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HON CORPORATION LIMITED

中國大健康建設產業有限公司

(formerly known as Hon Corporation Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8259)

PROPOSED REFRESHMENT OF EXISTING GENERAL MANDATE

PROPOSED REFRESHMENT OF EXISTING GENERAL MANDATE TO ALLOT, ISSUE AND DEAL WITH ADDITIONAL SHARES

The Board proposes to refresh the Existing General Mandate for the Directors to allot, issue and deal with additional Shares up to 20% of the issued share capital of the Company as at the date of passing of the relevant resolution at the EGM. According to Rule 17.42A(1) of the GEM Listing Rules, the grant of the Refreshed General Mandate is subject to the Independent Shareholders' approval by way of ordinary resolution at the EGM.

EGM

The EGM will be held to consider and, if thought fit, passing an ordinary resolution to approve the Refreshed General Mandate. The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lau Wang Lap, Ms. Luk Huen Ling Claire and Mr. Lei Xiongpeng, will be established to advise the Independent Shareholders on the proposed grant of the Refreshed General Mandate. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the Refreshed General Mandate.

A circular containing, among others, information regarding the proposed grant of the Refreshed General Mandate, the recommendation from the Independent Board Committee to the Independent Shareholders, and the recommendation from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the proposed grant of the Refreshed General Mandate, together with a notice of the EGM will be despatched to the Shareholders as soon as practicable.

PROPOSED REFRESHMENT OF EXISTING GENERAL MANDATE TO ALLOT, ISSUE AND DEAL WITH ADDITIONAL SHARES

The Board proposes to refresh the Existing General Mandate for the Directors to allot, issue and deal with additional Shares up to 20% of the issued share capital of the Company as at the date of passing of the relevant resolution at the EGM.

EXISTING GENERAL MANDATE

At the 2020 AGM, the Shareholders approved, among other things, the Existing General Mandate which authorised the Directors to allot and issue not more than 115,200,000 additional Shares, being 20% of the total number of issued Shares at the date of the 2020 AGM.

Reference is made to the announcements of the Company dated 18 August 2020 and 27 August 2020, respectively, in relation to the placing of new Shares under the Existing General Mandate (the “**Placing**”). Upon completion of the Placing on 27 August 2020, 100% of the Existing General Mandate has been utilised by the Company.

PROPOSED GRANT OF THE REFRESHED GENERAL MANDATE

The Company will convene the EGM at which ordinary resolutions will be proposed to the Independent Shareholders that:

- i. the Directors be granted the Refreshed General Mandate to allot and issue Shares not exceeding 20% of the aggregate number of the issued Shares as at the date of passing of the relevant ordinary resolution at the EGM; and
- ii. the Refreshed General Mandate be extended to Shares repurchased by the Company pursuant to the repurchase mandate granted to the Directors at the 2020 AGM.

The Company has not refreshed the Existing General Mandate since the 2020 AGM. The Refreshed General Mandate proposed will last until whichever is the earliest of:

- i. the conclusion of the next annual general meeting of the Company;
- ii. the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and articles of association of the Company or any other applicable laws to be held; or
- iii. the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors under the Refreshed General Mandate.

As at the date of this announcement, the Company had an aggregate of 691,200,000 Shares in issue. On the basis that such resolution at the EGM is passed and no further Shares are issued and/or repurchased by the Company between the date of this announcement and the date of the EGM, the Company will be allowed under the Refreshed General Mandate to allot and issue up to 138,240,000 Shares, representing 20% of the aggregate number of the issued Shares as at the date of this announcement.

REASONS FOR THE REFRESHED GENERAL MANDATE

The Company is principally engaged as a main contractor in building and infrastructure projects and interior decoration projects in the public and private sectors in Singapore and has more than 15 years of experience in building and infrastructure projects involving various types of buildings including institutions, industrial, commercial and residential buildings in both the public and private sectors.

As disclosed in the 3rd quarterly report dated 13 November 2020, the construction sector in Singapore has continued to be adversely impacted by the COVID-19 pandemic, including supply chain disruptions and halted construction process. The Group's operation and financial performance has been adversely impacted by the situation in 2020 and it is expected it will continue to impact the business of the Group in the financial year ending 31 December 2021. The Board will actively look for suitable business opportunities and/or strategic investors in order to diversify the risks of uncertain operating environment.

The Board is proposing to seek the approval of Independent Shareholders at the EGM on the grant of the Refreshed General Mandate such that should funding needs arise or attractive terms for investment become available, the Board will be able to respond to the market and such investment opportunities promptly. In addition, fund raising exercise pursuant to a general mandate provides the Company a more efficient process than other types of fundraising exercises and to avoid the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner.

Reference is also made to the announcement of the Company dated 3 December 2020 in relation to a share subscription facility (the "**Facility**") regarding the right to place our Shares with GEM Global Yield LLC SCS for the amount up to HK\$2,326,395,000. As at the date of this announcement, we are in the midst of formalising the commercial terms with the potential investor. The Company will issue further announcement in relation to the Facility as and when necessary. As far as the Refreshed General Mandate is concerned, the Company currently has no concrete fundraising plan as at the date of this announcement. The Company will grasp any suitable fundraising opportunities should attractive terms for investment become available from potential investors.

