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Mr. Xu Ai Hua* (徐愛華)

**HANG YICK HOLDINGS
COMPANY LIMITED**

恒益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1894)

JOINT ANNOUNCEMENT

**(1) ACQUISITION OF SALE SHARES IN HANG YICK HOLDINGS
COMPANY LIMITED BY THE PURCHASER;**

**(2) UNCONDITIONAL MANDATORY CASH OFFER BY
SPACE SECURITIES LIMITED**

**FOR AND ON BEHALF OF THE OFFEROR FOR ALL THE ISSUED
SHARES AND CANCEL ALL OUTSTANDING SHARE OPTIONS OF
HANG YICK HOLDINGS COMPANY LIMITED (OTHER THAN
THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE
OFFEROR AND PARTIES ACTING IN CONCERT WITH HIM); AND**

(3) RESUMPTION OF TRADING

Financial adviser to the Offeror

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1. THE AGREEMENT

The Company was notified by the Vendor, a controlling shareholder of the Company (as defined under the Listing Rules), that on 23 June 2023 (after trading hours of the Stock Exchange), the Purchaser, the Vendor and the Vendor Guarantors entered into the Agreement pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire a total of 513,155,000 Sale Shares for a total cash consideration of HK\$85,594,254 (equivalent to HK\$0.1668 per Sale Share). The Completion Payment was paid by the Purchaser from his own financial resources upon Completion and the Purchaser will finance the consideration of the First Deferred Payment and the Second Deferred Payment by way of the Loan for Deferred Payments granted by the Lender in the sum of HK\$57,062,836.00.

The Agreement was unconditional and Completion took place on the date of the Agreement on 23 June 2023.

2. UNCONDITIONAL MANDATORY CASH OFFER

Immediately before Completion, the Purchaser and parties acting in concert with him were not interested in any Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately upon Completion and as at the date of this joint announcement, the Purchaser and parties acting in concert with him are interested in 513,155,000 Shares, representing approximately 66.85% of the total issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror (the Purchaser) will therefore be required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the Offeror Concert Parties).

The Share Offer

Space Securities will make the Share Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

For every Offer Share HK\$0.1668 in cash

The Offer Price of HK\$0.1668 per Offer Share is the same as the price per Sale Share payable by the Purchaser under the Agreement.

The Option Offer

**For cancellation of each Option with
exercise price of HK\$1.53 HK\$0.001 in cash**

In accordance with the terms of the Share Option Scheme, Optionholders are entitled to exercise their Options in full (to the extent not already exercised) within one month after the date on which the Option Offer becomes or is declared unconditional, after which the Options will lapse automatically (to the extent not exercised).

Pursuant to Rule 13 of the Takeovers Code, the Offeror will make an appropriate cash offer to the Optionholders to cancel their Options. The consideration for the cancellation of each Option would normally be the see-through price which represents the excess of the Share Offer Price per Offer Share and the exercise price of each Option. As the exercise price of all the Options is above the Share Offer Price, the “see-through” price is zero and the Option Offer Price will be a nominal value of HK\$0.001 per Option.

Save for the Options, as at the date of this joint announcement, the Company does not have any outstanding convertible securities, warrants, options or derivatives in respect of any Shares.

CONFIRMATION OF FINANCIAL RESOURCES

Advent Corporate Finance has been appointed as the financial adviser to the Offeror in respect of the Offers. Advent Corporate Finance is satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptance of the Offers as described above.

WARNING

The Directors make no recommendation as to the fairness or reasonableness of the Offers or as to the acceptance of the Offers in this joint announcement, and strongly recommend the Independent Shareholders and the Optionholders not to form a view on the Offers unless and until they have received and read the Composite Document, including the recommendations of the Independent Board Committee in respect of the Offers and a letter of advice from the Independent Financial Adviser.

