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WING CHI HOLDINGS LIMITED

榮智控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6080)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF PROPERTY

The Board is pleased to announce that on 7 June 2021 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Purchaser and the Agent, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Property at the consideration of HK\$7,250,000. Pursuant to the terms of the Provisional Agreement, the Vendor and the Purchaser will enter into the Formal Agreement for the sale and purchase of the Property on or before 23 June 2021. Completion is scheduled to take place on or before 4 October 2021.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal is more than 5% but 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 notification and announcement requirements under the Listing Rules.

THE DISPOSAL

The Board is pleased to announce that on 7 June 2021 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Purchaser and the Agent, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Property at the consideration of HK\$7,250,000.

THE PROVISIONAL AGREEMENT

The principal terms of the Provisional Agreement are set out below:

Date: 7 June 2021

Vendor: Lik Shing Construction Company Limited (力盛建築有限公司), an indirect wholly-owned subsidiary of the Company

Purchaser: Ever Step Limited

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

Agent: Midland Realty (Comm. & Ind. II) Ltd.

Pursuant to the Provisional Agreement, the Purchaser agreed to acquire and the Vendor agreed to sell the Property.

Property to be disposed of

The Property to be disposed of by the Vendor is an industrial premises located at Unit No. 12 on 10th Floor and a share of the undivided shares allocated to the Lavatory and Lift Lobby and Corridor on 10th Floor, One Midtown, No. 11 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong, with a saleable area of approximately 830 square feet. The Property is a workshop unit and is currently leased by the Vendor to an Independent Third Party.

The Property is to be sold to the Purchaser on an “as is” basis.

Consideration

The Consideration is HK\$7,250,000, which shall be paid by the Purchaser to the Vendor in the manner as follows:

- (i) HK\$362,500, being the initial deposit, has been paid upon the signing of the Provisional Agreement;
- (ii) HK\$362,500, being the further deposit, will be paid on or before 23 June 2021; and
- (iii) the balance of the Consideration of HK\$6,525,000 will be paid upon completion on or before 4 October 2021.

Pursuant to the Provisional Agreement, the Agent shall be entitled to receive a commission in the amount of HK\$72,500 no later than 4 October 2021 from each of the Vendor and the Purchaser.

The Consideration was determined after arm’s length negotiation between the Vendor and the Purchaser with reference to the valuation of the Property made by an independent valuer as at 30 September 2020 of approximately HK\$7.1 million, the unaudited book value of the Property as at 30 September 2020 of approximately HK\$7.1 million as shown in the unaudited interim results of the Group for the six months ended 30 September 2020 and the market value of the industrial properties nearby.

Stamp duty

All ad valorem stamp duty shall be borne by the Purchaser solely.

Formal agreement

Pursuant to the Provisional Agreement, the Vendor and the Purchaser will enter into the Formal Agreement for the sale and purchase of the Property on or before 23 June 2021. The Formal Agreement, which will set out the detailed terms of the Disposal, if executed, is expected to supersede the Provisional Agreement.

Completion

Completion is scheduled to take place on or before 4 October 2021, upon which the Property would cease to be held by the Group.

Additional terms in relation to mandatory measures in connection with COVID-19

The Vendor and the Purchaser agreed that should the Vendor, the Purchaser and/or their respective solicitors firm is hospitalised, detained, quarantined, isolated, required to stay indoors, required to be closed due to disinfecting procedure under government's statutory quarantine measures, etc. on any specified dates for payment of further deposit, payment of balance of purchase price, signing of Formal Agreement and/or completion of sale and purchase, such dates (as the case may be) shall be automatically postponed to a date being the fifth working day after the date on which the above incident(s) is completed or terminated or the relevant restriction(s) or order(s) are no longer in force.

Further, the Vendor and the Purchaser agreed that if the Property and/or the building of which the Property forms part are isolated, closed, required to be closed, etc. due to disinfecting procedure under government's statutory quarantine measures on or before the date for completion, and as a result of which vacant possession cannot be delivered by the Vendor, completion of the sale and purchase shall be automatically postponed to a date being the fifth working day after the date on which the mandatory isolation, closure or disinfecting procedure of the Property and/or the building of which the Property forms part is completed or terminated.

