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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 IN RELATION TO CENTRAL PLAZA TENANCY AGREEMENT

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On 3 February 2020, Pilot Apex Development Limited (a subsidiary of the Company) as tenant and Central Plaza Management Company Limited as the landlord entered into the Central Plaza Tenancy Agreement (“**Tenancy Agreement**”) in respect of the Office Premise for a term of 3 years from 16 March 2020 to 15 March 2023 (both days inclusive).

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS 16 “Leases”, the Company recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the Office Premise under the Tenancy Agreement with effect from the beginning of its accounting period on 1 July 2019. Accordingly, the lease transaction under the Tenancy Agreement is regarded as acquisitions of assets by the tenant (i.e. lessee) for the purpose of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the value of the right-of-use of the Office Premise under the Tenancy Agreement exceed 5% but are less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction and is subject to the announcement requirement under Chapter 14 of the Listing Rules but exempt from Shareholders’ approval requirement under the Listing Rules.

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Key Terms of the Central Plaza Tenancy Agreement

Date:	3 February 2020
Parties:	(i) Pilot Apex Development Limited (a subsidiary of the Company); (ii) Central Plaza Management Company Limited

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the landlord and its respective ultimate beneficial owner(s) are the Independent Third Parties.

Office Premise	Suite 6802, 68/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
Term	3 years from 16 March 2020 to 15 March 2023
Total aggregate value of consideration payable:	Approximately of HK\$10,226,000 in aggregate for the term of 3 years pursuant to the terms and conditions of the Tenancy Agreement (exclusive of government rates, service charges and other outgoings)

The value (unaudited) of the right-of-use asset recognised by the Company under the Tenancy Agreement amounted to approximately HK\$8,933,000, which is the present value of the total consideration payable at the inception of the lease term under the Tenancy Agreement in accordance with HKFRS 16. Discount rate of 5% is applied to compute the present value of total consideration payable under the Tenancy Agreement.

REASONS AND BENEFITS FOR THE AGREEMENT

The Office Premise would be as a sub-office of senior management of the Company. The terms of the Tenancy Agreement was arrived at arm's length negotiation and the rental was determined with reference to the prevailing market rental of similar comparable properties in the nearby areas. The Directors considered that the terms of the Tenancy Agreement was entered into on normal commercial terms.

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REMEDIAL ACTIONS

The Company acknowledges its inadvertent non-compliance with the Listing Rules in relation to the adoption of HKFRS 16. To prevent similar non-compliance in relation to the adoption of HKFRS 16 from occurring in the future, the Company has taken the following measures and actions: (i) the Company’s responsible management with assistance from external accounting professionals and legal advisers of the Company shall continue to oversee and monitor the Company’s on-going compliance with the Listing Rules in relation to the Group’s lease arrangements; (ii) the Company should conduct an internal training session to explain the implications of the Listing Rules in relation to HKFRS 16 and the reporting procedures for notifiable transactions under the Listing Rules in respect of lease arrangements prior to execution; and (iii) the Company should, as and when appropriate and necessary, seek its external legal, accounting or other, professional advice as to any action required to be taken in relation to any proposed lease transactions or events in the future. Going forward, the Company will make disclosure in a timely manner to ensure compliance with the Listing Rules in this regard.

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

Hong Kong, 1 December 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