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## **CIL Holdings Limited**

**華建控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00479)**

### **VOLUNTARY ANNOUNCEMENT – ACQUISITION OF A PROJECT COMPANY**

Reference is made to the announcement of CIL Holdings Limited (the “**Company**”, together with its subsidiaries collectively referred to the “**Group**”) dated 25 July 2022 (the “**Announcement**”) in relation to the formation of the acquisition agreement (the “**Acquisition Agreement**”) with Hua Hong Construction And Engineering Co., Ltd., Fangchenggang and Li Chengyu (李城宇) (collectively referred to as the “**Vendor**”).

#### **INFORMATION ABOUT THE PARTIES TO THE ACQUISITION AGREEMENT**

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of Hua Hong Construction And Engineering Co., Ltd., Fangchenggang and Li Chengyu are third parties independent of the Company and its connected persons.

#### **ACQUISITION OF A PROJECT COMPANY**

The Company is principally engaged in the business of (i) distribution and trading of server storage, multi-media and communication products, (ii) distribution and trading of household electrical appliances, (iii) investments in securities; and (iv) trading of building materials.

The Board hereby informs shareholders of the formation of the Acquisition Agreement on 22 July 2022. Accordingly, the Company has agreed to acquire, and the Vendor has agreed to dispose 100% equity interests in Hua Hong Construction And Engineering Co., Ltd., Fangchenggang. The aggregate consideration of the transaction contemplated under the Acquisition Agreement amounted to RMB200,000 (equivalent to approximately HK\$235,000).

The project company was established in Feb 2021, combining research and development, production, sales, it is an advanced technological enterprise which mainly engages in the integrated development and use of reusable resources, and is the first environmental high-tech company to produce dry-mixed mortar in Fangchenggang. It has been approved for commencement and filing by the Development and Reform Bureau of Gangkou District, Fangchenggang City on 9 March, 2021.

Dry-mixed mortar first saw a boom alongside the development of the European construction market in the 1850s; it has been widely used in European countries for more than 70 years, and has been used for 65 years in wall insulation projects in Europe. Due to its outstanding advantages in water conservation, energy conservation, convenience, speed, environmental protection and strong adhesive power, dry-mixed mortar thus took the European and American building materials market by storm. Nowadays, dry-mixed mortar is widely used as the main adhesive material and wall insulation material in both Western developed countries and many developing countries alike, and has a rapid development in regions like Asia.

China is currently faced with the shortage of resources and low utilization rate, especially the lagging of energy conservation in construction, resulting in a colossal waste of energy, which is 6–8 times that of developed countries. Due to the severe pollution, colossal waste, and unstable quality of traditional mortar, the current situation urgently needs to change. Therefore, to build an environmental friendly and conservation-minded society, the dry-mixed mortar industry has become the general trend. As a new type of green and energy-saving building material, and in combination with China's sustainable development strategy, dry-mixed mortar for construction has been listed as one of the 15 highly-encouraged key development projects by four ministries including the Ministry of Housing and Urban-Rural Development. As at present, in developed countries such as in Europe and the United States, dry-mixing technology has been widely used, and has essentially or completely replaced the traditional on-site mixing mortar technology, where a dry-mixing plant is present per 200,000 population on average, making it a powerful new industry. China has also moved on from its initial stage and has gradually identified the prospects and value of the wide use dry-mixed mortar in the future Chinese market. Dry-mixed mortar has since gained more attention as a new investment opportunity.

The development of dry-mixed mortar is of great significance to resource conservation, environment protection, improvement of the quality of construction projects, and enhancing the level of industrialization in the construction industry, and is an important component in the developing a circular economy and constructing a conservation-minded and harmonious society. Therefore, the dry-mixed mortar industry has enormous market potential and its benefits are very considerable.

## **REASONS FOR AND BENEFITS OF THE INVESTMENT AGREEMENT AND ACQUISITION AGREEMENT**

The Group has actively sought to diversify its sources of revenue to bring high returns to Shareholders. The project company is mainly an existing business of the Group, with professional technological management personnel and team. The Company has now conducted preparation work for commission, and ensure the completion of two production lines within 6 months.

Entering into the Acquisition Agreement is in line of the Group's strategy and is beneficial to the long-term business prospects of the Company, and the Board is in the view that the terms of each Acquisition Agreement is fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Upon the completion of the Acquisition Agreement and the contemplated transactions thereunder, the project company will become a subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

As the applicable percentage ratio in respect of the contemplated transactions under the Investment Agreement under Chapter 14 of the Listing Rules is in aggregate under the 5%, they are not subject to the disclosure requirements under Chapter 14 of the Listing Rules, and are not subject to the general disclosure obligation under Rule 13.15 of the Listing Rules. This announcement is made by the Company on a voluntary basis.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

By order of the Board  
**CIL Holdings Limited**  
**Ke Jun Xiang**  
*Chairman*

Hong Kong, 25 July 2022

*As at the date of this announcement, the Board comprises 5 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 and Mr. Wang Jiahua; 1 non-executive director namely Mr. Li Chung Kai, Philip; and 3 independent non-executive Directors, namely Mr. Chan Siu Kay, Mr. Choi Chin Yu and Ms. Tsang Wai Han.*

\* *For identification purpose only*