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Win Hanverky Holdings Limited

永嘉集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3322)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL
OF THE TARGET COMPANY
AND
ASSIGNMENT OF THE SALE LOAN**

The Board announces that on 28 January 2022, the Company, as the vendor, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Company has conditionally agreed to (i) sell to the Purchaser, and the Purchaser has conditionally agreed to purchase from the Company, the Sale Share; and (ii) assign to the Purchaser, and the Purchaser has conditionally agreed to acquire from the Company, the Sale Loan, at an aggregate consideration of HK\$39,800,000.

The Sale Share represents the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement. The Target Company is principally engaged in property holding in Hong Kong and its principal asset is the Property, which is currently used as the Group's warehouse.

Upon the Completion, the Target Company will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial statements of the Group.

As the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

The major terms of the Sale and Purchase Agreement are as follows:

Date: 28 January 2022
Vendor: the Company
Purchaser: Huge Castle 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.

Assets to be disposed of:

Subject to the terms and conditions of the Sale and Purchase Agreement, the Company shall (i) sell to the Purchaser, and the Purchaser shall purchase from the Company, the Sale Share; and (ii) assign to the Purchaser, and the Purchaser shall acquire from the Company, the Sale Loan.

The Sale Share represents the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement. The Target Company is principally engaged in property holding in Hong Kong and its principal asset is the Property, which is currently used as the Group's warehouse.

The Sale Loan represents the entire amount due and owing by the Target Company to the Company as at the Completion Date, which is interest free and repayable on demand. As at the date of the Sale and Purchase Agreement, the aggregate amount of the Sale Loan is approximately HK\$29,159,000.

Consideration:

The Consideration, in the aggregate amount of HK\$39,800,000, shall be payable by the Purchaser to the Company by way of cashier orders or solicitors' cheques drawn on a licensed bank in Hong Kong in the following manner:

- (a) the deposit of HK\$3,980,000 (being 10% of the Consideration) shall be payable on or before 28 January 2022; and
- (b) the balance of the Consideration of HK\$35,820,000 shall be payable upon Completion.

The Consideration was determined after arm's length negotiation between the Company and the Purchaser on normal commercial terms and with reference to the carrying value of the Property held and the market values of comparable properties in Hong Kong.

Conditions Precedent:

The Completion shall be subject to each of the following conditions being satisfied (or waived by the Purchaser, if any) on or before the Completion Date:

- (a) the Company is the sole and beneficial owner of the Sale Share and the Sale Loan free from any encumbrance and third party rights;
- (b) (i) the Target Company remaining as the sole and beneficial owner of the Property free from any encumbrance; and (ii) the Target Company has showed and proven and given a good and complete title of the Target Company to the Property in accordance with Section 13 and Section 13A of the Conveyancing and Property Ordinance (Chapter 219 Laws of Hong Kong);
- (c) the Purchaser having completed its due diligence review on the business, financial, legal and all other aspects of the Target Company and the Property and being reasonably satisfied with the results thereof;
- (d) all necessary licence, consent, approval, authorisation, permission, waiver, order, exemption, qualification, registration, certificate, authority or other approval required to be obtained on the part of the Purchaser, the Company and the Target Company in respect of the transactions contemplated thereunder having been obtained, remaining in full force and effect and not being revoked; and
- (e) the warranties under the Sale and Purchase Agreement remaining true and accurate and not misleading in any material respect at Completion as if repeated at Completion.

Completion:

Subject to fulfilments (or waiver) of the conditions precedent under the Sale and Purchase Agreement as described above, the Completion shall take place on the Completion Date or at such other place or time as the parties shall agree.

Upon the Completion, the Target Company will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial statements of the Group.

INFORMATION OF THE PURCHASER

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, (i) the Purchaser is a company incorporated in Hong Kong with limited liability and is principally engaged in property holding; (ii) the Purchaser is owned by Chow Yuk Lan, an individual, as to 100%; and (iii) each of the Purchaser and its ultimate beneficial owner are Independent Third Parties.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability. It is a wholly-owned subsidiary of the Company and is principally engaged in property holding in Hong Kong.

As at 31 December 2021, the audited net deficit of the Target Company amounted to HK\$3,793,000. Set out below is its audited financial information for the two years ended 31 December 2020 and 2021:

	For the year ended	
	31 December	
	2020	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation	(815)	(844)
Loss after taxation	(815)	(844)

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is an integrated manufacturer and retailer for international sports, fashion and outdoor brands.

The Property is currently used as the Group's warehouse. The Board considers that the Disposal represents a good opportunity to realise the value of the Property given that it is currently not fully utilised and the net proceeds from the Disposal will improve the financial position of the Group.

Upon the Completion, it is expected that the Group will recognise a gain (before taxation) in the consolidated income statement of approximately HK\$14,434,000 arising from the Disposal, which is calculated as the difference between the Consideration and the Sale Loan and the net deficit of the Target Company. The expected gain has not yet been audited or reviewed by the auditor of the Company.

The net proceeds from the Disposal (after deducting the expenses directly attributable thereto) are estimated to be approximately HK\$39,700,000. The Group intends to use the net proceeds from the Disposal for general working capital of the Group.

The Directors believe that entering into the Sale and Purchase Agreement and the transactions contemplated thereunder are beneficial to the Group and the terms under the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is 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 expressions shall have the following meanings:

“Board”	the board of Directors
“Company”	Win Hanverky Holdings Limited (Stock Code: 3322), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal
“Completion Date”	31 March 2022 or such other date as agreed by the Company and the Purchaser in writing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate amount of HK\$39,800,000 payable by the Purchaser to the Company for the Sale Share and the Sale Loan
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Share and the assignment of the Sale Loan by the Company to the Purchaser in accordance with the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“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) 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
“Property”	Workshop B on 5th Floor, No. 481 Castle Peak Road, Kowloon
“Purchaser”	Huge Castle Limited, a company incorporated in Hong Kong with limited liability
“Sale and Purchase Agreement”	the sale and purchase agreement dated 28 January 2022 entered into between the Company (as vendor) and the Purchaser in relation to the Disposal
“Sale Share”	1 ordinary share of the Target Company, representing the entire issued share capital of the Target Company
“Sale Loan”	the entire amount due and owing by the Target Company to the Company as at the Completion Date, which is interest free and repayable on demand
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Winning Castle Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company as at the date of the Sale and Purchase Agreement
“%”	per cent.

By Order of the Board
Win Hanverky Holdings Limited
Li Kwok Tung Roy
Chairman

Hong Kong, 28 January 2022

As at the date of this announcement, the Board comprises Mr. Li Kwok Tung Roy, Mr. Lai Ching Ping, Mr. Lee Kwok Leung and Mr. Wong Chi Keung being the executive Directors, and Mr. Kwan Kai Cheong, Mr. Ma Ka Chun and Mr. Chan Ka Kui being the independent non-executive Directors.