INFORMATION ABOUT THE GROUP, THE VENDOR, THE PURCHASER AND THE AGENT

The Group is principally engaged in foundation and site formation works. The Vendor is an indirect wholly-owned subsidiary of the Company which is principally engaged in the provision of machineries leasing service.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, (i) the Purchaser is principally engaged in investment holding; and (ii) the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties, to the best knowledge, information and belief of the Directors having made all reasonable enquiries.

The Agent is a company incorporated in Hong Kong and operates property agencies in Hong Kong. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser, the Agent and its ultimate beneficial owner(s) are independent third parties not connected with the Company or its connected persons.

INFORMATION ON THE PROPERTY

The Vendor, an indirect wholly-owned subsidiary of the Company, is the owner of the Property and the details of which are set out below:

Address	Usage	Attributable interests to the Group as at the date of this announcement and immediately before Completion
Unit No. 12 on 10th Floor and a share of the undivided shares allocated to the Lavatory and Lift Lobby and Corridor on 10th Floor, One Midtown, No. 11 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong	Industrial	100%

FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF THE PROCEEDS

As at 30 September 2020, the unaudited book value of the Property was approximately HK\$7.1 million. For the years ended 31 March 2019 and 2020 and the six months ended 30 September 2020, the unaudited net profit before taxation attributable to the Property was approximately HK\$228,000, HK\$228,000 and HK\$112,500, respectively, and the unaudited net profit after taxation attributable to the Property was approximately HK\$209,190, HK\$209,190 and HK\$103,219, respectively.

The Disposal is expected to enable the Company to recognise a gain on disposal of approximately HK\$150,000 before expenses, being the premium of the Consideration over the unaudited book value of the Property as at 30 September 2020 as shown in the unaudited interim results of the Group for the six months ended 30 September 2020. The proceeds of the Disposal will firstly be applied for full repayment of the remaining bank mortgage loan of the Property of approximately HK\$1.7 million, and the balance will be applied as general working capital of the Group.

REASONS FOR THE DISPOSAL

The Directors undertake strategic review of the Group's assets from time to time with a view to maximising returns to Shareholders. Having considered the current market value of the Property (with reference to the valuation of the Property made by an independent valuer as at 30 September 2020 of approximately HK\$7.1 million, the unaudited book value of the Property as at 30 September 2020 of approximately HK\$7.1 million as shown in the unaudited interim results of the Group for the six months ended 30 September 2020 and the market value of the industrial properties nearby), alongside the current property market conditions in Hong Kong, the Directors are of the view that the Disposal represents a good opportunity for the Group to realise its investment in the Property for a reasonable return. The Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser. The Directors consider that the Disposal will not have a significant impact on the operating business of the Group.

Having considered the above, the Directors are of the view that the terms of the Provisional Agreement are on normal commercial terms that are fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the Disposal exceed 5% but are less than 25%, the Disposal 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 terms shall have the meanings set out below:

“Agent”	Midland Realty (Comm. & Ind. II) Ltd., a company incorporated in Hong Kong with limited liability and a licenced estate agency
“Board”	the board of Directors
“Company”	Wing Chi Holdings Limited (榮智控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed and traded on the Stock Exchange
“Consideration”	HK\$7,250,000, being the total consideration payable by the Purchaser to the Vendor for the Disposal
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness in around December 2019
“Directors”	the directors of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser
“Formal Agreement”	the formal agreement for the Disposal, which will be expected to be entered into on or before 23 June 2021, pursuant to the Provisional Agreement
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	party(ies) who is/are third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	Unit No. 12 on 10th Floor and a share of the undivided shares allocated to the Lavatory and Lift Lobby and Corridor on 10th Floor, One Midtown, No. 11 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong
“Provisional Agreement”	the provisional agreement for sale and purchase dated 7 June 2021 and entered into between the Vendor, the Purchaser and the Agent in respect of the Disposal
“Purchaser”	Ever Step Limited (進恆有限公司), a company incorporated in Hong Kong with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Lik Shing Construction Company Limited (力盛建築有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

By Order of the Board
Wing Chi Holdings Limited
Li Cheuk Kam
Chairman

Hong Kong, 7 June 2021

As at the date of this announcement, the executive Directors are Mr. Li Cheuk Kam and Mr. Li Wai Fong; the non-executive Director is Mr. Poon Wai Kong; and the independent non-executive Directors are Mr. Wong Chik Kong, Mr. Chan Chung Kik, Lewis and Mr. Lee Kwok Lun.