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Million Hope Industries Holdings Limited
美亨實業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1897)

**MAJOR TRANSACTIONS
IN RELATION TO
FORMATION OF JOINT VENTURE
AND
ACQUISITION OF INTEREST IN THE PROPERTY**

FORMATION OF JOINT VENTURE

The Board is pleased to announce that on 16 December 2021 (after trading hours), the JV Partner completed the subscription of one share in the JV Company (which was an indirect wholly-owned subsidiary of the Company immediately before such subscription), representing 50% of its enlarged issued share capital for a nominal subscription price of US\$1 (equivalent to approximately HK\$7.8). At the same time, Ultra Elite (an indirect wholly-owned subsidiary of the Company), the JV Partner and the JV Company entered into the Shareholders Deed for the operation and management of the JV Company.

The parties' maximum aggregate capital commitment under the Shareholders Deed is HK\$344,800,000 (i.e. HK\$172,400,000 for each of Ultra Elite and the JV Partner).

Immediately following completion of the subscription of share by the JV Partner, on the date of this announcement, the JV Company ceased to be a subsidiary of the Company. The JV Company's operating results, assets and liabilities will not be consolidated in the financial statements of the Group but will be recorded and accounted for as a joint venture in the Group's financial statements.

ACQUISITION OF INTEREST IN THE PROPERTY

The Board is also pleased to announce that, upon formation of the joint venture mentioned above, on 16 December 2021 (after trading hours), the Project Company (which is indirectly wholly-owned by the JV Company) and the Vendor entered into the Sale and Purchase Agreement for the sale and purchase of the Property for a purchase price of HK\$195,000,000, payable in cash. Completion of the Acquisition is expected to take place on 26 January 2022 or such other date as the parties may agree in writing.

LISTING RULES IMPLICATIONS AND SHAREHOLDERS' APPROVAL

As the highest applicable percentage ratio in respect of each of the Transaction and the Acquisition exceeds 25% but is less than 100%, each of the Transaction and the Acquisition constitutes a major transaction for the Company and is subject to the announcement, reporting and shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, no Shareholder has any material interest in the Transaction and/or the Acquisition and is required to abstain from voting if the Company is to convene an extraordinary general meeting for the approval of the Transaction and the Acquisition. The Company has obtained written approval for the Transaction and the Acquisition in accordance with Rule 14.44 of the Listing Rules from a closely allied group of Shareholders comprising CCM Trust (Cayman) Limited and its subsidiaries and LBJ Regents (PTC) Limited (formerly known as LBJ Regents Limited), which are beneficially interested in 195,104,050 and 27,131,828 shares in the Company respectively, representing in total approximately 52.80% of the entire issued share capital of the Company as at the date of this announcement. CCM Trust (Cayman) Limited and LBJ Regents (PTC) Limited (formerly known as LBJ Regents Limited) hold shares in the Company as the trustees of certain but not identical discretionary trusts of which members of the Cha Family (comprising, *inter alios*, Mr. Cha Mou Daid, Johnson, being a Director) are among the discretionary objects. As such, no extraordinary general meeting will be convened for the purpose of approving the Transaction and the Acquisition.

Pursuant to Rule 14.41(a) of the Listing Rules, the Company is required to despatch a circular containing, among other information, further details of the Transaction and the Acquisition, to the Shareholders within 15 business days after the publication of this announcement, which is on or before 7 January 2022. As it is expected that more time is required to prepare the information to be included in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules for the circular to be despatched on or before 24 January 2022. The Company will make further announcement after the waiver from the Stock Exchange has been obtained and the expected despatch date of the circular has been confirmed.

The Board is pleased to announce that on 16 December 2021 (after trading hours), the JV Partner completed the subscription of one share in the JV Company (which was an indirect wholly-owned subsidiary of the Company immediately before such subscription), representing 50% of its enlarged issued share capital for a nominal subscription price of US\$1 (equivalent to approximately HK\$7.8). At the same time, Ultra Elite (an indirect wholly-owned subsidiary of the Company), the JV Partner and the JV Company entered into the Shareholders Deed for the operation and management of the JV Company.

FORMATION OF JOINT VENTURE – SHAREHOLDERS DEED

The principal terms of the Shareholders Deed are summarised below.

Date

16 December 2021 (after trading hours)

Parties

1. Ultra Elite, an indirect wholly-owned subsidiary of the Company
2. The JV Partner, acting by its general partner, AGR X Asia Member GP, L.L.C.
3. The JV Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the JV Partner, its investment manager and general partner is a third party independent of and not connected with the Company and its connected persons.

Subject Matter

Ultra Elite and the JV Partner have agreed on the formation of joint venture among themselves in relation to the operation and management of the JV Company, including the acquisition and redevelopment for sale of the Property and other terms as disclosed in this announcement.

