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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
IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY
INTEREST IN THE DISPOSAL COMPANY**

Financial adviser to the Company



THE DISPOSAL

The Board is pleased to announce that on 22 December 2023 (after trading hours), the Vendor (a direct 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, representing the entire issued share capital of the Disposal Company, for the Consideration of HK\$45.0 million.

The Completion took place upon the execution of the Sale and Purchase Agreement on 22 December 2023.

Upon Completion, the Vendor no longer has any interest in the Disposal Group and the financial results of the Disposal Group will no longer be consolidated into the results 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 but exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

In addition, as at the date of the Sale and Purchase Agreement, the Purchaser is direct wholly-owned by Mr. Chan, who is the director of each of the members of the Disposal Group, and hence the Purchaser is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As such, the Company has appointed an independent financial adviser to advise the independent non-executive Directors on whether the terms and conditions of the Sale and Purchase Agreement and the transaction contemplated thereunder are on normal and commercial terms and in the interest of the Company and the Shareholders as a whole.

None of the Directors has any interest in the Disposal and is required to abstain from voting on the same at the relevant meeting of the Board.

As (i) the Purchaser is a connected person of the Company at the subsidiary level only; (ii) the Board has approved the Disposal; and (iii) the independent non-executive Directors have taken into account the advice of the independent financial adviser and confirmed that the terms of the Disposal are fair and reasonable, the Disposal is on normal commercial terms or better and in the interest of the Company and the Shareholders as a whole, the Disposal is subject to the reporting and announcement requirements but exempted from the circular, independent financial adviser and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

INTRODUCTION

On 22 December 2023 (after trading hours), the Vendor (a direct 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, representing the entire issued share capital of the Disposal Company, for the Consideration of HK\$45.0 million.

THE SALE AND PURCHASE AGREEMENT

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

- Date** : 22 December 2023 (after trading hours)
- Parties** : (a) Campbell Chain Limited as the Vendor; and
- (b) Colour Trend Holdings Limited as the Purchaser

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Purchaser is direct wholly-owned by Mr. Chan, who is the director of each of the members of the Disposal Group as at the date of this announcement. Hence, the Purchaser is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares, representing the entire issued share capital of the Disposal Company beneficially owned by the Vendor.

As at the date of this announcement, Chung Shun Construction is a direct wholly-owned subsidiary of the Disposal Company, and together with the Disposal Company, formed the Disposal Group. Further details of the Disposal Group are set out in the section headed "INFORMATION ON THE DISPOSAL GROUP" in this announcement.

Immediately prior to the completion of the Disposal, the Vendor is indebted to the Disposal Company for the Outstanding Amount, being intercompany loans due by the Vendor to the Disposal Company, which are non-interest bearing, unsecured and repayable on demand. Pursuant to the terms of the Sale and Purchase Agreement, instead of having the Vendor repay the Outstanding Amount, the Purchaser agreed to assume the repayment obligations from the Vendor by the execution of the Deed of Novation, and thereby relieving the Vendor in respect of HK\$45.0 million out of the Outstanding Amount.

Consideration

The Consideration for the Sale Shares is HK\$45.0 million. Pursuant to the Sale and Purchase Agreement, both the Vendor and the Purchaser agreed that the execution of the Deed of Novation and the Purchaser's assumption of all the Vendor's obligations and liabilities in respect of HK\$45.0 million out of the Outstanding Amount should be treated as the full settlement of the Consideration by the Purchaser.

The Vendor thereby acknowledges and confirms that the execution and delivery of the Deed of Novation by the Purchaser shall constitute the full discharge of the Purchaser's payment obligations of the Consideration.

The Consideration was determined upon arm's length negotiations between the parties to the Sale and Purchase Agreement having taken into account: (i) the net asset value of the Disposal Group in the sum of approximately HK\$34.9 million as shown in its unaudited consolidated management account as at 30 September 2023; (ii) the market value of the Disposal Group as at 30 September 2023 of approximately HK\$42.0 million, as determined by an independent valuer; and (iii) the reasons set out in the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" below.

Completion

The Completion took place upon the execution of the Sale and Purchase Agreement on 22 December 2023.