Optionholders who do not: (i) exercise the Options within one month after the date on which the Option Offer becomes or is declared unconditional, or (ii) accept the Option Offer by the final closing date of the Option Offer will receive neither the Shares nor the see-through price of HK\$0.001 per Option respectively. If the Option Offer is not accepted, any unexercised Options will lapse after one month from the date on which the Offers become or are declared unconditional.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

ADVICE FOR THE INDEPENDENT SHAREHOLDERS AND THE OPTIONHOLDERS

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders and the Optionholders as to whether the Offers is fair and reasonable and as to its acceptance. The Independent Financial Adviser will be appointed by the Company after approval by the Independent Board Committee to advise the Independent Board Committee in respect of the Offers. Further announcement(s) will be made upon the appointment of the Independent Financial Adviser.

DESPATCH OF THE COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company to combine the offer document with the offeree board circular from the Company in a composite offer and response document. In accordance with Rule 8.2 of the Takeovers Code, the Composite Document containing, among other things: (i) details of the Offers (including the expected timetable); (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders and the Optionholders in relation to the Offers; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offers, together with the relevant forms of acceptance and transfer, is required to be despatched to the Shareholders within 21 days of the date of this joint announcement or such later date as the Executive may approve. It is expected that the Composite Document will be issued on or before 24 August 2023.

3. RESUMPTION OF TRADING OF THE SHARES

Trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 22 April 2021. As the Resumption Guidance has been satisfied in full following the Completion (details of which please refer to the announcement of the Company published on the same date of this joint announcement), an application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 4 August 2023.

1. THE AGREEMENT

The Company was notified by the Vendor, a controlling shareholder of the Company (as defined under the Listing Rules), that on 23 June 2023 (after trading hours of the Stock Exchange), the Purchaser, the Vendor and the Vendor Guarantors entered into the Agreement in relation to the sale and purchase of the Sale Shares. The principal terms of the Agreement are as follows:

Date

23 June 2023

Parties

Purchaser : Mr. Xu Ai Hua* (徐愛華)

Vendor : HY Steel Company Limited

Vendor Guarantors : Ms. Lau Lai Ching and Mr. Lee Pui Sun

Immediately after Completion and as at the date of this joint announcement, the Purchaser and parties acting in concert with him are interested in 513,155,000 Shares, representing approximately 66.85% of the issued share capital of the Company.

The Vendor is a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which is owned by the Vendor Guarantors.

The Vendor Guarantors have agreed to unconditionally and irrevocably undertake to the Purchaser to procure the due and punctual performance by the Vendor of its obligations and undertakings under the Agreement and undertakes to indemnify and keep indemnified the Purchaser against all losses, damages, costs, liabilities and expenses stipulated under the Agreement.

Subject of the Agreement

Pursuant to the Agreement, the Vendor has agreed to sell and the Purchaser has agreed to acquire 513,155,000 Sale Shares for an aggregate cash consideration of HK\$85,594,254 (equivalent to HK\$0.1668 per Share), representing approximately 66.85% of the issued share capital of the Company as at the date of the Agreement and this joint announcement.

The Sale Shares had been sold free from all encumbrances together with all rights attaching thereto as at the date of Completion including but not limited to all dividends paid, declared or made on or after the date of Completion.

The Company did not declare any interim dividend for the six months ended 30 September 2022. The Company has no intention to make, declare or pay any future dividend/distribution before the close of the Offers.

Consideration

The total consideration for the Sale Shares is HK\$85,594,254 (equivalent to HK\$0.1668 per Sale Share) which has been agreed between the Purchaser and the Vendor after arm's length negotiations taking into account of the trading prices of the Shares on the Last Trading Day (which is more than two years ago), the latest financial position of the Group which was loss making for the year ended 31 March 2023, the net assets value of the Company for the six months ended 30 September 2022 in the sum of HK\$165,089,000, the unsuccessful placing of 44.85% of the Shares by the Vendor at the placing price of HK\$0.2475 per Share in May 2023 and the long trading suspension status of the Company with uncertainty of the Shares being able to resume trading on the Stock Exchange. The consideration was settled by the Purchaser in the following manner upon Completion:

- (a) as to HK\$28,531,418.00 (the “**Completion Payment**”) shall be settled upon the Completion Date;
- (b) as to HK\$28,531,418.00 (the “**First Deferred Payment**”) shall be settled within two (2) months following the date of close of the Offers; and
- (c) as to HK\$28,531,418.00 (the “**Second Deferred Payment**”) shall be settled within four (4) months following the date of close of the Offers.

