SFK Construction Holdings Limited

新福港建設集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1447)

MAJOR TRANSACTION
DISPOSAL OF A SUBSIDIARY

The Board announces that on 30 June 2026, the Vendor, an indirect wholly-owned subsidiary of the Company entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which, the Vendor has agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares of the Target Company, for a consideration of HK$44,390,400, subject to adjustments.

As the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As none of the Directors has any material interest in the Disposal, none of the Directors was required to abstain from voting on the Board resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

Pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be obtained in lieu of convening a general meeting of Shareholders if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder; and (b) the written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company having the right to attend and vote at the general meeting to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

At the date of this announcement, to the best knowledge, information and belief of the Directors, having made all reasonable enquiry, no Shareholder has a material interest in the Disposal and is required to abstain from voting for the resolution to approve the Disposal, should the Disposal be put forward to the shareholders to approve at a general meeting of the Company.

The Company has obtained written approval from SFK Group, being a Shareholder interested in 300,000,000 Shares, representing approximately 75% of the issued share capital of the Company, at the date of this announcement. Accordingly, no general meeting of Shareholders will be convened by the Company to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, amongst others, details of the Disposal will be dispatched to the Shareholders within 15 business days after publication of this announcement.

INTRODUCTION

The Board announces that on 30 June 2026, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares for a consideration of HK$44,390,400, subject to adjustments to the Consideration in accordance with the Sale and Purchase Agreement. The salient terms of the Sale and Purchase Agreement are set out below:

THE SALE AND PURCHASE AGREEMENT

Date: 30 June 2026

Parties:

(i) ELM Keen Limited, an indirect wholly-owned subsidiary of the Company as the Vendor;

(ii) Guangdong Water Holdings Limited, as the Purchaser;

(iii) Bestwise Envirotech Limited, as the Target Company; and

(iv) Sun Fook Kong Construction Limited, an indirect wholly-owned subsidiary of the Company as the Vendor Guarantor.

Subject matter

The Sale Shares, comprising 19,380,000 shares in the Target Company, representing 51% of the issued share capital of the Target Company. Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares of the Target Company.

As of the date of this announcement, the Vendor legally and beneficially owns the entire issued share capital of the Target Company. Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated in the Company's financial statements.

Consideration

Subject to any adjustments to the Consideration as described below, the Consideration shall be HK$44,390,400.

Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, among other things, (i) the agreed valuation benchmark date of 31 December 2025; (ii) the special audit report of the Target Company prepared up to the valuation benchmark date under the PRC accounting standards; (iii) the financial position, assets and business prospects of the Target Company; (iv) the Consideration adjustment mechanism contemplated under the Sale and Purchase Agreement, including the review of the Target Company's profit or loss for the period from 1 January 2026 to the Completion Date; and (v) the mechanism for settlement of part of the Consideration by reference to the recovery of the Target Company's Benchmarked Receivables during the Performance Guarantee Period.

Pursuant to the Sale and Purchase Agreement, the parties agreed that the Benchmarked Receivables, being the receivable-type assets of the Target Company as at the Completion Date, shall be fully recovered during the Performance Guarantee Period, and the Remaining Consideration shall be paid by the Purchaser to the Vendor progressively in proportion to the actual recovery of such Benchmarked Receivables.

The exact amount of the Benchmarked Receivables will be determined by an annual review of the amount of Benchmarked Receivables received during the year by a qualified auditing firm selected by the Purchaser. If, upon expiry of the Performance Guarantee Period, any portion of the Benchmarked Receivables remains unrecovered, the Vendor shall reimburse the Target Company in cash for the full amount of such shortfall, and any unpaid portion of the Remaining Consideration will only become payable by the Purchaser after such compensation has been fully made by the Vendor.

Terms of Payment:

The Consideration shall be payable in the following manner:

(a) First Instalment

A first instalment of HK$18,000,000, representing approximately 40.55% of the Consideration, shall be payable within 5 calendar days when the share transfer documents under the Sale and Purchase Agreement have been duly stamped by the Hong Kong Stamp Office and the Vendor has duly executed the Share Charge.

(b) Second Instalment

A second instalment of HK$12,000,000, representing approximately 27.03% of the Consideration, shall be payable within 10 calendar days after the Purchaser's confirmation of their satisfaction of all of the following events having taken place, provided that Completion has taken place and/or the following conditions have been satisfied:

(i) after the Completion Date, a qualified audit firm selected by the Purchaser has completed the Interim Profit and Loss Report of the Target Company for the period from 1 January 2026 to the Completion Date, and the parties have confirmed the results of such profit or loss within 10 days after the issuance of the Interim Profit and Loss Report;

(ii) the registration formalities in respect of the Share Charge having been completed;

(iii) neither the Vendor nor the Vendor Guarantor has materially breached the terms and conditions of the Sale and Purchase Agreement, or where any breach has occurred, such breach has been properly remedied to the satisfaction of the Purchaser, and there has been no change in the Target Company which would give rise to a Material Adverse Effect; and

(iv) the Vendor has made compensation in respect of the profit or loss during the Completion Period in accordance with the relevant provisions of the Sale and Purchase Agreement, if applicable.