The Directors have considered other financing alternatives apart from equity financing such as debt financing, right issue, open offer or internal cash resources to meet the financial needs of the Group under the COVID-19 pandemic, if appropriate, taking into consideration the financial position, capital structure and cost of funding of the Group as well as the prevailing market condition. However, debt financing may be subject to lengthy negotiations on commercial terms and due diligence requirements and may incur interest burden on the Group as compared to the equity financing available to the Directors if the refreshment of the general mandate is granted. Furthermore, rights issue or open offer may also involve substantial time and cost to complete as compared to equity financing by issuance of new Shares under general mandate.

Having considered that (i) the Existing General Mandate has been 100% utilised by the Company as at the date of this announcement; (ii) the grant of the Refreshed General Mandate will empower the Directors to issue new Shares under the refreshed limit and provide the Company with the flexibility and ability to capture any appropriate capital raising or business opportunities in a timely manner, which may arise; and (iii) equity financing does not create any interest paying obligations on the Group, the Board believes that the Refreshed General Mandate is in the best interests of the Company and the Shareholders as a whole by maintaining the flexibility and ability to capture any appropriate capital raising or business opportunities in a timely manner, should they arise.

As at the date of this announcement, there is no concrete plan or agreement with any party to issue Shares by utilising the Refreshed General Mandate.

LISTING RULES IMPLICATIONS

As the proposed grant of the Refreshed General Mandate is to be proposed to the Shareholders prior to the next annual general meeting of the Company, pursuant to the GEM Listing Rules, this proposal is subject to the Independent Shareholders' approval by way of an ordinary resolution at the EGM. According to Rule 17.42A(1) of the GEM Listing Rules, any controlling shareholders and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution to approve the proposed grant of the Refreshed General Mandate.

As at the date of this announcement, to the best knowledge, information and belief of the Directors, the Company has no controlling shareholders, and therefore each of the Directors (excluding independent non-executive Directors) and chief executive, namely Mr. Ho, the executive Director and chief executive officer of the Company, and his respective associates, shall abstain from voting in favour of the resolution to approve the proposed grant of the Refreshed General Mandate.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, except for Mr. Ho and Bizstar Global, which is wholly and beneficially owned by him, no Shareholder is required to abstain from voting on the proposed resolution on the grant of the Refreshed General Mandate at the EGM.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any votes of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

EGM

The EGM will be held to consider and, if thought fit, passing an ordinary resolution to approve the Refreshed General Mandate. The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lau Wang Lap, Ms. Luk Huen Ling Claire and Mr. Lei Xiongpeng, will be established to advise the Independent Shareholders on the proposed grant of the Refreshed General Mandate. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the Refreshed General Mandate.

A circular containing, among others, information regarding the details of the proposed grant of the Refreshed General Mandate, the recommendation from the Independent Board Committee to the Independent Shareholders, and the recommendation from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the proposed grant of the Refreshed General Mandate, together with a notice of the EGM will be despatched to the Shareholders as soon as practicable.

DEFINITION

In this announcement, the following expressions have the meaning set out below unless the context requires otherwise:

“2020 AGM”	the annual general meeting of the Company held on 7 August 2020
“associates”	has the same meaning ascribed to it under the GEM Listing Rules
“Bizstar Global”	Bizstar Global Limited, a company incorporated in the British Virgin Islands with limited liability and owns 25% of the Shares
“Board”	the board of Directors

“Company”	Hon Corporation Limited, a company incorporated in the Cayman Islands with limited liability and issued Shares of which are listed on the GEM of the Stock Exchange (stock code: 8259)
“Directors”	the directors (including the independent non-executive directors) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Refreshed General Mandate by the Independent Shareholders
“Existing General Mandate”	the general mandate granted to the Directors by the resolution of the Shareholders passed at the 2020 AGM to allot, issue and deal with additional Shares not exceeding 20% of the issued share capital of the Company as at the date of the 2020 AGM
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors to advise the Independent Shareholders on the proposed grant of the Refreshed General Mandate
“Independent Shareholder(s)”	Shareholders other than any controlling shareholders of the Company and their associates or, where there are no controlling shareholders, any Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Mr. Ho”	Mr. Ho Lien Hwai, the executive Director and the chief executive officer of the Company, who is deemed to be interested in the Shares held by Bizstar Global by virtue of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

“PRC”	the People’s Republic of China which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Refreshed General Mandate”	the new general mandate proposed to be sought at the EGM to authorise the Directors to allot, issue and deal with additional Shares not exceeding 20% of the issued share capital of the Company as at date of passing of the relevant resolution
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Hon Corporation Limited
Ho Lien Hwai

Executive Director and Chief Executive Officer

Singapore, 2 February 2021

As at the date of this announcement, the executive Directors are Mr. Ho Lien Hwai, Mr. Hui Lianwang, Ms. Teng Ley Peng and Mr. Tan Jit Pin (Chen Ribin); the non-executive Directors are Mr. Toh Hock Ghim and Mr. Luo Jiakun; and the independent non-executive Directors are Mr. Lei Xiongpeng, Mr. Lau Wang Lap and Ms. Luk Huen Ling Claire.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Announcements” page on the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company’s website at www.honindustries.com.sg.