Save as to the consideration paid and payable by the Purchaser to the Vendor under the Agreement, there is no other consideration, compensation or benefits in whatever form provided by the Purchaser or parties acting in concert with him to the Vendor, the Vendor Guarantors and parties acting in concert with any of them.

The Completion Payment was paid by the Purchaser from his own financial resources upon Completion and the Purchaser will finance the consideration of the First Deferred Payment and the Second Deferred Payment by way of the Loan for Deferred Payments from the Lender in the sum of HK\$57,062,836.00.

Due to the deferred payment of the consideration and the Loan from Deferred Payments as mentioned above, both the Vendor and the Lender are presumed to be acting in concert with the Offeror under Class (9) of the definition of “acting in concert” under the Takeovers Code prior to the full settlement of the consideration by the Offeror.

Completion

The Agreement was unconditional and Completion took place on the date of the Agreement on 23 June 2023. Since Completion, the Vendor, the Vendor Guarantors and parties acting in concert with any of them has ceased to hold any Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

2. UNCONDITIONAL MANDATORY CASH OFFER

Immediately before Completion, the Purchaser and parties acting in concert with him were not interested in any Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately upon Completion and as at the date of this joint announcement, the Purchaser and parties acting in concert with him are interested in 513,155,000 Shares, representing approximately 66.85% of the total voting rights in general meeting of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror (the Purchaser) will therefore be required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the Offeror Concert Parties).

Securities of the Company

As at the date of this joint announcement, the Company had a total of 767,600,000 Shares in issue and 6,710,000 outstanding Options. Save for the aforesaid, there are no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company in issue.

PRINCIPAL TERMS OF THE OFFERS

Space Securities will make the Offers for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

The Share Offer

For every Offer Share HK\$0.1668 in cash

The Offer Price of HK\$0.1668 per Offer Share is the same as the price per Sale Share payable by the Purchaser under the Agreement.

Comparison of value

The Share Offer Price of HK\$0.1668 represents:

- (i) a discount of approximately 74.73% to the closing price of HK\$0.66 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a discount of 72.20% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of HK\$0.6 per Share;
- (iii) a discount of approximately 70.74% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of HK\$0.57 per Share;
- (iv) a discount of approximately 67.92% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of HK\$0.52 per Share;
- (v) a discount of approximately 22.42% to the unaudited consolidated net asset value of the Company of approximately HK\$0.215 per Share as at 30 September 2022; and
- (vi) a discount of approximately 24.18% to the audited consolidated net asset value of the Company of approximately HK\$0.22 per Share as at 31 March 2023.

Highest and lowest Share prices

As trading in the Shares has been suspended since 22 April 2021, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the period commencing six months immediately preceding the commencement of the offer period (as defined under the Takeovers Code) and ending on the Last Trading Day (both days inclusive) are not available.

The Option Offer

For cancellation of each Option with exercise price of

HK\$1.53 HK\$0.001 in cash

In accordance with the terms of the Share Option Scheme, Optionholders are entitled to exercise their Options (which are all vested) in full (to the extent exercisable but not yet exercised) within one month after the date on which the Option Offer becomes or is declared unconditional, after which the Options will lapse automatically (to the extent not exercised).

Pursuant to Rule 13 of the Takeovers Code, the Offeror will make an appropriate cash offer to the Optionholders to cancel their Options. The consideration for the cancellation of each Option would normally be the see-through price which represents the excess of the Share Offer Price per Offer Share and the exercise price of each Option. As the exercise price of all the Options is above the Share Offer Price, the “see-through” price is zero and the Option Offer Price will be a nominal value of HK\$0.001 per Option.

Save for the Options, as at the date of this joint announcement, the Company does not have any outstanding convertible securities, warrants, options or derivatives in respect of any Shares.

Under the terms of the Option Offer, the Options of the accepting Optionholders (together with all rights attaching thereto) will be cancelled.