Funding and Capital Commitment

As at the date of this announcement, the JV Company is owned as to 50% each by Ultra Elite and the JV Partner, respectively.

Pursuant to the Shareholders Deed, Ultra Elite and the JV Partner agreed to provide a maximum aggregate capital commitment of HK\$344,800,000 based on their pro-rata interest in the JV Company (i.e. HK\$172,400,000 for each of Ultra Elite and the JV Partner). The JV Company will finance its operation by way of external financing first and, if such third-party financing cannot be obtained, unsecured shareholder's loans provided by Ultra Elite and the JV Partner on a pro-rata and interest-free basis. All loans, guarantee, security and undertakings for third-party financing provided by the parties and their respective affiliates shall be on pro-rata and several (but not joint and several) basis, and shall not exceed the parties' respective capital commitment under the Shareholders Deed.

As at the date of this announcement, each of Ultra Elite and the JV Partner has provided an unsecured interest-free shareholder's loan in the amount of HK\$9,750,000 to the JV Company, which has been on-lent to the Project Company for payment of deposits for the Acquisition.

Immediately following completion of the subscription of share by the JV Partner, on the date of this announcement, the JV Company ceased to be a subsidiary of the Company. The JV Company's operating results, assets and liabilities will not be consolidated in the financial statements of the Group but will be recorded and accounted for as a joint venture in the Group's financial statements.

The parties' maximum aggregate commitment was determined after arm's length negotiation between Ultra Elite and the JV Partner with reference to the consideration payable for the Acquisition, and the estimated cost for, among other things, the redevelopment project of the Property. The Group will finance its portion of capital commitment from its internal resources.

Right of First Offer to Co-invest

Until 100% of the disposal of the residential units of the Property, if Ultra Elite intends to invest in the development, adaptive reuse, renovation or redevelopment of any residential project located in the approved Kowloon Tong (KPA 18) Outline Zone Plan No. S/K18/21, it shall invite and grant a right of first offer (but not an obligation) to the JV Partner to co-invest in such residential project for a level of equity interest up to but not higher than that of Ultra Elite.

If the JV Partner does not wish to co-invest in such additional project, then Ultra Elite shall be entitled to proceed with such project whether on its own or with other co-investors.

The right of first offer to co-invest was decided by the parties following arm's length negotiations. Considering the benefits that the collaboration with the JV Partner is expected to bring to Ultra Elite, and given that the Transaction and the Acquisition are a one-off investment of the Group and the Company is not currently contemplating further investing in real estate projects, the Directors believe that granting such right of first offer to co-invest to the JV Partner is fair and reasonable and in the interests of both the Company and the Shareholders.

Management

The board of directors of the JV Company consists of four directors. Each of Ultra Elite and the JV Partner is entitled to appoint and nominate two directors to the board of directors of the JV Company. The quorum of a meeting of the board of directors of the JV Company shall be two directors, comprising at least one director appointed by each of Ultra Elite and the JV Partner. The right to appoint the chairman of the board of directors of the JV Company shall vest in Ultra Elite and the JV Partner in alternate years. The chairman shall not be entitled to a second or casting vote in board meeting.

All board resolutions of the JV Company shall be passed by a simple majority, save for resolutions related to certain major decisions as set out in the Shareholders Deed (including any change in the nature or scope of the business of the JV Company or its subsidiaries, or where the JV Company or any of its subsidiaries proposes to enter into any transactions which are not on an arm's length basis), which shall be unanimously approved.

Restrictions on Transfer and Exit Option

Unless otherwise provided in the Shareholders Deed, each of Ultra Elite and the JV Partner shall be subject to certain customary transfer restrictions (including a right of first offer, tag-along right and drag-along right) in a proposed transfer of its equity interest in the JV Company.

In the event of the occurrence of any events of default, including material breach, liquidation and/or insolvency events, and a change in control of any shareholder of the JV Company, the defaulting shareholder shall be deemed to have irrevocably offered to sell all of its shares in and shareholder's loan provided to the JV Company to the non-defaulting shareholder.

Upon 100% of the disposal of the residential units of the Property (after redevelopment), the JV Partner shall be entitled to sell to Ultra Elite, and Ultra Elite shall be obliged to purchase, all of the JV Partner's share(s) in the JV Company based on the net asset value of the JV Company and the JV Partner's equity ratio in the JV Company at the time of sale.

ACQUISITION – SALE AND PURCHASE AGREEMENT

The Board is also pleased to announce that, upon formation of the joint venture mentioned above, on 16 December 2021 (after trading hours), the Project Company (which is indirectly wholly-owned by the JV Company) and the Vendor entered into the Sale and Purchase Agreement for the sale and purchase of the Property for a purchase price of HK\$195,000,000, payable in cash.

