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G-VISION INTERNATIONAL (HOLDINGS) LIMITED

環科國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 657)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DEVELOPMENT AND CONSTRUCTION OF THE PROJECT

THE AGREEMENT AND THE PROJECT

After the Stock Exchange trading hours on 18 October 2019, GV Australia (a wholly-owned subsidiary of the Company) and the Owner entered into the Agreement in relation to the development and construction of the Project.

The Project involves the development and construction of a low-rise apartment block on the Land comprising 26 Apartments and certain communal facilities situated in Camden, Sydney, New South Wales, Australia.

IMPLICATION UNDER THE LISTING RULES

As one or more of the applicable percentage ratios for the arrangement contemplated under the Agreement are more than 25% but all of them are less than 100%, the arrangement contemplated under the Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. By virtue of Ms. Anita Cheng, Ms. Lily Cheng and Mr. Kenneth Cheng's interests in the Owner, the arrangement contemplated under the Agreement also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Agreement are subject to the announcement, reporting and independent shareholders' approval requirements of the Listing Rules.

As at the date of this announcement, each of Golden Toy and Kong Fai holds 172,869,780 Shares and 1,277,168,061 Shares respectively, representing in aggregate approximately 74.5% of the entire issued share capital of the Company. Golden Toy and Kong Fai are wholly-owned by two discretionary trusts of which family members of Mr. Cheng Hop Fai (Chairman and Managing Director of the Company), including Mr. Cheng Hop Fai, Ms. Cheng Pak Ming, Judy (executive Director), Ms. Anita Cheng (executive Director) and Ms. Lily Cheng (executive Director) are discretionary objects. Mr. Cheng Hop Fai, Ms. Cheng Pak Ming, Judy, Ms. Anita Cheng and Ms. Lily Cheng had abstained from voting at the Board meeting in respect of the resolutions approving the Agreement and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors has been constituted to give a recommendation to the Independent Shareholders as regards the voting on the Agreement and the transactions contemplated thereunder. Amasse Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

SGM

The SGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder. Golden Toy, Kong Fai and their associates shall abstain from voting at the SGM on the resolution approving the Agreement and the transactions contemplated thereunder.

DESPATCH OF CIRCULAR

A circular containing, among other things, details of the Agreement, financial information on the Group, the recommendation of the Independent Board Committee and the advice of the Independent Financial Adviser together with the notice convening the SGM is expected to be despatched to the Shareholders on or before 19 November 2019 as additional time is required for preparing the relevant information to be included in the circular.

After the Stock Exchange trading hours on 18 October 2019, GV Australia (a wholly-owned subsidiary of the Company) and the Owner entered into the Agreement in relation to the development and construction of the Project. Details of the Agreement are set out below.

A. THE AGREEMENT

1. Date

18 October 2019

2. Parties

- (i) GV Australia (a wholly-owned subsidiary of the Company); and
- (ii) the Owner.

The Owner is a company incorporated in Australia and is owned as to 75% by CFC 2019 Pty Ltd and as to 25% by A.C.N. 625 929 231 Pty Ltd. CFC 2019 Pty Ltd is in turn wholly and beneficially owned by Ms. Anita Cheng, Ms. Lily Cheng and Mr. Kenneth Cheng. Ms. Anita Cheng and Ms. Lily Cheng are executive Directors and the sisters of Mr. Kenneth Cheng. Mr. Kenneth Cheng is the project director of the Group. A.C.N. 625 929 231 Pty Ltd is wholly and beneficially owned by Mr. Tibor Paul Richard Singer, a third party independent of and not connected with the Company and its connected persons. The Owner is principally engaged in property investment and holding and is the registered proprietor of the Land. By virtue of Ms. Anita Cheng, Ms. Lily Cheng and Mr. Kenneth Cheng's interests in the Owner, the Owner is a connected person of the Company under the Listing Rules.

3. Purpose

The Owner and GV Australia agreed to collaborate with each other to develop and construct the Project subject to the terms and conditions of the Agreement.

The Land is a parcel of vacant land situated in Camden, Sydney, New South Wales, Australia. The Project involves the development and construction of a low-rise apartment block on the Land comprising 26 Apartments and certain communal facilities, of which the occupancy right shall be offered to eligible retirees aged 55 years or above who have retired from full-time employment.

4. Obligations of the parties

The Owner

The Owner shall grant access to the Land necessary for GV Australia and the professional parties to be engaged by GV Australia to undertake the development and construction works of the Project. The Owner shall also be responsible for the marketing of the Apartments and procuring the Apartments for sale or lease.