Optionholders who do not: (i) exercise the Options within one month after the date on which the Option Offer becomes or is declared unconditional, or (ii) accept the Option Offer by the final closing date of the Option Offer will receive neither the Shares nor the see-through price of HK\$0.001 per Option respectively. If the Option Offer is not accepted, any unexercised Options will lapse after one month from the date on which the Offers become or are declared unconditional.

TOTAL CONSIDERATION OF THE OFFERS

On the basis of the Share Offer Price of HK\$0.1668 per Offer Share and 767,600,000 Shares in issue as at the date of this joint announcement, the entire issued share capital of the Company is valued at HK\$128,035,680.

On the basis of 767,600,000 Shares in issue, of which the Offeror holds 513,155,000 Shares immediately after Completion and as at the date of this joint announcement, the Share Offer based on the Offer Price is valued at HK\$42,441,426.00.

On the basis of the Option Offer Price and 6,710,000 outstanding Options as at the date of this joint announcement, in the event that the Option Offer is accepted in full, the aggregate amount payable under the Option Offer will be HK\$6,710.

Based on the foregoing, the aggregate amount payable under the Offers (assuming full acceptances under the Offers) will be HK\$42,448,136.00.

Confirmation of financial resources

Assuming all the outstanding Options are exercised before the closing date of the Offers, there will be 774,310,000 Shares in issue and the maximum cash consideration payable under the Offers, other than the Shares already held by the Offeror and the Offeror Concert Parties, is HK\$43,560,654.00. The Offeror intends to finance the consideration payable by the Offeror under the Offers from the facility granted by Valuable Capital Limited (“**Valuable Capital**”). The said loan facility is irrevocable and secured by all the Sale Shares (the “**Pledged Shares**”) under a first share mortgage under which the Offeror pledged all the Pledged Shares to Valuable Capital to secure the repayment of the indebtedness under loan facility granted by Valuable Capital in favour of the Offeror. It is the term of the loan facility that the loan facility will not be revoked and the loan-to-value ratio for the Pledged Shares will remain unchanged during the period of the loan facility, accordingly any price movement in the Pledged Shares will not affect the availability and value of the loan facility. The loan facility by Valuable Capital will be

sufficient to cover the full acceptance of the Offers, the interest of the minority shareholders will be well protected under the said loan facility. As at the date of this joint announcement, the Purchaser has entered into a loan agreement, pursuant to which the Purchaser borrows the Loan for Deferred Payments from the Lender in order to settle the First Deferred Payment and Second Deferred Payment. The Loan for Deferred Payments will be drawdown on 31 August 2023.

Advent Corporate Finance has been appointed as the financial adviser to the Offeror in respect of the Offers. Advent Corporate Finance is satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptance of the Offers as described above.

Effect of accepting the Offers

By accepting the Share Offer, the Independent Shareholders will sell their Shares to the Offeror free from all liens, claims, encumbrances and all third-party rights and with all rights attached thereto as at the date of this joint announcement or subsequently becoming attached to them, including the right to receive all dividends and declared, paid or made, if any, on or after the date of this joint announcement.

By accepting the Option Offer, the Optionholders will agree to the cancellation of their tendered Options and all rights attached thereto on or after the date of this joint announcement.

Stamp duty

Seller's ad valorem stamp duty payable by the Shareholders who accept the Share Offer and calculated at a rate of 0.13% of (i) the market value of the Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Share Offer.

No stamp duty will be payable in connection with the Option Offer.

Settlement

Settlement of the considerations for the Offer Shares will be made in cash as soon as possible but in any event within seven (7) Business Days (as defined in the Takeovers Code) of the date on which the relevant documents of title are received by or on behalf of the Offeror (or its agent) to render each such acceptance complete and valid.

Overseas Optionholders

According to the register of members of the Company, there is no Shareholder with a registered address outside Hong Kong. Optionholders who have registered addresses outside Hong Kong, including some employees of the Company in the PRC, and wish to accept the Option Offer should satisfy themselves as to the full observance of the applicable laws and regulations of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer of other taxes due by such accepting Optionholders in respect of such jurisdiction).

