

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

OKG Technology Holdings Limited
歐科雲鏈控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1499)

**DISCLOSEABLE AND CONNECTED TRANSACTION
AT SUBSIDIARY LEVEL –
IN RELATION TO THE DISPOSAL OF
THE ENTIRE ISSUED SHARES OF THE DISPOSAL COMPANY**

Financial advisor to the Company



THE DISPOSAL

The Board is pleased to announce that on 7 May 2021 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares, being the entire issued share capital of the Disposal Company for the Consideration of HK\$8.0 million (subject to adjustments).

Upon Completion, the Disposal Company will cease to be a subsidiary of the Company and its assets, liabilities and financial results will no longer be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 5% but all relevant percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

As at the date of this announcement, the Purchaser is a director of the Vendor, relevant Disposal Group companies and some other subsidiaries of the Group. Therefore, the Purchaser is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

Since (i) the Purchaser is a connected person of the Company at the subsidiary level under the Listing Rules; and (ii) the Directors (including the independent non-executive Directors) have approved the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder and confirmed that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a connected transaction which is subject to the reporting and announcement requirements but exempted from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

None of the Directors have any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, and accordingly, none of the Directors are required to abstain from voting on the Board resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

INTRODUCTION

On 7 May 2021 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares, being the entire issued share capital of the Disposal Company, for the Consideration of HK\$8.0 million (subject to adjustments).

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

- Date : 7 May 2021 (after trading hours)
- Parties : (1) Glory Port International Limited, a wholly-owned subsidiary of the Company, as the Vendor; and
(2) Mr. Ip Ying Chau, a director of the Vendor, relevant Disposal Group companies and some other subsidiaries of the Group, as the Purchaser
- Assets to be disposed of : The Sale Shares, being the entire issued share capital of the Disposal Company.
- The Disposal Company is an investment holding company and its subsidiary, Bright Access, is a limited liability company incorporated in Hong Kong and principally engaged in provision of foundation works and ancillary services in Hong Kong.
- Consideration : The Consideration for the Sale Shares is HK\$8.0 million (subject to adjustments).

INFORMATION OF THE PARTIES

The Company is an investment holding company. The Group is principally engaged in provision of foundation works and ancillary services, construction wastes handling services, technology services, money lending business and investments in securities.

The Vendor, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company, is engaged in investment holding.

The Purchaser is an individual and Hong Kong resident. As at the date of this announcement, the Purchaser is a director of the Vendor, relevant Disposal Group companies and some other subsidiaries of the Group. Therefore, the Purchaser is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

CONSIDERATION

Pursuant to the Sale and Purchase Agreement, the Purchaser will have to pay the Consideration which consists of the following to the Vendor as consideration for the Disposal:

- (a) a sum of HK\$1.0 million as non-refundable deposit and partial payment of the Consideration to be paid on the signing of the Sale and Purchase Agreement by way of delivering a cheque to the Vendor; and
- (b) the balance of the Consideration to be paid on Completion by way of a cheque to the Vendor.

Adjustment mechanism

The Vendor shall procure the delivery of the consolidated accounts of the Disposal Group as at 31 March 2021, which includes the audited figures of Bright Access (the “**Accounts**”) to the Purchaser within one month from the date of the Sale and Purchase Agreement. In the event that the tangible assets of the Disposal Group minus the liabilities of the Disposal Group (the “**NAV**”) as shown in the Accounts (or the audited accounts of the Disposal Group) exceeds HK\$7.1 million, then the parties agree that the Consideration payable by the Purchaser shall be adjusted upward by a sum calculated in accordance with the following formula:

$$A = \text{NAV as shown in the Accounts (or the audited Accounts)} - \text{HK\$7.1 million}$$

where A is the additional consideration payable by the Purchaser

For the avoidance of doubt, there shall be no downward adjustment to the Consideration irrespective of the NAV amount shown in the Accounts.

Based on the unaudited consolidated net asset value of the Disposal Group as at 31 March 2021, the adjustment to Consideration (if any) would not affect the classification of the Disposal under Chapter 14 of the Listing Rules. Further announcement(s) will be made by the Company in the event that the adjustment to Consideration will cause different classification of the Disposal under Chapter 14 of the Listing Rules.

The Consideration, was determined by the Vendor and the Purchaser after arm's length negotiation on normal commercial terms with reference to (i) the unaudited consolidated net asset value of the Disposal Group as at 31 March 2021 in the amount of approximately HK\$7.1 million; and (ii) the amount of the valuation of the market value as at 31 March 2021, by using the asset approach, of the Disposal Group as determined by an independent valuer of approximately HK\$7.3 million.