GV Australia

GV Australia shall manage, coordinate and supervise the development and construction of the Project, which include preparing the necessary applications for consents from relevant government authorities to develop and construct the Project, engaging professional parties such as builder, electrical engineer, structural engineer, mechanical engineer, hydraulics engineer and such other consultants necessary for the development works, and carrying out and completing the development works in accordance with the development plan agreed with the Owner. The aforesaid works shall be carried out by GV Australia at its cost. GV Australia shall prepare statements of account containing details of the Development Cost and its entitlements as described in paragraph 6 below and submit the same to the Owner from time to time.

The Owner and GV Australia agreed that the obligation of GV Australia to fund the Development Cost shall not exceed A\$11,500,000 (equivalent to approximately HK\$61,065,000), which has been determined after taking into account, among others, the estimated budget of the construction cost prepared by a professional quantity surveyor (the “**Construction Estimated Budget**”).

5. Management

A project control group shall be formed to make all strategic decisions relating to the conduct of the development of the Project, including but not limited to the consideration and approval of proposed development programme and budgets, contract(s), agreement(s) or arrangement(s) in connection with the development works, and changes to the sale price of the Apartments. The project control group shall comprise 2 representatives from each of the Owner and GV Australia. All the decisions of the project control group must be reached unanimously.

Mr. Kenneth Cheng was appointed as advisor to the Group since 2011 and was appointed as a project director in May 2019 to oversee and manage the Group’s local and overseas development projects including the Project. Mr. Kenneth Cheng holds a Bachelor of Architecture degree from the University of New South Wales, Sydney. He is currently a registered architect and authorised person listed under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong). He has over 18 years of experience in the building industry in Hong Kong, Australia and the PRC overseeing residential and commercial projects. The Directors are of the view that the Group will benefit from the expertise, experience and network of Mr. Kenneth Cheng in undertaking the Project.

6. Development Fee

In performing GV Australia's obligations under the Agreement, the Owner shall pay GV Australia the Development Fee calculated as follows:

Development Fee = Development Cost + Development Margin

Under the Agreement, the amount of Development Cost to be provided by GV Australia shall not exceed A\$11,500,000 (equivalent to approximately HK\$61,065,000). GV Australia shall fund the Development Cost with internal resources and/or existing facilities of the Group to the extent where available.

The Development Fee has been determined after arm's length negotiations between the parties to the Agreement after taking into account, among others, (i) Construction Estimated Budget; and (ii) the operating profit margin of the construction industry in Australia.

GV Australia shall, as soon as practicable following the issue of the occupation certificate in respect of the Project, submit to the Owner a statement of account containing details of the Development Cost and invoices issued to the Owner from time to time for the total Development Fee and any money payable by the Owner under the Agreement. The Owner shall pay GV Australia the Development Fee within 6 months of the date of such statement of account.

7. Conditions precedent

The Agreement shall come into effect subject to the compliance with the applicable requirements of the Listing Rules in connection with the transactions contemplated under the Agreement, including the Independent Shareholders having at a SGM approved the Agreement and the transactions contemplated thereunder.

If the aforesaid conditions are not fulfilled on or before the Long Stop Date, then the Agreement shall automatically terminate.

B. INFORMATION ABOUT THE PROJECT

The Project involves the development and construction of a low-rise apartment block on the Land comprising 26 Apartments and certain communal facilities.

The Land is situated at 2-4 John Street, Camden, Sydney, New South Wales, Australia. Being in a prime location in Camden, the site of the Project is within 350 meters from the main retail area and provides ease of access to shops, supermarkets, medical centres and a hospital. The Land is currently vacant and within a mixed-use zoned parcel of land, where an approved development application master plan was obtained for the construction of senior housing.

The Apartments are targeted to be offered to eligible retirees aged 55 years or above who have retired from full-time employment. The marketing campaign to initiate sales of the Apartments has been commenced and non-legally binding expression of interests has been received for approximately 69% of the Apartments as at the date of this announcement. Pursuant to the Agreement, the construction works of the Project will commence within six months from the date of the Owner's notification to GV Australia and in the opinion of GV Australia that a sufficient number of sales or leases of the Apartment is secured to cover the entitlements of GV Australia as described in paragraph 6 above. It is expected that the development and construction of the Project will be completed within 18 months from the date of commencement of the works of the Project.