Tax advice

Shareholders and Optionholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offers. The Offeror accepts no responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately before and after Completion are as follows:

	Immediately before Completion		Immediately after Completion and as at the date of this joint announcement ^(Note 2)	
	Number of Shares	Approximate %	Number of Shares	Approximate %
The Vendor, the Vendor Guarantors and parties acting in concert with any of them (other than the Offeror) (Note 1)	513,155,000	66.85	—	—
The Offeror and the Offeror Concert Parties (other than the Vendor)	—	—	513,155,000	66.85
Public Shareholders	<u>254,445,000</u>	<u>33.15</u>	<u>254,445,000</u>	<u>33.15</u>
Total	<u>767,600,000</u>	<u>100.0</u>	<u>767,600,000</u>	<u>100.0</u>

Note 1: The entire issued share capital of the Vendor is owned by the Vendor Guarantors.

Note 2: Mr. Sin Kwok Chi, Stephen, an executive Director, holds 350,000 Options.

As at the date of this joint announcement, the Company has 6,710,000 Options outstanding under the Share Option Scheme, each relating to one Share with an exercise price of HK\$1.53. The exercise period for the outstanding Options is 11 January 2022 to 10 January 2024.

INFORMATION ON THE OFFEROR

Immediately upon Completion and as at the date of this joint announcement, the Offeror and the Offeror Concert Parties are interested in a total of 513,155,000 Shares, representing approximately 66.85% of the entire issued share capital of the Company.

The Purchaser is a PRC citizen who has vast experience in accounting and financial fields for listed companies and other entities in the PRC for over 20 years. The Purchaser graduated from Jingmen Vocational University* 荊門職業大學 majoring in accountancy in 1998 and from Wuhan University majoring in Administrative Management in 1998. In July 1998, the Purchaser joined 瀋陽藍田股份有限公司, Shenyang Lantian Company Limited* (“**Shenyang Lantian**”), a company listed on the Shanghai Stock Exchange (stock code: 600709) in 1996, as an assistant officer at the treasury office, he was transferred to the securities trading department in December 1998 and was promoted to the position of the head of the secretariat in March 2001. In March 2006, the Purchaser left Shenyang Lantian and joined 浙江紹興越昌紡織有限公司 Zhejiang Shaoqing Yuechang Knitting Company Limited* as an assistant to the Chairman. The Purchaser joined 中國藍田(集團)總公司 China Lantian Group Limited* in May 2008 as an assistant to the president until June 2009. The Purchaser joined 浙江蘭溪匯豐貴金屬交易中心, Zhejiang Lanqi Huifeng Precious Metal Exchange* as an assistant to the Chairman. In April 2016, the Purchaser joined 浙江義烏協佳網絡科技有限公司 Zhejiang Yiwu Xiejia Network Technology Co., Ltd.* as a general manager. In August 2018, the Purchaser began to invest in construction sector in China. In September 2021, the Purchaser joined 仙桃展朋電子材料有限公司 Xiantao Zhanpeng Electronic Materials Co., Ltd.* as a deputy general manager responsible for manufacture base planning and development. In March 2023, the Purchaser joined 浙江鑫銳再生資源有限公司 Zhejiang Xinrui Renewable Resources Co., Ltd.* as a deputy general manager, the company has a very scalable business of metal recycling in China. As at the date of this joint announcement, the Purchaser does not hold any directorship in any listed companies in Hong Kong or the PRC.

In view of the work experiences in the listed companies in China, namely Shenyang Lantian, a company previously listed on the Shanghai Stock Exchange (stock code: 600709) and China Lantian Group Limited, the holding company of Shenyang Lantian, his involvement in the construction and manufacturing sectors including metal recycling business, the Purchaser is confident of the business development of the Group.

The Purchaser is independent of and not connected or associated with the Vendor or the Vendor Guarantors, Mr. Lee Ka Ho or the Company's connected persons (within the meaning of the Listing Rules). Other than the transaction contemplated under the Agreement, the Purchaser has no past or other relationship (personal or financial including any loan or financing arrangement) with the Vendor or the Vendor Guarantors or their respective associates (within the meaning of the Listing Rules). The Purchaser is not connected, related or otherwise associated with the Group's suppliers, customers, sub-contractors and joint venture partners. The Purchaser has no business relationship or financing arrangement with the Group in the past or at present.

