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WINFULL GROUP HOLDINGS LIMITED
宏輝集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 183)

DISCLOSEABLE TRANSACTION DISPOSAL OF INVESTMENT

The Board announces that on 17 June 2022 (after trading hours), the Subsidiary as vendor (a wholly-owned subsidiary of the Company) entered into the Agreement with the Purchasers, pursuant to which the Subsidiary shall sell the Sale Shares and the Sale Loan to the Purchasers for a total consideration of HK\$40,000,000.

As the relevant percentages exceed 5% but all below 25%, the Agreement and the transactions contemplated thereunder constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

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THE AGREEMENT

The salient terms of the Agreement are as follows:

Date

17 June 2022 (after trading hours)

Parties

The Purchasers – The Purchaser A
– The Purchaser B

The Subsidiary

The Purchaser A is an individual and a merchant and the Purchaser B is an individual and a private investor. The Purchaser B is the wife of the Purchaser A. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchasers are Independent Third Parties.

The Subsidiary is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holdings. The Subsidiary is a wholly owned subsidiary of the Company.

Asset to be disposed

Pursuant to the Agreement, the Vendor agreed to sell and the Purchasers agreed to acquire the Sale Shares and the Sale Loan (both in equal shares) subject to the terms and conditions of the Agreement.

The Sale Shares represent 20% of the entire issued share capital of the Target Company. The Sale Loan represents 20% of all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor and its associates on or at any time prior to and as at the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion.

Mensan, the wholly owned subsidiary of the Target Company, is the registered and beneficial owner of the Property. The Property comprises a parcel of land located in Kowloon Tong with site area of approximately 10,900 sq. ft..

Conditions

Completion shall be conditional upon and subject to:

- (a) the warranties remaining true, accurate and complete in all material respects; and
- (b) all necessary consents and approvals required to be obtained on the part of the Company, the Purchasers and the Vendor in respect of the Agreement and the transactions contemplated thereunder having been obtained.

If the conditions set out above have not been satisfied (or as the case maybe, waived by the Purchasers (except for condition (b) which is incapable of being waived)) on or before 30 September 2022, or such later date as the Vendor and the Purchasers may agree, the Agreement shall cease and determine save for any antecedent breaches.

Completion

Completion of the sale and purchase of the Sale Shares and the Sale Loan is expected to take place on or before 29 July 2022, subject to the fulfillment (or waived) of the conditions precedent.

Upon Completion, the Group will cease to hold any interests in the Target Group.

Consideration

The considerable payable by the Purchasers to the Vendor for the Sale Shares and Sale Loan shall be HK\$40,000,000, which shall be settled in the following manner:

- (a) as to HK\$10,000,000 shall be satisfied by the Purchasers within two Business Days of the Agreement; and
- (b) as to the remaining balance of HK\$30,000,000 shall be payable by the Purchasers to the Vendor upon Completion.

All payments made and to be made by the Purchasers pursuant to the Agreement prior to Completion shall be regarded as deposit (the “**Deposit**”). In the event that Completion does not take place in accordance with the Agreement on or before 30 September 2022 (or such later date as the Vendor and the Purchasers may agree in writing), the Vendor shall refund the Deposit (without interest) to the Purchasers.

The consideration was determined after arm’s length negotiations with reference to, among others, the estimated market value of the Property of HK\$194,000,000 as at 1 June 2022 and the financial position of the Target Company.

The Directors consider that the consideration and the terms and conditions of the Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FINANCIAL INFORMATION ON THE TARGET GROUP

Set out below is a summary of the key financial data of the Target Group for the two years ended 31 March 2022 based on the unaudited consolidated management accounts of the Target Group:

	For the year ended 31 March 2022 HK\$'000	For the year ended 31 March 2021 HK\$'000
Revenue	–	–
Loss before taxation	28,431	60,465
Loss after taxation	28,431	60,465

Based on the unaudited consolidated management accounts of the Target Group, the net liabilities of the Target Company as at 31 March 2022 and 31 March 2021 was approximately HK\$(180,262,000) and HK\$(151,831,000), respectively. The net asset value before shareholders' loans of the Target Company as at 31 March 2022 and 31 March 2021 was approximately HK\$168,317,000 and HK\$194,449,000, respectively.

REASONS FOR THE DISPOSAL

The Group is principally engaged in property investment and trading, property development and investment and trading in securities.

Based on the unaudited management accounts of the Target Group as at 31 March 2022, it is estimated that upon Completion, the Group will record a gain of approximately HK\$7,953,000 on the Disposal. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to final audit to be performed by the Company's auditors. After deducting the expenses relating to the Disposal, the net proceeds of approximately HK\$39,900,000 is expected to be applied towards the general working capital and business development of the Group.

The Board is of the view that the Disposal provides a good opportunity for the Group to realise its investment in the Target Group and the proceeds from the Disposal will improve the financial position and increase the general working capital of the Group.

Immediately after the Completion, the Group shall cease to have any interests in the Target Group.

Taking into account the abovementioned factors, the Directors consider that the terms and conditions of the Agreement and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms and are in the interests of the Company and Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the relevant percentages exceed 5% but all below 25%, the Agreement and the transactions contemplated thereunder constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the same following meanings as set out below:

“Agreement”	the conditional sale and purchase agreement dated 17 June 2022 and entered among the Vendor and the Purchasers in relation to the sale and purchase of the Sale Shares and the Sale Loan
“Board”	the board of Directors
“Company”	Winfull Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on Stock Exchange under stock code: 183
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Loan as contemplated under the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares and Sale Loan pursuant to the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who, together with its ultimate beneficial owner(s), is/are persons independent of the Company and its connected persons (within the meaning of the Listing Rules)
“Mensan”	Mensan Limited, a company incorporated in Hong Kong with limited liability and the registered and beneficial owner of the Property

“Property”	the property located in No. 14 Essex Crescent, Kowloon Tong
“Purchaser A”	Au Wing Wah
“Purchaser B”	Kong Pik Fan
“Purchasers”	together the Purchaser A and the Purchaser B
“Sale Loan”	20% of all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor on or at any time prior to and as at the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion
“Sale Shares”	20 issued shares of the Target Company, representing 20% of the issued share capital of the Target Company
“Shareholder(s)”	holder(s) of issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary” or “Vendor”	World Fair Global Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Target Company”	Universal Honor Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	together the Target Company and Mensan, its wholly owned subsidiary
%	per cent.

By order of the Board
Winfull Group Holdings Limited
Pong Wilson Wai San
Chairman

Hong Kong, 17 June 2022

As at the date of this announcement, the executive Directors are Mr. Pong Wilson Wai San and Mr. Lee Wing Yin, the non-executive Director is Mr. Lai Hin Wing, Henry and the independent non-executive Directors are Mr. Koo Fook Sun, Louis, Ms. Yeung Wing Yan, Wendy and Mr. Lung Hung Cheuk respectively.