

Proposed Privatisation of HKC (Holdings) Limited by Genesis Ventures Limited

Cancellation Price of HK\$8 Per Share Representing A Premium of Approximately 128.6%

(Hong Kong, 17 Jan 2021) **HKC (Holdings) Limited** (“HKC” or the “Company”; stock code: 190) and **Genesis Ventures Limited** (“Genesis Ventures” or the “Offeror”) jointly announced that the Offeror requested the Board of the Company (the “Board”) to put forward a proposal (the “Proposal”) to the holders (the “Scheme Shareholders”) of Scheme Shares for the privatisation of the Company by way of a scheme of arrangement (the “Scheme”).

Terms of the Proposal

Under the Proposal, the Scheme Shares will be cancelled in exchange for the payment to Scheme Shareholders of HK\$8.00 in cash for each Scheme Share (the “Cancellation Price”).

The Cancellation Price represents a premium of approximately 128.57% over the ex-second interim dividend closing price of HK\$3.50 per share on 12 January 2021, being the last full trading day prior to the suspension of trading of shares pending the issue of the joint announcement (the “Last Trading Date”).

On 13 January 2021, the Board resolved to declare the payment to the shareholders a second interim dividend of 13 HK cents per share in lieu of a final dividend for the year ended 31 December 2020. The second interim dividend is not conditional on the Proposal having become effective and will not be deducted from the Cancellation Price.

Reasons for and Benefits of the Proposals

The Offeror considers the Proposal will provide Scheme Shareholders with an attractive opportunity to exit and realise their investment in the Company in full in the midst of a challenging market environment.

The Cancellation Price exceeds the 5-year high and is double the 90-day average closing share price of HK\$4.00. The liquidity of the Company’s shares has been at a relatively low level over a long period of time, and the low trading liquidity of the shares makes it difficult for shareholders to execute on-market disposals without adversely affecting the price of the shares. The Proposal provides the Scheme Shareholders with an opportunity to exit and realise their investments in the Company in full for cash at an attractive premium.

The ultimate beneficial owners of the Offeror, being also the controlling shareholders, have shown commitment and support to the Company through acquisition of shares throughout the past decade. The share price peaked at HK\$7.52 on 17 January 2020 in the last 12 months, but started to fall when the Company ceased to buy back its shares in February and March 2020 during the blackout period. With a headroom of only 0.24% before the minimum public float requirement is reached, the last share buy back undertaken by the Company was on 3 July 2020 when the share price closed at HK\$4.87. The share price dropped gradually and closed at HK\$3.63 on the Last Trading Date. Owing to the constraints to maintain the minimal public float, further share buybacks of significant size or purchases in the market by the Offeror and its concert parties are unlikely.

Meanwhile, the shares have been traded at significant discounts to the net asset value attributable to shareholders (“NAV”) per share, out of which 80.70% to 85.69% during the period from 6 July 2020 to the date of the joint announcement when there was no share acquisition by the Offeror and its concert parties and share buybacks by the Company. The Proposal will therefore provide the Scheme Shareholders an opportunity to monetise their investment in the Company at a narrower discount to the NAV per share, than they have been able to obtain in the market. The Cancellation Price represents a discount of approximately 67.40% to the unaudited consolidated NAV per share as at 30 June 2020 (having excluded the interim dividend for 2020 and the second interim dividend).

For the Company, the listing platform has not been utilised effectively for any equity fund raising activities for the last five years. Due to the uncertainty over the Company’s profitability brought by the negative economic headwind, heightening of geopolitical risks and COVID-19 which may have contributed to the underperformance of the Company’s share price and the low liquidity in the trading of shares, the Board considers that the ability of the Company to raise funds from the equity capital markets is limited and the current listing platform no longer serves as a practical channel for fund raising for the Company’s business and long-term growth. The Board expects the Company is able to increase its flexibility in setting long-term strategy and save listing expenses if the Proposal is successful.

Shareholding Structure of the Company

As at the date of the joint announcement, the total issued share capital of the Company comprises 511,074,246 shares, and shares held by the Offeror and its concert parties amounted to 393,907,907, and shares held by disinterested Scheme Shareholders amounted to 117,166,339, representing approximately 77.07% and 22.93% of the issued share capital of the Company respectively.

Financial Resources

The total maximum amount of cash consideration required to effect the Proposal will be approximately HK\$1.18 billion and the Offeror intends to finance the cash required for the Proposal from its internal cash resources.

Withdrawal of Listing

Upon the Scheme becoming effective, all Scheme Shares will be cancelled. The Company will apply to The Stock Exchange of Hong Kong Limited for withdrawal of listing of the Shares on the Stock Exchange and such withdrawal will take place immediately following the effective date.

About HKC (Holdings) Limited (stock code: 190)

HKC (Holdings) Limited is principally engaged in property development and investment activities with a primary focus in the PRC. It is currently selling residential properties in Tianjin, Jiangmen, and Shenyang; and operates prime commercial properties in Beijing, Shanghai, Shenzhen, and Guangzhou. In Shanghai, HKC has two prime office and commercial developments. One building is adjacent to the Shanghai cruise terminal, and the other is just a few minutes from the Bund, the city’s famed historical district. The Company is also involved in renewable energy through its listed subsidiary, China Renewable Energy Investment Limited (stock code: 987).

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