DEALING AND INTERESTS IN THE COMPANY'S SECURITIES

Save for the transaction under the Agreement and the fact that the Vendor has entered into a disposal agreement with an independent third party (not the Purchaser) and a placing agreement with an independent placing agent both in February 2023 to dispose of the Shares (but such agreements have either been cancelled or lapsed), neither the Offeror nor the Offeror Concert Parties had dealt in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the six months prior to the date of this joint announcement.

OTHER ARRANGEMENT

As at the date of this joint announcement,

- (i) save for the 513,155,000 Shares held by the Offeror, none of the Offeror and the Offeror Concert Parties owns, has control, or direction over any voting rights or rights over Shares or convertible securities, warrants, options of the Company or derivatives of the Company;
- (ii) none of the Offeror and the Offeror Concert Parties has borrowed or lent any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (iii) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror and the Offeror Concert Parties;
- (iv) there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to shares of the Company and which might be material to the Offers;
- (v) there is no agreement or arrangement to which the Offeror or the Offeror Concert Parties is a party which relates to circumstances in which it may or may not invoke or seek to invoke a precondition or condition to the Offers;
- (vi) none of the Offeror and the Offeror Concert Parties has received any irrevocable commitment(s) to accept or reject the Offers;

- (vii) apart from the consideration for the sale and purchase of the Sale Shares, there is no other consideration, compensation or benefits in whatever form paid or to be paid by the Offeror or any parties acting in concert with him (excluding the Vendor and the Vendor Guarantors) to the Vendor, the Vendor Guarantors and any party acting in concert with any one of them in connection with the sale and purchase of the Sale Shares under the Agreement;
- (viii) the Offeror and the Vendor confirm that there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and parties acting in concert with him (other than the Vendor and the Vendor Guarantors) on one hand and the Vendor, the Vendor Guarantors and parties acting in concert with any of them (other than the Offeror) on the other hand; and
- (ix) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover Code) between (i) any Shareholder; and (ii)(a) the Offeror and the Offeror Concert Parties or (ii)(b) the Company, its subsidiaries or associated companies.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are currently listed on the Main Board (stock code: 1894). The Group is principally engaged in provision of steel and metal engineering services in Hong Kong, ranging from design, manufacture, supply and installation of steel and metal products for construction projects, under the brand “Hang Yick (恒益)”.

References are made to the announcements of the Company dated 7 June 2021, 9 June 2021, 21 July 2021, 21 October 2021, 21 January 2022, 21 April 2022, 21 July 2022, 2 September 2022, 21 October 2022, 9 December 2022, 16 December 2022, 29 December 2022, 18 January 2023, 31 January 2023, 10 February 2023, 23 March 2023 and 13 April 2023 in relation to, among others, the Resumption Guidance and the Company’s efforts to fulfil the Resumption Guidance. As disclosed in the announcement of the Company dated 13 April 2023, the Listing Review Committee of the Stock Exchange recognized that the Company had substantially implemented all steps that would lead to a resumption of trading of the Shares except the concerns regarding the Company’s management integrity which could only be fully addressed when the Vendor completes the sale of the Sale Shares to purchasers who (including their ultimate beneficial owner(s) if applicable) are independent of and not connected or associated with the Vendor Guarantors, Mr. Lee Ka Ho or the Company’s connected persons (within the meaning of the Listing Rules) to the satisfaction of the Listing Division of the Stock Exchange by 28 June 2023, failing which the listing of the Shares shall immediately be cancelled.

As stated in the announcement of the Company dated 13 April 2023, the Sale Shares were intended to be disposed of through (i) selling 20% equity interest in the Company to an independent third party (the “**Disposal**”) and (ii) placing the remaining 46.9% equity interest in the Company to independent third party places on a best-effort basis (the “**Placing**”). Having considered that the Placing did not proceed as expected and the Disposal alone could not fulfil the remaining Resumption Guidance, the Vendor did not proceed with the Disposal and the Placing and then entered into the Agreement to dispose of the Sale Shares in order to satisfy the remaining Resumption Guidance.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

It is the Offeror’s intention to further consolidate its interest in the Company pursuant to the Offers. The Offeror has no intention to introduce major changes to the existing business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. The intention of the Offeror is that the Company’s existing principal activities will be maintained, and at the same time after completion of the Offers, the Offeror will assist the Company in reviewing its business and operations and seek for new investment opportunities.