C. REASONS FOR AND BENEFITS OF THE AGREEMENT

The Group is principally engaged in the operations of Chinese restaurants in Hong Kong which specialise in Chiu Chow cuisine. The operating environment of the Group's restaurant business in Hong Kong has been challenging, which has been affected by the sluggish consumer appetite due to the economic and social sentiments, competition in the industry and increasing operating costs. While the Group continues to manage and review its strategies to improve the performance of its restaurant business, the Group also looks for suitable opportunities to expand its business activities and diversify risks with an aim to improve the returns for its Shareholders.

The Apartments to be developed under the Project in Australia are targeted for sale to eligible retirees aged 55 years or above who have retired from full-time employment. In view of the increasing ageing demographic in Australia and the growing demand and interests of the market and investors in the retirement living industry, the Directors are optimistic about the prospects of the development of the Project. Further, with the profound knowledge and experience of Mr. Kenneth Cheng in the building industry who will be the project director of the Group to oversee and manage the Project, the Directors believe that the Group has sufficient resources and experience to undertake the Project, and the entering into of the Agreement will allow the Group to extend the Group's business scope to the development and construction industry in Australia, which could enlarge the revenue stream and diversify the operating risks of the Group.

In view of the above, the Directors (excluding the members of the Independent Board Committee who shall form their view in the circular to the Shareholders after considering the advice from the Independent Financial Adviser) consider that the terms of the Agreement are fair and reasonable and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

D. LISTING RULES IMPLICATIONS

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E. DEFINITIONS

“Agreement”	the development management agreement dated 18 October 2019 and entered into between the Owner and GV Australia in relation to the development and construction of the Project
“Apartment(s)”	apartment unit(s) to be developed and constructed under the Project
“Board”	the board of Directors
“Company”	G-Vision International (Holdings) Limited, a company incorporated under the laws of Bermuda with limited liabilities, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 657)
“Development Cost”	all reasonable costs or expenses paid or provided by GV Australia in performing or complying with its obligations under the Agreement with exception of any capital or income tax or tax that are recoverable from a third party
“Development Fee”	the total Development Cost plus the Development Margin
“Development Margin”	an amount of money calculated by multiplying the Development Cost (as provided or paid from time to time by GV Australia) by a rate of 12%
“Director(s)”	director(s) of the Company
“Golden Toy”	Golden Toy Investments Limited, a company incorporated in British Virgin Islands with limited liability
“Group”	the Company and its subsidiaries
“GV Australia”	GV Australia Pty Ltd, a company incorporated in Australia and a wholly-owned subsidiary of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent committee of the Board established to give recommendation to the Independent Shareholders on the Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Amasse Capital Limited, a corporation licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Independent Shareholders”	Shareholders other than Golden Toy, Kong Fai and those who have a material interest in the Agreement and the transactions contemplated thereunder
“Kong Fai”	Kong Fai International Limited, a company incorporated in British Virgin Islands with limited liability
“Land”	the whole of the land located at 2-4 John Street, Camden, Sydney, New South Wales, Australia
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2019 or such later date as may be agreed between the Owner and GV Australia
“Ms. Anita Cheng”	Ms. Cheng Pak Man, Anita, an executive Director
“Ms. Lily Cheng”	Ms. Cheng Pak Lai, Lily, an executive Director
“Mr. Kenneth Cheng”	Mr. Cheng Kwun Kit, Kenneth
“Owner”	Camden RV Pty Ltd, a company incorporated in Australia and the sole proprietor of the Land
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan

“Project”	the proposed development and construction of the building comprising the Apartments and other communal facilities on the Land
“SGM”	special general meeting of the Company
“Share(s)”	ordinary share(s) with par value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“A\$”	Australian dollars, the lawful currency of Australia
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Cheng Hop Fai
Chairman and Managing Director

Hong Kong, 18 October 2019

As at the date of this announcement, the Board comprises Mr. Cheng Hop Fai (Chairman and Managing Director), Ms. Cheng Pak Ming, Judy, Ms. Cheng Pak Man, Anita, and Ms. Cheng Pak Lai, Lily as executive Directors, and Mr. Leung Tai Chiu, Mr. Law Toe Ming and Mr. Hung Chi Yuen, Andrew as independent non-executive Directors.

Unless otherwise indicated, the exchange rate of A\$1 = HK\$5.31 has been used in this announcement for illustration purposes only. It does not constitute any representations that any amount has been, could have been or may be exchanged at such rate or at any other rate or at all.

* *for identification purposes only*