Upon Completion, each of the members of the Disposal Group ceased to be the subsidiaries of the Company and the financial results of the Disposal Group will no longer be consolidated into the results of the Group.

INFORMATION ON THE COMPANY

The Company is incorporated in the Cayman Islands with limited liability and the shares of which are listed in the Main Board of the Stock Exchange. As at the date of the announcement, the Group is principally engaged in the provision of foundation, building construction works and ancillary services, construction wastes handling services, digital assets related businesses, technical services and other businesses.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Purchaser is direct wholly-owned by Mr. Chan, who is the director of each of the members of the Disposal Group, hence the Purchaser is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

INFORMATION ON THE DISPOSAL GROUP

The Disposal Company is a company incorporated in the BVI with limited liability, which is an indirect wholly-owned subsidiary of the Company immediately prior to the Completion. The principal business of the Disposal Company is investment holding. The Disposal Company holds the entire issued share capital of Chung Shun Construction. The Disposal Group is principally engaged in the provision of construction wastes handling services.

The audited consolidated financial information of the Disposal Group for the two financial years ended 31 March 2022 and 2023 prepared in accordance with Hong Kong Financial Reporting Standards are set out below:

	For the year ended 31 March 2022	For the year ended 31 March 2023
	<i>HKD'000</i>	<i>HKD'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>
	<i>(audited)</i>	<i>(audited)</i>
Revenue	149,178	11,486
Profit/(Loss) before taxation	4,365	(12,756)
Profit/(Loss) after taxation	4,521	(12,299)

As at 30 September 2023, the unaudited net asset value of the Disposal Group was approximately HK\$34.9 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the provision of foundation, building construction works and ancillary services, construction wastes handling services, digital assets related businesses, technical services and other businesses.

The completion of a project in Tuen Mun in 2022 and the failure of the Disposal Group to obtain new projects due to the intensive peer competition and the challenging operational environment led to a substantial decrease in the revenue of the Disposal Group from approximately HK\$149.2 million for the year ended 31 March 2022 (the “FY2022”) to approximately HK\$11.5 million for the year ended 31 March 2023 (the “FY2023”), resulting in a net loss of approximately HK\$12.3 million for FY2023 in comparison to a net profit for FY2022. In addition, the provision of construction wastes handling services in Hong Kong does not require any regulatory approvals and thereby has a relatively low barrier to entry, leading to increased competition in the industry. As a result, the Board considers the potential for future growth in construction wastes handling services to be limited.

On the other hand, the Hong Kong government has extended its support to foster the growth of digital assets and Web3 related businesses in recent years. On 31 October 2022, the Financial Services and the Treasury Bureau published a Policy Statement on Development of Virtual Assets in Hong Kong, setting out its policy stance and approach towards the virtual assets industry. Furthermore, on 30 June 2023, the Hong Kong government officially announced the establishment of the “Task Force on Promoting Web3 Development.” The Task Force, chaired by the Financial Secretary and comprised of 15 non-official members from the relevant market sectors, has been formed to promote Web3 with a focus on the provision of recommendations for the sustainable and responsible development of Web3 in Hong Kong. The Hong Kong government believes that the blockchain technology underpins Web3 features characteristics in respect of disintermediation, security, transparency, and low cost, and Hong Kong is an international financial centre and a metropolis attaching importance to innovation and technology, and embracing the megatrend of Web3 development. To explore relevant business opportunities, the Group closely monitors the industry and market trends and has adjusted its business strategy promptly. In FY2023, the revenue generated from digital assets related businesses and technical services amounted to approximately HK\$134.4 million and approximately HK\$34.4 million, representing an increase of approximately 881.0% and 71.1% in comparison to that of FY2022, respectively. In June 2023, OKLink Fintech Limited (“OKLink”), an indirect wholly-owned subsidiary of the Company, completed its product upgrade. Through its one-stop Web3 data analytics platform (*oklink.com*), OKLink provides blockchain explorer (Explorer), on-chain anti-money laundering solutions (On-chain AML) and on-chain monitoring solutions (Chaintelligence).

