 2050.

Financial information of the Disposal Group

Set out below is the financial information of the Disposal Group as extracted from its unaudited management accounts prepared in accordance with the Hong Kong Financial Reporting Standards for the three years ended 31 December 2022, 31 December 2023 and 31 December 2024:

	For the year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	2,682	2,539	2,106
Profit before tax	1,049	1,200	968
Profit after tax	1,049	1,179	920
Total assets	86,173	86,722	85,721
Total liabilities	10,953	17,023	16,793
Net assets	75,220	69,699	68,928

As at 31 December 2024, the unaudited net asset value of the Disposal Group attributable to the Company was approximately RMB68,928,000.

REASONS FOR AND BENEFIT OF THE DISPOSAL

The Group principally engages in four operating segments namely, (i) environmental maintenance business, (ii) property leasing business, (iii) trading business, and (iv) media and advertising. The business of the property leasing business is operated by the Disposal Group.

The Board takes the view that the Disposal is beneficial to the Group for the following reasons:–

- (i) the uncertain and challenging nature of the PRC real property market, which has been affected by fluctuating market demand, and economic uncertainties, making it difficult to achieve stable growth or favorable returns in the property leasing sector;
- (ii) The poor rental returns from the leasing business, which have been below expectations and do not align with the Company's long-term profitability goals; and

(iii) The Company's strategic decision to streamline its business operations by realising the value of the property and focusing resources on the newly developed media and advertising business segment, which is expected to offer higher growth potential and better align with the Company's future business direction.

Taking into consideration of the aforesaid, the Directors consider that the terms and conditions of the Disposal are on normal commercial terms and are fair and reasonable and that the Disposal is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF AND USE OF PROCEEDS FROM THE DISPOSAL

Upon Completion, the Company will (i) cease to hold any equity interest in the Disposal Company and the results of the Disposal Company will no longer be consolidated into the consolidated financial statements of the Company, and (ii) cease to operate the property leasing business.

It is estimated that, upon Completion, the Company will record an unaudited gain on Disposal of approximately RMB2,660,700, calculated by taking into account the Consideration, the related Disposal expenses of approximately RMB200,000 and the net asset value of the Disposal Group attributable to the Company of approximately RMB68,928,000 as at 31 December 2024.

The Board intends to apply approximately 80% of the net proceeds from the Disposal towards further development of the media and advertising business. The remaining approximately 20% of the net proceeds from the Disposal will be applied towards the general working capital of the Remaining Group.

LISTING RULES IMPLICATIONS

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Completion of the Disposal is conditional upon the satisfaction of the conditions set out in the sections headed "Conditions precedent" in this announcement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Net-A-Go Technology Company Limited (網譽科技有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1483)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Disposal Agreement
“Completion Date”	10 March 2025 (or such other date as may be agreed in writing between the Purchaser and the Company), on which Completion shall take place following the satisfaction of the conditions precedent to the Disposal Agreement
“connected person(s)”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Consideration”	the consideration for the Disposal amounting to RMB71,788,700
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares pursuant to the terms of the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement dated 10 January 2025 in relation to the Disposal entered into between the Company and the Purchaser

“Disposal Company”	Kind Access Development Holding Limited, a company established in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
“Disposal Group”	the Disposal Company and its subsidiaries
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) who are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2025 or such date as may be mutually agreed in writing between the Company and the Purchaser
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Mr. Qi Junguo (齊軍國)
“Remaining Group”	the Company and its subsidiaries excluding the Disposal Group
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the entire issued share capital of the Disposal Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent
“*”	for identification purposes only

By Order of the Board
Net-A-Go Technology Company Limited
Sang Kangqiao
Chairman and Executive Director

Hong Kong, 10 January 2025

As at the date of this announcement, the Executive Directors are Mr. Sang Kangqiao and Mr. Xu Wenze; the Non-executive Director is Ms. Chen Wenting; the Independent Non-executive Directors are Mr. Xu Zhihao, Mr. Lam Ka Tak and Mr. Wong Sincere.