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HONG WEI (ASIA) HOLDINGS COMPANY LIMITED

鴻偉(亞洲)控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 8191)

DISCLOSEABLE TRANSACTION: PURCHASE OF MACHINERIES

The Board is pleased to announce that on 16 April 2021, the Purchaser and the Vendor entered into the Purchase Agreement to purchase the Machineries at a total consideration of RMB52,800,000 (equivalent to approximately HK\$62,832,000).

The entering into of the Purchase Agreement constitutes a discloseable transaction of the Company under the GEM Listing Rules as the highest of all applicable percentage ratios (as defined under the GEM Listing Rules) for the transactions contemplated under the Purchase Agreement is more than 5% but less than 25%, and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

On 16 April 2021 (after trading hours), the Purchaser and the Vendor entered into the Purchase Agreement to purchase the Machineries at a total consideration of RMB52,800,000 (equivalent to approximately HK\$62,832,000).

THE PURCHASE AGREEMENT

The principal terms of the Purchase Agreement are summarised as follows:

Date	:	16 April 2021
Purchaser	:	鴻偉木業(仁化)有限公司 (unofficial English translation being Hongwei Wooden Products (Renhua) Company Limited), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company

Vendor	:	蘇州蘇福馬機械有限公司 (unofficial English translation being Suzhou Sufuma Machineries Company Limited), a company established in the PRC with limited liability, which is principally engaged in the manufacture and sale of machineries. Based on the public search record, the Vendor is ultimately wholly owned by PRC State Council (中華人民共和國國務院). To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are independent third parties not connected with the Company or any of its subsidiaries or any of their respective directors, chief executives or substantial shareholders or any of their respective associates as defined in the GEM Listing Rules
Asset to be acquired	:	the Machineries
Consideration and payment terms	:	RMB52,800,000 (equivalent to approximately HK\$62,832,000), inclusive of tax payment, in which (i) RMB5,500,000 has already been paid by the Purchaser as of signing the Purchase Agreement; (ii) RMB10,340,000 shall be paid by the Purchaser within five days upon signing of the Purchase Agreement; (iii) RMB15,840,000 shall be paid by the Purchaser on or before 20 June 2021; (iv) RMB15,840,000 shall be paid by the Purchaser on or before 20 August 2021; (v) RMB2,640,000 shall be paid by the Purchaser upon completion of testing and production of qualified finished good; and (vi) RMB2,640,000, which is intended to act as quality deposit, to be paid after one year upon completion of the set-up and performance testing of the Machineries.

The Consideration will be funded partly by bank loan obtained by the Group and partly by internal resources of the Group. The Directors confirm that the Consideration was determined after arm's length negotiations between the parties to the Purchase Agreement and was determined after having taken into account the prevailing market value of similar type of machineries.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company's principal activity is investment holding and its principal subsidiaries are principally engaged in manufacturing and selling of particleboards and forestry business in the PRC.

The Machineries are acquired by the Group in the usual and ordinary course of business, and is intended to be used to increase our production capacity and improve our product variety so as to enhance the efficiency and productivity of the Group. The Directors are of the view that the terms of the Purchase Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the highest of all the applicable percentage ratios in relation to the transactions contemplated under the Purchase Agreement is more than 5% but less than 25%, the transactions contemplated under the Purchase Agreement constitute a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

“Board”	the board of directors of the Company
“Company”	Hong Wei (Asia) Holdings Company Limited, a limited liability company incorporated in Hong Kong, the shares of which are listed on the GEM of the Stock Exchange (stock code: 8191)
“Consideration”	the aggregate consideration in the amount of RMB52,800,000 (equivalent to approximately HK\$62,832,000) for the purchase of the Machineries pursuant to the Purchase Agreement
“Directors”	directors of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Machineries”	a series of machineries which form a supply chain for the production of particleboards, which functions include, among others, raw materials preparation, chipping , flaking, drying ,screening and polishing, glue mixing and blending, mat forming, hot pressing, sanding and sizing

“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“Purchase Agreement”	the agreement entered into between the Vendor and the Purchaser on 16 April 2021 for the purchase of the Machinery by the Purchaser from the Vendor
“Purchaser”	鴻偉木業(仁化)有限公司 (unofficial English translation being Hongwei Wooden Products (Renhua) Company Limited), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	蘇州蘇福馬機械有限公司 (unofficial English translation being Suzhou Sufuma Machineries Company Limited), a company established in the PRC with limited liability, which is ultimately wholly-owned by the State Council of the PRC
“%”	per cent

By order of the Board
Hong Wei (Asia) Holdings Company Limited
Wong Cheung Lok
Chairman and executive Director

Hong Kong, 16 April 2021

As at the date of this announcement, the executive Directors are Mr. Wong Cheung Lok, Ms. Cheung Ngai Kwan, Mr. Liu Jiayong and Mr. Wong Kin Ching and the independent non-executive Directors are Dr. Xu Jianmin, Ms. Qian Xiaoyu and Dr. Chow Ho Wan, Owen.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website (www.hkgem.com) for at least seven days from the day of its posting. This announcement will also be published on the Company's website at www.hongweiasia.com