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HANG YICK HOLDINGS COMPANY LIMITED

恒益控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1894)

DISCLOSEABLE TRANSACTION IN RELATION TO SHAREHOLDERS' AGREEMENT AND PROVISION OF SHAREHOLDERS' LOANS TO HY CAPITAL

SHAREHOLDERS' AGREEMENT

The Board is pleased to announce that on 17 April 2019 (after trading hours), HY China, Capital Development, CDI Shankly and HY Capital entered into the Shareholders' Agreement in relation to HY Capital, for the purposes of, among others, regulating the rights and obligations of the JV Parties in HY Capital. Furthermore, pursuant to the Shareholders' Agreement, each of the JV Parties has agreed to, in proportion to their respective shareholdings in HY Capital, provide the Shareholders' Loans of HK\$40,000,000 in aggregate to HY Capital as initial funding of HY Capital Group on an unsecured and interest-free basis and without fixed repayment term.

As at the date of this announcement, HY Capital is owned by HY China, Capital Development and CDI Shankly as to 60%, 25% and 15%, respectively. HY Capital is the holding company in the HY Capital Group which will carry on the construction services business in the PRC.

LISTING RULES IMPLICATIONS

As at the date of this announcement, HY Capital is an insignificant subsidiary (within the meaning under Rule 14A.09 of the Listing Rules) of the Company. Save as and except for the respective shareholdings in HY Capital, Capital Development and CDI Shankly are not connected with the Company and its connected persons (as defined in the Listing Rules). Accordingly, Capital Development and CDI Shankly are Independent Third Parties.

As one or more of the applicable percentage ratios in respect of the transactions under the Shareholders' Agreement (including the provision of the Shareholders' Loans) exceeds 5% and all of the percentage ratios are less than 25%, the entering into of the Shareholders' Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 9 January 2019, HY Capital was incorporated by HY China, a direct wholly-owned subsidiary of the Company. On 31 January 2019, Capital Development and CDI Shankly subscribed for new shares of HY Capital at minimal consideration, and the applicable percentage ratios in respect of each of the aforesaid subscriptions are less than 5%. After the aforesaid subscriptions and as at the date of this announcement, HY Capital is owned by HY China, Capital Development and CDI Shankly as to 60%, 25% and 15%, respectively.

On 17 April 2019 (after trading hours), HY China, Capital Development, CDI Shankly and HY Capital entered into the Shareholders' Agreement to regulate each of the JV Parties' rights and obligations in HY Capital.

THE SHAREHOLDERS' AGREEMENT

The principal terms of the Shareholders' Agreement are set out below:

(1) Date

17 April 2019

(2) Parties

- (a) HY China;
- (b) Capital Development;
- (c) CDI Shankly; and
- (d) HY Capital.

HY China is a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of the Company.

Capital Development is a company incorporated in the British Virgin Islands with limited liability which is an investment holding company.

CDI Shankly is a company incorporated in the British Virgin Islands with limited liability which is an investment holding company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Capital Development and CDI Shankly and their respective ultimate beneficial owners are Independent Third Parties.

(3) Initial funding of HY Capital and financing

Each of HY China, Capital Development and CDI Shankly undertakes to provide the Shareholders' Loans of HK\$24,000,000, HK\$10,000,000 and HK\$6,000,000 respectively as an initial funding to HY Capital Group, in proportion to their respective shareholdings in HY Capital, within six months from the date of the Shareholders' Agreement. The Shareholders' Loans shall be unsecured and interest-free and have no fixed repayment term.

The Group intends to finance the Shareholders' Loans of HK\$24,000,000 from its internal resources but not involving the proceeds from the global offering as referred to in the prospectus of the Company dated 28 September 2018.

(4) The intended principal business of HY Capital Group

HY Capital Group will principally be engaged in the construction services business in the PRC.

(5) Composition of the board of directors of HY Capital

The board of directors of HY Capital shall comprise four directors, of which two directors will be nominated by HY China, one director will be nominated by Capital Development and one director will be nominated by CDI Shankly. Pursuant to the Shareholders' Agreement, Mr. Lee Pui Sun and Ms. Lau Lai Ching were nominated by HY China and appointed as the directors of HY Capital. As at the date hereof, Capital Development and CDI Shankly have not confirmed the nomination of directors of HY Capital.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SHAREHOLDERS' AGREEMENT

The Group is a steel and metal engineering company, specialising in design, manufacture, supply and installation of steel and metal products for construction projects in Hong Kong. The Group intends to seek business opportunities and expand its business in the PRC.

Reference is made to the announcement of the Company dated 21 December 2018. The Group entered into a non-legally binding strategic cooperation framework agreement on 21 December 2018 with Capital Development Investment Holdings Limited, pursuant to which Capital Development Investment Holdings Limited agreed to use its favourable connections and resources, introduce and propose property investment projects and construction projects in the PRC to the Group.

To implement its plan for developing construction business in the PRC, the Group together with the JV Parties have established HY Capital which in turn indirectly wholly owns CDI Hang Yick SZ. CDI Hang Yick SZ is principally engaged in construction business in the PRC, which was established on 19 March 2019. With the effort of the parties, HY Capital Group has entered into memorandums of understanding for two construction projects located in Zhejiang province, the PRC with an estimated total contract sum of approximately RMB800 million. The two construction projects are referred by Capital Development Investment Holdings Limited. The Company considers that it is an opportunity for the Group, through HY Capital Group, to develop its construction services business in the PRC.

