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HKC (HOLDINGS) LIMITED

香港建設(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 190)

(website: www.hkcholdings.com)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITIONS OF LISTED SECURITIES

THE ACQUISITIONS

The Board wishes to announce that during the period from 11 June 2020 to 3 September 2020 (both dates inclusive), the Group acquired on the open market a total of 6,040,000 Xiaomi Shares at an aggregate consideration of approximately HK\$124.8 million (exclusive of transaction costs) at an average price of approximately HK\$20.66 per Xiaomi Share.

As the Acquisitions were made through the open market, the Company is not aware of the identities of the sellers of the Xiaomi Shares. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the sellers of Xiaomi Shares and their respective ultimate beneficial owners are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES

Each of the acquisition of the Xiaomi Shares by the Group, on a standalone basis, does not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

One or more than one of the applicable percentage ratios for the Acquisitions, when aggregated as a whole, is more than 5% and below 25%. As such, the Acquisitions, when aggregated as a whole, constitute a discloseable transaction of the Company, and are therefore subject to the notification and announcement requirements but exempt from the shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

THE ACQUISITIONS

The Board wishes to announce that during the period from 11 June 2020 to 3 September 2020 (both dates inclusive), the Group acquired on the open market a total of 6,040,000 Xiaomi Shares at an aggregate consideration of approximately HK\$124.8 million (exclusive of transaction costs) at an average price of approximately HK\$20.66 per Xiaomi Share.

As the Acquisitions were made through the open market, the Company is not aware of the identities of the sellers of the Xiaomi Shares. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the sellers of the Xiaomi Shares and their respective ultimate beneficial owners are Independent Third Parties.

ASSETS ACQUIRED

Immediately before the Acquisitions, the Group did not hold any Xiaomi Shares. Immediately upon settlement of the acquisition of the Xiaomi Shares on 3 September 2020, the Group will hold an aggregate of 6,040,000 Xiaomi Shares, representing approximately 0.034% of the issued share capital of Xiaomi as at the date of this announcement.

CONSIDERATION

The aggregate consideration for the Acquisitions was approximately HK\$124.8 million, representing an average price of approximately HK\$20.66 per Xiaomi Share. As the Acquisitions were conducted on the open market, the price of each trade represented the then market price of the Xiaomi Shares at the relevant time of the Acquisitions.

The consideration of the Acquisitions has been funded by the Group's internal resources.

COMPLETION

Settlement for the 3,517,000 Xiaomi Shares acquired by the Group on 3 September 2020 will take place on the second trading day after the orders regarding such acquisition have been made.

INFORMATION ON XIAOMI

Xiaomi is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 1810). Xiaomi and its subsidiaries are principally engaged in development and sales of smartphones, IoT and lifestyle products, provision of internet services and investment holding in the PRC and other countries or regions.

Set out below is a summary of certain audited consolidated financial information of Xiaomi for the two years ended 31 December 2019 as extracted from the annual report of Xiaomi for the year ended 31 December 2019:

	<i>For the year ended 31 December 2019</i>	<i>For the year ended 31 December 2018</i>
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Revenue	205,838,682	174,915,425
Profit before taxation	12,162,646	13,927,124
Profit after taxation	10,102,950	13,477,747

Based on the annual report of Xiaomi for the year ended 31 December 2019, the audited net asset value of Xiaomi as at 31 December 2019 was approximately RMB81,657,676,000.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group is principally engaged in the business of property development and investment and renewable energy investment and operation. Having considered (i) the then financial performance and prospects of Xiaomi, (ii) the low interest rate environment in Hong Kong and (iii) the financial

position of the Group, the Company considered that the Acquisitions presented a good opportunity for the Group to utilize its available funds for a return, and the Xiaomi Shares acquired by the Group under the Acquisitions will be held by the Group for long-term investment purpose.

As the Acquisitions were made at market price and on the open market of the Stock Exchange, the Directors considered that the terms of the Acquisitions are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Each of the acquisition of the Xiaomi Shares by the Group, on a standalone basis, does not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

One or more than one of the applicable percentage ratios for the Acquisitions, when aggregated as a whole, is more than 5% and below 25%. As such, the Acquisitions, when aggregated as a whole, constitute a discloseable transaction of the Company, and are therefore subject to the notification and announcement requirements but exempt from the shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

- “Acquisitions” : the acquisitions of a total of 6,040,000 Xiaomi Shares at an aggregate consideration of approximately HK\$124.8 million during the period from 11 June 2020 to 3 September 2020 (both dates inclusive)
- “Board” : the board of Directors
- “Company” : HKC (Holdings) Limited, a Bermuda company whose shares are listed on the Main Board of the Stock Exchange (stock code: 190)
- “connected person(s)” : has the meaning ascribed to it under the Listing Rules
- “Directors” : the directors of the Company
- “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 PRC
- “IoT” : internet of things
- “Independent Third Party(ies)” : any person(s) or company(ies) and their respective ultimate beneficial owner, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, is not connected persons of the Company and is third party independent of the Company and its connected persons in accordance with the Listing Rules

“Listing Rules”	: the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	: the People’s Republic of China
“RMB”	: Renminbi, the lawful currency of the PRC
“Stock Exchange”	: The Stock Exchange of Hong Kong Limited
“Xiaomi”	: Xiaomi Corporation, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 1810)
“Xiaomi Share(s)”	: Ordinary share(s) of Xiaomi
“%”	: per cent.

By order of the Board
HKC (HOLDINGS) LIMITED
OEI Kang, Eric
Chairman and Chief Executive Officer

Hong Kong, 3 September 2020

As at the date of this announcement, the Board comprises seven Directors, of which Mr. OEI Kang, Eric, Mr. LEE Shiu Yee, Daniel, Mr. WONG Jake Leong, Sammy and Mr. LEUNG Wing Sum, Samuel are Executive Directors; and Mr. CHENG Yuk Wo, Mr. Albert Thomas DA ROSA, Junior and Mr. VOON Hian-fook, David are Independent Non-executive Directors.

* For identification purposes only