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CIL Holdings Limited

華建控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00479)

DISCLOSEABLE TRANSACTION DISPOSAL OF ASSETS

This announcement is made by CIL Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**”) and is supplemental to the announcement of the Company dated 13 August 2020 (“**Previous Announcement**”).

CIRCUMSTANCES UNDER WHICH THE PLEASURE BOAT WAS DISPOSED

- (1) The Pleasure Boat mentioned in the Previous Announcement (“**Pleasure Boat**”) was mortgaged by Able Giant Limited (“**Able Giant**”) to Cloudtech International Co. Ltd. (“**Cloudtech**”) to secured a loan facility of HK\$5,000,000 advanced by Cloudtech to AVTE Company Limited (“**AVTE**”) thereon in the middle of December 2017. The loan facility is repayable within 2 working days following demand by Cloudtech. Both Able Giant and AVTE are subsidiaries of the Company.
- (2) A blank transfer form of the Pleasure Boat (with the date and the name of the transferee left blank) was executed by Able Giant and delivered to Cloudtech pursuant to the mortgage on 9 April 2019. The Pleasure Boat had a carrying book value of approximately HK\$3,756,000 on 9 April 2019. It is stated in the mortgage documentation that Cloudtech may sell, transfer, or remortgage the Pleasure Boat if AVTE shall default in payment.
- (3) The Company received notice from Cloudtech to repay the loan facility and outstanding interest on 3 July 2020. The Company tried to extend repayment of the loan facility and outstanding interest with Cloudtech thereafter.

- (4) Without prior notice, the Company was informed by Cloudtech on 12 August 2020 that the Pleasure Boat was sold to a third party at the consideration of HK\$5,400,000 and all of the proceeds of sale were applied by Cloudtech in discharge of the principal loan amount of approximately HK\$4,811,000 and interests of approximately HK\$551,000 thereon.
- (5) The Company immediately on 13 August 2020 made the Previous Announcement of the disposal of the Pleasure Boat (“**Disposal**”), although it had still been in the course of obtaining detailed information of the sale of the Pleasure Boat by Cloudtech.
- (6) With the information now supplied by Cloudtech, it transpires that:
 - (a) Cloudtech transferred the ownership of the Pleasure Boat into its name using the blank transfer form on 31 July 2020;
 - (b) Thereafter, Cloudtech entered into an agreement to sell the Pleasure Boat to Columbus Yachts Limited (“**Disposee**”) for the consideration of HK\$5,400,000 on 31 July 2020 with completion date on 11 August 2020.
- (7) In view of the circumstances above described, it is the assessment of the board of directors of the Company (“**Directors**”) that the Company has complied with Rule 14.34 of The Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited on the Main Board (“**Listing Rule**”) which requires the Company to publish announcement in connection to discloseable transaction as soon as possible after the finalization of the transaction terms.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in the business of distribution and trading of server storage, multimedia and communication products, and trading in commodity and automotive components.

INFORMATION ABOUT CLOUDTECH

To the best of knowledge of the Directors, information and belief of the Directors, having made all reasonable enquiries, Cloudtech engages in the principal business of semiconductor components trading and Cloudtech and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

INFORMATION ABOUT THE DISPOSEE

The Disposee is a company involved in the sale of first hand and second hand pleasure boats and yachts, pleasure boats and yachts leasing and trading in accessories of pleasure boats and yachts.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Disposee and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

PARTICULARS OF THE PLEASURE BOAT

The Pleasure Boat is diesel propelled and was built in the United Kingdom in 2015 with an overall length of 18.35 metres and extreme breadth of 4.7 metres. It is licensed in the Hong Kong Marine Department under Class IV as Cruiser (type).

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal was made by Cloudtech pursuant to the mortgage aforementioned in discharge of the indebtedness due from AVTE to Cloudtech.

The net book value of the Pleasure Boat is approximately HK\$904,000 as of 31 July 2020. The Disposal represents a gain of approximately HK\$4,458,000 calculated by deducting the carrying net book value of the Pleasure Boat in the sum of approximately HK\$904,000 as of 31 July 2020 and the sale commission of HK\$38,000 from the consideration of Disposal in the sum of HK\$5,400,000. Notwithstanding the said gain, no profits arise as the Pleasure Boat is not treated as stock-in-trade of the Group.

The Directors believe that the Disposal is fair and reasonable having considered the market price of the Pleasure Boat with reference to the prevailing market situation, the gain realized and the discharge of the indebtedness of AVTE to Cloudtech as a result of the Disposal and is in the interests of the shareholders of the Company as a whole.

By Order of the Board
CIL Holdings Limited
Ke Jun Xiang
Chairman

Hong Kong, 2 September 2020

As at the date of this announcement, the Board comprises 4 executive directors, namely Mr. Ke Jun Xiang (Chairman and Chief Executive Officer), Mr. Wilson Wong (Deputy Chairman), Ms. Lo Yuen Chung and Mr. Fu Daoding; 2 non-executive directors, namely Mr. Chow Yeung Tuen, Richard and Mr. Li Chung Kai, Philip; and 3 independent non-executive directors, namely Mr. Chan Siu Kay, Mr. Choi Chin Yu and Dr. Chow Ho Wan Owen.

* *For identification purpose only*