Date

16 December 2021 (after trading hours)

Parties

1. The Vendor, as the vendor
2. Project Company, a wholly-owned subsidiary of the JV Company, as the purchaser

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, each of the Vendor, its executor, its beneficiary(ies) and such other person who has any interest in the Property is a third party independent of and not connected with the Company and its connected persons.

Subject Matter and Consideration

The Vendor agreed to sell, and the Project Company agreed to purchase, the Property at a purchase price of HK\$195,000,000, payable in cash.

As at the date of this announcement, the Project Company has paid HK\$19,500,000 as deposits in part payment of the purchase price. Such deposits were funded indirectly via the shareholder's loans provided by Ultra Elite and the JV Partner, which shall be refunded if the Vendor fails to complete the sale but forfeited if the Project Company fails to complete the purchase. If either party does not complete the sale and purchase (as the case may be), the other party shall be entitled to specific performance and to recover damages.

The balance of the purchase price, in the amount of HK\$175,500,000 shall be payable in cash on completion. The Project Company intends to fund such balance by a combination of bank financing and shareholder's loans.

The consideration was determined after arm's length negotiation between Ultra Elite, the JV Partner and the Vendor taking into account the market value of the comparable properties nearby. A full valuation report on the Property will be prepared for inclusion in the circular to be despatched to the Shareholders as required under the Listing Rules.

Condition Precedent and Completion

Completion of the Acquisition shall take place on 26 January 2022 or such other date as the Vendor and the Project Company may agree in writing, conditional upon the sale and purchase of the Property being transacted in accordance with the Listing Rules (including the Company having obtained approval from its shareholders for the Acquisition and having published circular(s) in respect of the Acquisition).

INFORMATION ON THE GROUP, ULTRA ELITE, AND THE JV COMPANY

The Company is an investment holding company. The Group is principally engaged in the design, supply and installation of façade and curtain walls systems, with a focus on curtain walls, aluminium windows and doors.

Ultra Elite is an investment holding company established in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company.

The JV Company is an investment holding company incorporated in the British Virgin Islands in November 2021. As at the date of this announcement, the JV Company is owned as to 50% by each of Ultra Elite and the JV Partner; and indirectly holds 100% interest in the Project Company, which, upon completion of the Acquisition, will own the Property for redevelopment into a residential development project.

Given that the JV Company is newly incorporated and both the JV Company and its subsidiaries (including the Project Company) have no operation, there is no financial information available as at the date of this announcement.

INFORMATION ON THE JV PARTNER

The JV Partner is a limited partnership established in the British Virgin Islands, acting by its general partner, AGR X Asia Member GP, L.L.C, which is principally engaged in investment management, and managed by its investment manager, AG Real Estate Manager, Inc., which is principally engaged in investment management. The JV Partner is principally engaged in investment holding.

INFORMATION ON THE VENDOR

The Vendor is an estate represented by a natural person as its executor.

INFORMATION ON THE PROJECT COMPANY AND THE PROPERTY

The Project Company is an investment holding company which was incorporated in Hong Kong in November 2021 solely for acquiring the Property for redevelopment purpose. It is an indirect wholly-owned subsidiary of the JV Company.

The Property is currently a parcel of development land registered as New Kowloon Inland Lot No. 3771 and located at No. 55 Nga Tsin Wai Road, Kowloon, Hong Kong, with a site area of 8,092 square feet. As at the date of this announcement, the Property is a piece of ground with a vacant building. It is the parties' intention that, upon completion of its acquisition, the Property will be redeveloped as a residential building for sale.

REASONS FOR AND BENEFITS OF THE TRANSACTION AND THE ACQUISITION

Given the current low-interest rate environment, in order to enhance the capital efficiency as well as the return from capital operation, the Directors have been exploring opportunities for better use of its idle cash resources in a way without affecting normal operation and expansion of the Group's business operation. The Directors believe that the Transaction and the Acquisition represent a good investment opportunity, which offers a better potential return to the Group when compared to the deposit interest rates generally offered by the commercial banks in Hong Kong.

The Group's management team has a strong background and expertise in construction and property investment, and therefore the Board considers that the Company can effectively and efficiently oversee this investment without affecting the normal operation of the Group's principal business activities.

The Transaction and the Acquisition are a one-off investment and are not expected to change the Group's business focus. Going forward, the Group will continue to focus on its principal businesses, namely, the design, supply and installation of façade and curtain walls systems.