In order to regulate the rights and obligations of the JV Parties in HY Capital, the JV Parties and HY Capital entered into the Shareholders' Agreement. The Directors believe that the establishment of HY Capital Group with the JV Parties, with the integration of skills, knowledge, expertise and resources among the JV Parties, could enable the Group to expand into the construction and real estate markets in the PRC.

The terms of the Shareholders' Agreement, including the provision of the Shareholders' Loans, are reached after arm's length negotiations, with reference to the business plans and needs and the general working capital needs of HY Capital Group. The Board considers that it is in the Group's interest to provide the Shareholders' Loans in proportion to its shareholdings in HY Capital. The Board is also of the view that the terms of the Shareholders' Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP, HY CHINA AND HY CAPITAL

The Group is a steel and metal engineering company, specialising in design, manufacture, supply and installation of steel and metal products for construction projects in Hong Kong.

HY China is a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of the Company. HY China is an investment holding company.

HY Capital is a company incorporated in the British Virgin Islands with limited liability, and is 60% owned by HY China, 25% owned by Capital Development and 15% owned by CDI Shankly as at the date of this announcement, and is an indirect non-wholly owned subsidiary of the Company. HY Capital indirectly and wholly owns CDI Hang Yick SZ. HY Capital Group will carry on construction services business in the PRC. As HY Capital and CDI Hang Yick SZ were newly incorporated, the asset value of HY Capital and CDI Hang Yick SZ as at the date of announcement is minimal.

Furthermore, HY Capital Group intends to acquire the Target Company with certain licence(s) for construction services business in the PRC. On 12 April 2019, CDI Hang Yick SZ entered into a non-legally binding memorandum of understanding with the Target Company and the Target Company's Shareholders, pursuant to which, among others, CDI Hang Yick SZ intends to acquire the Target Company's entire equity interests after fulfillment of certain conditions, including but not limited to entering into a formal share transfer agreement. As at the date of this announcement, no binding agreement in relation to the aforesaid potential acquisition of the Target Company has been entered into. In the event that a binding agreement has been entered into by CDI Hang Yick SZ with the Target Company's Shareholders and/or the Target Company, further announcement in respect of the aforesaid potential acquisition of the Target Company will be made by the Company in accordance with the requirements of the Listing Rules.

INFORMATION ON CAPITAL DEVELOPMENT AND CDI SHANKLY

Capital Development is a company incorporated in the British Virgin Islands with limited liability, which is an investment holding company. Capital Development is beneficially and wholly owned by Mr. Pang Ming, who is an Independent Third Party. Mr. Pang Ming is a businessman and one of his main businesses is construction and real estate business. He is also one of the shareholders of Capital Development Investment Holdings Limited, which entered into a non-legally binding strategic cooperation framework agreement with the Group on 21 December 2018. For further details, please refer to the announcement of the Company dated 21 December 2018.

CDI Shankly is a company incorporated in the British Virgin Islands with limited liability which is an investment holding company. CDI Shankly is beneficially and wholly owned by Mr. Wu Hing Yin Remzi who is the chief operating officer of the Company. Mr. Wu Hing Yin Remzi is an Independent Third Party.

LISTING RULES IMPLICATIONS

As at the date of this announcement, HY Capital is an insignificant subsidiary (within the meaning under Rule 14A.09 of the Listing Rules) of the Company. Save as and except for the respective shareholdings in HY Capital, Capital Development and CDI Shankly are not connected with the Company and its connected persons (as defined in the Listing Rules). Accordingly, Capital Development and CDI Shankly are Independent Third Parties.

As one or more of the applicable percentage ratios in respect of the transactions under the Shareholders' Agreement (including the provision of the Shareholders' Loans) exceeds 5% and all of the percentage ratios are less than 25%, the entering into of the Shareholders' Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Capital Development”	Capital Development Investment Company Limited, a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party as at the date hereof
“CDI Hang Yick SZ”	首建恒益（深圳）建築控股有限公司（CDI Hang Yick Construction Holdings Co. Ltd. SZ*），a limited liability company established on 19 March 2019 in the PRC, indirectly and wholly owned by HY Capital
“CDI Shankly”	CDI Shankly Capital Holdings Company Limited, a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party as at the date hereof

“Company”	Hang Yick Holdings Company Limited (Stock Code: 1894), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HY Capital”	HY Capital Holdings Company Limited, a company incorporated on 9 January 2019 in the British Virgin Islands with limited liability, in which HY China, Capital Development and CDI Shankly own as to 60%, 25% and 15% equity interest respectively
“HY Capital Group”	HY Capital and its subsidiaries from time to time
“HY China”	HY China Investment Company Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
“JV Parties”	HY China, Capital Development and CDI Shankly
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company

“Shareholders’ Agreement”	the shareholders’ agreement dated 17 April 2019 regarding HY Capital entered into between HY China, Capital Development, CDI Shankly and HY Capital
“Shareholders’ Loans”	the loans of HK\$40,000,000 in aggregate to be provided by the JV Parties pursuant to the Shareholders’ Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	a construction company established in the PRC and an Independent Third Party
“Target Company’s Shareholders”	the shareholders of the Target Company, who collectively own the entire equity interests in the Target Company and are Independent Third Parties
“%”	per cent.

By order of the Board
Hang Yick Holdings Company Limited
Lee Pui Sun
Chairman and Executive Director

Hong Kong, 17 April 2019

As at the date of this announcement, the Board comprises Mr. Lee Pui Sun and Ms. Lau Lai Ching as executive Directors, Mr. Lee Ka Chun Benny as non-executive Director, and Mr. Au Yeung Wai Key, Hon Cheung Kwok Kwan, JP and Mr. Tse Ka Ching Justin as independent non-executive Directors.

* *For identification purposes only*