Considering the supportive government policies on new technology improvements and the Group's remarkable business progresses in its digital assets and Web3 related businesses, the Board is optimistic about the future development of digital assets and Web3 industry. Given the aforesaid, the Directors consider that the Disposal is in line with the Group's strategy to streamline its operation in order to strengthen the financial position of the Group, which allows the Company to devote more resources and efforts to focus on other core business segments for future development.

As the Disposal is being conducted after arm's length negotiations based on normal commercial terms and the Directors (including the independent non-executive Directors, who have taken into account the advice of the independent financial adviser) consider that the Disposal with 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 interest of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSAL

The estimated gain arising from the Disposal is expected to be approximately HK\$9.8 million, which is determined with reference to the difference between the Consideration and the aggregate of (i) the unaudited net asset value of the Disposal Company as at 30 September 2023; and (ii) the estimated expenses in connection with the Disposal.

Upon Completion of the Disposal, the net assets of the Group have been reduced by approximately HK\$34.9 million and the liabilities of the Group have been reduced by approximately HK\$36.0 million.

Subject to audit, the actual gain on the Disposal to be recognised by the Group will depend on the identifiable net asset value of the Disposal Group at the Completion Date and therefore may be different from the amount set out above.

THE PROCEEDS

The Company has not received any proceeds from the Disposal.

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 but exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

In addition, as at the date of the Sale and Purchase Agreement, the Purchaser is direct wholly-owned by Mr. Chan, who is the director of each of the members of the Disposal Group, hence the Purchaser is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As such, the Company has appointed an independent financial adviser to advise the independent non-executive Directors on whether the terms and conditions of the Sale and Purchase Agreement and the transaction contemplated thereunder are on normal and commercial terms and in the interest of the Shareholders.

None of the Directors has any interest in the Disposal and is required to abstain from voting on the same at the relevant meeting of the Board.

As (i) the Purchaser is a connected person of the Company at the subsidiary level only; (ii) the Board has approved the Disposal; and (iii) the independent non-executive Directors have taken into account the advice of the independent financial adviser and confirmed that the terms of the Disposal are fair and reasonable, the Disposal is on normal commercial terms or better and in the interest of the Company and the Shareholders as a whole, the Disposal 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.

DEFINITIONS

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

“Board”	the board of the Directors
“BVI”	British Virgin Islands
“Chung Shun Construction”	Chung Shun Construction Limited, being a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Disposal Company
“Company”	OKG Technology Holdings Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1499)
“Completion”	completion of the Disposal
“Completion Date”	the date of the Sale and Purchase Agreement (or such later date as the parties shall agree in writing)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration in the sum of HK\$45.0 million for the Disposal
“Deed of Novation”	a deed of novation entered into by the Vendor, the Purchaser and the Disposal Company on 22 December 2023, pursuant to which the Purchaser agrees to assume all the obligations and liabilities of the Vendor in respect of HK\$45.0 million out of the Outstanding Amount and the Disposal Company acknowledges to have the Purchaser assuming all such obligations and liabilities and agrees to discharge the Vendor from its payment obligations
“Directors”	the directors of the Company

“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser
“Disposal Company”	Joint Wealth Global Limited, being a company incorporated in BVI with limited liability, an indirect wholly-owned subsidiary of the Company prior to the Completion
“Disposal Group”	together, the Disposal Company and Chung Shun Construction
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan Wing Chung, being the director of each of the members of the Disposal Group, and a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules
“Outstanding Amount”	the aggregate amount of approximately HK\$51.3 million indebted by the Vendor to the Disposal Company as at 30 September 2023, being intercompany loans prior to the Disposal
“Purchaser”	Colour Trend Holdings Limited, being a company incorporated in the BVI with limited liability and direct wholly-owned by Mr. Chan
“Sale and Purchase Agreement”	the sale and purchase agreement dated 22 December 2023 entered into between the Vendor and the Purchaser in relation to the Disposal
“Sale Shares”	3 (three) shares in the issued share capital of the Disposal Company, representing 100% of the issued share capital of the Disposal Company which are beneficially owned by the Vendor prior to the Completion

“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Campbell Chain Limited, being a company incorporated in the BVI and a direct wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

By order of the Board
OKG Technology Holdings Limited
Ren Yunan

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 22 December 2023

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