Taking into account the above reasons and benefits, and the expected return to be generated from the proposed redevelopment project of the Property through the Group's investment in the JV Company, the Directors (including the independent non-executive Directors) consider that the terms of the Shareholders Deed, the Transaction and the Acquisition are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS AND SHAREHOLDERS' APPROVAL

As the highest applicable percentage ratio in respect of each of the Transaction and the Acquisition exceeds 25% but is less than 100%, each of the Transaction and the Acquisition constitutes a major transaction for the Company and is subject to the announcement, reporting and shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, no Shareholder has any material interest in the Transaction and/or the Acquisition and is required to abstain from voting if the Company is to convene an extraordinary general meeting for the approval of the Transaction and the Acquisition. The Company has obtained written approval for the Transaction and the Acquisition in accordance with Rule 14.44 of the Listing Rules from a closely allied group of Shareholders comprising CCM Trust (Cayman) Limited and its subsidiaries and LBJ Regents (PTC) Limited (formerly known as LBJ Regents Limited), which are beneficially interested in 195,104,050 and 27,131,828 shares in the Company respectively, representing in total approximately 52.80% of the entire issued share capital of the Company as at the date of this announcement. CCM Trust (Cayman) Limited and LBJ Regents (PTC) Limited (formerly known as LBJ Regents Limited) hold shares in the Company as the trustees of certain but not identical discretionary trusts of which members of the Cha Family (comprising, inter alios, Mr. Cha Mou Daid, Johnson, being a Director) are among the discretionary objects. As such, no extraordinary general meeting will be convened for the purpose of approving the Transaction and the Acquisition.

Pursuant to Rule 14.41(a) of the Listing Rules, the Company is required to despatch a circular containing, among other information, further details of the Transaction and the Acquisition, to the Shareholders within 15 business days after the publication of this announcement, which is on or before 7 January 2022. As it is expected that more time is required to prepare the information to be included in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules for the circular to be despatched on or before 24 January 2022. The Company will make further announcement after the waiver from the Stock Exchange has been obtained and the expected despatch date of the circular has been confirmed.

DEFINITIONS

“Acquisition”	acquisition of the Property by the Project Company pursuant to the Sale and Purchase Agreement
“Board”	board of Directors of the Company
“Company”	Million Hope Industries Holdings Limited (stock code: 1897), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”, “percentage ratio” and “subsidiary(ies)”	each has the meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	collectively, 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 People’s Republic of China
“JV Company”	Wealth King Ventures Limited, a company incorporated in the British Virgin Islands with limited liability and indirectly holds 100% legal and beneficial ownership of the Project Company
“JV Partner”	KLT II Holdings (BVI) L.P., a limited partnership established in the British Virgin Islands
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Project Company”	Trillion Wisdom Limited (兆惠有限公司), a company incorporated in Hong Kong with limited liability and wholly owned by the JV Company

“Property”	ALL THAT piece or parcel of ground registered in the Land Registry as NEW KOWLOON INLAND LOT NO.3771 together with the messuages, erections and buildings thereon known at the date hereof as No.55 Nga Tsin Wai Road, Kowloon
“Sale and Purchase Agreement”	the sale and purchase agreement dated 16 December 2021 entered into between the Vendor and the Project Company in relation to the sale and purchase of the Property
“Shareholder(s)”	holder(s) of the ordinary shares in the issued share capital of the Company
“Shareholders Deed”	shareholders deed dated 16 December 2021 entered into between Ultra Elite, the JV Partner and the JV Company in relation to, among other things, the operation and management of the JV Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	formation of the joint venture between Ultra Elite and the JV Partner in relation to the acquisition, redevelopment and disposition of the Property and other transactions contemplated under the Shareholders Deed
“Ultra Elite”	Ultra Elite Global Limited, a company incorporated in the British Virgin Islands with limited liability and indirectly wholly owned by the Company
“US\$”	United States Dollars, the lawful currency in the United States of America
“Vendor”	the estate of the late Law Yeung Sau Ying Loretta, represented by Law Ronald Kai Yee as an executor
“%”	per cent

For the purpose of this announcement, and for illustrative purpose only, unless otherwise specified, conversion of US\$ into HK\$ is based on the approximate exchange rate of US\$1 to HK\$7.8. No representation is made that any amounts in US\$ have been or could be converted at the above rate or at any other rates.

By order of the Board
Million Hope Industries Holdings Limited
Wong Sue Toa, Stewart
Chairman

Hong Kong, 16 December 2021

As at the date of this announcement, the Board comprises:

Non-executive Chairman

Mr. Wong Sue Toa, Stewart

Executive Directors

Mr. Chuk Kin Lun (*Joint Managing Director*)

Mr. Lee Cheuk Hung (*Joint Managing Director*)

Mr. Wong Kin

Non-executive Directors

Mr. Cha Mou Daid, Johnson

Mr. Chung Sam Tin Abraham

Mr. Tai Sai Ho

Independent Non-executive Directors

Mr. Chau On Ta Yuen

Professor Ho Richard Yan Ki

Mr. Poon Kan Young

Mr. Yip Kai Yung

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.