CONDITIONS PRECEDENT

The Sale and Purchase Agreement does not consist of any conditions precedent for Completion. Completion shall take place within two (2) months from the date of the Sale and Purchase Agreement.

FINANCIAL INFORMATION OF THE DISPOSAL GROUP

Set out below is the financial information of the Disposal Group extracted from its audited financial statements for the year ended 31 March 2020 and unaudited management accounts for the year ended 31 March 2021:

	For the year ended 31 March 2020 <i>HKD'000</i> (audited)	For the year ended 31 March 2021 <i>HKD'000</i> (unaudited)
Revenue	14,358	769
Net Loss before taxation	(18,671)	(10,417)
Net Loss after taxation	(17,384)	(10,417)

The unaudited total net asset value of the Disposal Group, as at 31 March 2021 was approximately HK\$7.1 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company. The Group is principally engaged in provision of foundation works and ancillary services, construction wastes handling services, technology services, money lending business and investments in securities.

The Directors consider the Disposal will be a good opportunity for the Group to dispose the Disposal Group at this stage, due to the challenging operational environment caused by the outbreak of the COVID-19 pandemic. The Disposal Group has been operating at a loss in the past years and combined with the unfavourable operational environment, it is uncertain for the Directors to expect a possibility that the Disposal Group will achieve a positive turnaround in financial performance. The Consideration will be received by the Vendor and as the Disposal Company will cease to be a subsidiary of the Company after the Completion, it is expected that the Group's overall cashflow and liquidity will improve.

Furthermore, the Group expects to record a gain on disposal of approximately HK\$0.9 million upon Completion and the Company will apply the proceeds as general working capital of the Group. As such, the Directors consider that it is an opportunity for the Group to dispose the Disposal Group so as to realise gain from the Disposal.

As the Disposal is being conducted after arm's length negotiations based on normal commercial terms, and the Group is expected to make a gain on the Disposal, the Directors consider that the Disposal is in the ordinary and usual course of business, and that the terms of the Sale and Purchase Agreement are fair and reasonable and on normal commercial terms and that the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSAL

Upon Completion, the Disposal Company will cease to be a subsidiary of the Company and its assets, liabilities and financial results will no longer be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 5% but all relevant percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

As at the date of this announcement, the Purchaser is a director of the Vendor, relevant Disposal Group companies, and some other subsidiaries of the Group. Therefore, the Purchaser is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

Since (i) the Purchaser is a connected person of the Company at the subsidiary level under the Listing Rules; and (ii) the Directors (including the independent non-executive Directors) have approved the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder and confirmed that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a connected transaction which is subject to the reporting and announcement requirements but exempted from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

None of the Directors have any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, and accordingly, none of the Directors are required to abstain from voting on the Board resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Bright Access”	Bright Access (HK) Limited (明哲(香港)有限公司), a limited liability company incorporated in Hong Kong on 20 October 2008 and principally engaged in provision of foundation works and ancillary services in Hong Kong
“Company”	OKG Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1499)
“Completion”	completion of the Disposal

“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of the Disposal, being HK\$8,000,000 (subject to adjustments)
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“Disposal Company”	Jia Jian Global Limited (佳建環球有限公司), a limited liability company incorporated in the British Virgin Islands on 13 February 2015, being an indirect wholly-owned subsidiary of the Company
“Disposal Group”	the Disposal Company and its subsidiary, Bright Access
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Mr. Ip Ying Chau, a director of the Vendor, relevant Disposal Group companies and some other subsidiaries of the Group
“Sale and Purchase Agreement”	the Sale and Purchase Agreement dated 7 May 2021 (after trading hours) entered into between the Vendor and the Purchaser in relation to the Disposal

“Sale Shares”	3 ordinary shares of the Disposal Company, being the entire issued share capital of the Disposal Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Glory Port International Limited (悅港國際有限公司), a company incorporated in the British Virgin Islands with limited liability, being a wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board
OKG Technology Holdings Limited
Shi Shaoming
Joint Company Secretary

Hong Kong, 7 May 2021

As at the date of this announcement, the non-executive Directors are Mr. Xu Mingxing, Mr. Tang Yue and Mr. Pu Xiaojiang; the executive Director is Mr. Ren Yunan; and the independent non-executive Directors are Mr. Li Zhouxin, Mr. Lee Man Chiu and Mr. Jiang Guoliang.