The Offeror will, depending on the business operations and development of the Group in the future, constantly review the employee structure of the Group so as to meet the needs of the Group from time to time. The Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

CHANGES TO THE COMPOSITION OF THE BOARD

As at the date of this joint announcement, the executive Directors are Mr. Sin Kwok Chi Stephen and Mr. Ho Chi Yuen; and the independent non-executive Directors are Mr. Leung Fuk Shun, Mr. Cheung Chun Man Anthony and Mr. Law Chi Hung.

The Offeror intends to nominate new Directors to the Board with effect from the time permitted under the Takeovers Code and any such appointment will be made in compliance with the Takeovers Code and the Listing Rules. As at the date of this joint announcement, the Offeror has not decided on the candidates to be nominated. Further announcement(s) will be made by the Company regarding changes in the Board composition as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends the issued Shares to remain listed on the Main Board after the close of the Offers.

Pursuant to the Listing Rules, if, at the closing of the Offers, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

The Offeror will take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offers.

ADVICE FOR THE INDEPENDENT SHAREHOLDERS AND THE OPTIONHOLDERS

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders and the Optionholders as to whether the Offers are fair and reasonable and as to its acceptance. The Independent Financial Adviser will be appointed by the Company after approval by the Independent Board Committee to advise the Independent Board Committee in this regard. Further announcement(s) will be made upon the appointment of the Independent Financial Adviser.

DESPATCH OF THE COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company to combine the offer document with the offeree board circular from the Company in a composite offer and response document. In accordance with Rule 8.2 of the Takeovers Code, the Composite Document containing, among other things: (i) details of the Offers (including the expected timetable); (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders and the Optionholders in relation to the Offers; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offers, together with the relevant forms of acceptance and transfer, is required to be despatched to the Shareholders within 21 days of the date of this joint announcement or such later date as the Executive may approve. It is expected that the offer document will be issued on or before 24 August 2023.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the associates of the Company and the Offeror (as defined under the Takeovers Code, including persons holding 5% or more of a class of relevant securities issued by the Company) are hereby reminded to disclose their dealings in any securities of the Company pursuant to Rule 22 of the Takeovers Code. In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING

The Directors make no recommendation as to the fairness or reasonableness of the Offers or as to the acceptance of the Offers in this joint announcement, and strongly recommend the Independent Shareholders and the Optionholders not to form a view on the Offers unless and until they have received and read the Composite Document, including the recommendations of the Independent Board Committee in respect of the Offers and a letter of advice from the Independent Financial Adviser.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

3. RESUMPTION OF TRADING OF THE SHARES

Trading in the shares of the Company on the Stock Exchange has been halted with effect from 9:00 a.m. on 22 April 2021. As the Resumption Guidance has been satisfied in full following the Completion (details of which please refer to the announcement of the Company published on the same date of this joint announcement), an application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 4 August 2023.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Advent Corporate Finance”	Advent Corporate Finance Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Offers
“Agreement”	the unconditional sale and purchase agreement dated 23 June 2023 and entered into among the Offeror (as purchaser), the Vendor and the Vendor Guarantors in relation to the sale and purchase of the Sale Shares
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Days”	a day (other than a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open in Hong Kong to the general public for business
“Company”	Hang Yick Holdings Company Limited (stock code: 1894), a company incorporated in the Cayman Islands with limited liability and its issued Shares are listed on the Main Board
“Composite Document”	the composite offer and response document expected to be jointly issued by the Company and the Offeror in connection with the Offers in accordance with the Takeovers Code
“Completion”	completion of the Agreement in accordance with its terms

“Completion Date”	the date on which the Completion shall take place, being the date of the Agreement
“Director(s)”	the director(s) of the Company from time to time
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Leung Fuk Shun, Mr. Cheung Chun Man Anthony and Mr. Law Chi Hung to give recommendation to the Independent Shareholders and the Optionholders regarding the terms of the Offers and as to acceptance
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company after approval by the Independent Board Committee for the purpose of advising the Independent Board Committee regarding the terms of the Offers and as to acceptance
“Independent Shareholders”	Shareholders other than the Offeror and the Offeror Concert Parties (including the Vendor, the Vendor Guarantors, Valuable Capital, the Lender and Advent Corporate Finance)
“Last Trading Day”	21 April 2021, being the last full trading day of the Shares on the Stock Exchange before the suspension of trading in the Shares
“Lender”	Ms. Zhang JinXia (張金霞), an individual and independent third party to the Offeror who has no shareholding in the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan for Deferred Payments”	an unsecured loan in the sum of HK\$57,062,836.00 at the interest rate of 12% per annum with the maturity date at 31 August 2024 granted by the Lender to the Offeror for the purpose of payment of the First Deferred Payment and the Second Deferred Payment
“Main Board”	the Main Board of the Stock Exchange
“Offer Share(s)”	Share(s) not already owned by the Offeror and the Offeror Concert Parties

“Offeror” or “Purchaser”	Mr. Xu Ai Hua* (徐愛華), a PRC citizen
“Offeror Concert Parties”	any parties acting in concert, or presumed to be acting in concert, with the Offeror under the definition of “acting in concert” under the Takeovers Code including the Vendor, the Vendor Guarantors, Valuable Capital, the Lender and Advent Corporate Finance
“Offers”	collectively, the Share Offer and the Option Offer
“Option(s)”	the 6,710,000 outstanding share option(s) granted by the Company pursuant to the Share Option Scheme as at the date of this joint announcement
“Option Offer”	the mandatory unconditional cash offer to be made by Space Securities for and on behalf of the Offeror to cancel the Options on the terms and conditions set out in this joint announcement and in compliance with the Takeovers Code
“Option Offer Price”	the cash amount of HK\$0.001 per Option, payable by the Offeror to the relevant Optionholders for each Option accepted under the Option Offer
“Optionholder(s)”	registered grantees/holders for the time being of the Option(s)
“PRC”	the People’s Republic of China, which for the purpose of this joint announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Resumption Guidance”	the resumption guidance imposed by the Stock Exchange by way of letter dated 19 July 2022
“Sale Shares”	an aggregate of 513,155,000 Shares acquired by the Purchaser from the Vendor pursuant to the Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Share Offer”	the mandatory unconditional cash offer to be made by Space Securities for and on behalf of the Offeror to acquire the Offer Shares on the terms and conditions set out in this joint announcement and in compliance with the Takeovers Code
“Share Offer Price”	the price of HK\$0.1668 per Offer Share payable by the Offeror to the Shareholders for each Offer Share accepted under the Share Offer
“Share Option Scheme”	a share option scheme passed pursuant to a written resolution by the Shareholders dated 19 September 2018
“Shareholder(s)”	holder(s) of the Share(s)
“Space Securities”	Space Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO and who is making the Offers on behalf of the Offeror
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	HY Steel Company Limited, a company incorporated in the British Virgin Islands and the entire issued shares of which is owned by the Vendor Guarantors
“Vendor Guarantors”	Ms. Lau Lai Ching and Mr. Lee Pui Sun, being the sole legal and beneficial owners of the Vendor interested in 30% and 70% of the share capital thereof respectively
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Hang Yick Holdings Company Limited
Leung Fuk Shun
Chairman

Mr. Xu Ai Hua* (徐愛華)

Hong Kong, 3 August 2023

As at the date of this joint announcement, the Board comprises Mr. Sin Kwok Chi, Stephen, and Mr. Ho Chi Yuen as executive Directors, and Mr. Leung Fuk Shun (Chairman), Mr. Law Chi Hung, and Mr. Cheung Chun Man Anthony as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for accuracy of the information contained in this joint announcement (other than the information relating to the Offeror and the terms of the Offer) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

The Offeror accepts full responsibility for the accuracy of information contained in this joint announcement (other than the information relating to the Group and the Vendor) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors and the directors of the Vendor) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.

The English text of this joint announcement shall prevail over its Chinese text.

** For identification purpose only*