(c) Remaining Consideration

The Remaining Consideration of HK$14,390,400, representing approximately 32.42% of the Consideration, shall be payable during the Performance Guarantee Period in proportion to the recovery progress of the Benchmarked Receivables, the amount of which shall be determined in accordance with the Interim Profit and Loss Report.

On or before 28 February of each year, the Target Company shall conduct an audit of the recovery status of the Benchmarked Receivables for the preceding financial year and notify the Vendor and the Purchaser of the amount so recovered during that year. Within 60 days after the Target Company issues such recovery amount, the Purchaser shall pay to the Vendor the relevant annual portion of the Remaining Consideration, which shall be calculated as follows:

$$\textit{Annual payment of the Remaining Consideration} = \frac{\textit{Annual recovered amount of Benchmarked Receivables}}{\textit{Total Benchmarked Receivables}} \times \textit{Remaining Consideration}$$

If, upon expiry of the Performance Guarantee Period, any Benchmarked Receivables remain unrecovered, the Vendor shall reimburse the Target Company in cash for the full amount of such unrecovered receivables within 30 days after receipt of a payment notice from the Target Company, and the Purchaser shall pay any unpaid portion of the Remaining Consideration within 60 days after the Vendor has settled such compensation in full.

If any previously unrecovered Benchmarked Receivables are subsequently recovered by the Target Company after the expiry of the Performance Guarantee Period, the Target Company shall refund the corresponding compensation amount to the Vendor once every financial year based on the actual amount recovered, after deducting any litigation costs, legal fees, preservation fees and reasonable administrative costs incurred in recovering such receivables.

Conditions precedent

Completion is conditional upon, among others, the following conditions:

(a) the representations, warranties and undertakings given by the Vendor and the Vendor Guarantor under the Sale and Purchase Agreement remaining true, complete, accurate and not misleading in all material respects from the date of the Sale and Purchase Agreement up to the Completion Date;

(b) neither the parties having materially breached any terms and conditions of the Sale and Purchase Agreement, and there having been no breach of any applicable laws;

(c) the parties having obtained all necessary permissions from government or regulatory authorities required for the parties for execution and performance of the Sale and Purchase Agreement and implementation of transactions contemplated thereunder;

(d) the Company having obtained Shareholders' approval for the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules;

(e) the Vendor having obtained the approval of its shareholder(s) and board of directors for the signing of the Sale and Purchase Agreement and the completion of the transactions contemplated thereunder;

(f) the Vendor Guarantor having obtained the approval of its board of directors for the signing of the Sale and Purchase Agreement and the completion of the transactions contemplated thereunder;

(g) the Target Company having legally completed the capital reduction to HK$38,000,000 in accordance with the Companies Ordinance and its constitutional documents;

(h) the Target Company having reduced all receivables due from and payables due to related parties to nil, and the relevant settlement arrangement having been reasonably accepted by the professional advisers designated by the Purchaser;

(i) the Vendor having advanced to the Target Company, before Completion, an interest-free shareholder's loan of not less than HK$20,000,000 with a term of not less than two years commencing from the Completion Date;

(j) the Target Company having entered into an irrevocable trademark assignment in respect of the "Bestwise" trademark (Trade Mark No. 304872123) currently used by it so that the ownership of such registered trademark being transferred to the Target Company;

(k) the Target Company having maintained, before the Completion Date, a revolving bank loan facility of not less than HK$43,570,000;

(l) there having been no change affecting the Vendor, the Vendor Guarantor or the Target Company during the period up to Completion which would give rise to a Material Adverse Effect;

(m) the Vendor and the Purchaser having executed the Share Charge; and

(n) the Group having complied with all applicable disclosure and approval requirements of the Stock Exchange, the SFC and other competent authorities, where applicable, in relation to the transaction contemplated under the Sale and Purchase Agreement.

Conditions (g) to (k) are capable of being waived by the Purchaser in writing and other conditions are not capable of being waived.

Guarantee

The Vendor Guarantor will act as a guarantor to guarantee the performance of the Vendor's obligations under the Sale and Purchase Agreement.

Completion

Completion shall take place on the 5th business day following all the conditions precedent have been fulfilled or waived, or such other date as the Company and the Purchaser shall agree in writing.

Put Option

In case of occurrence of the following matters during the Performance Guarantee Period, the Purchaser shall have the right to exercise a put option (the "**Put Option**") to require the Vendor redeeming part or all of the Sale Shares by giving written notice:

(i) the Target Company fails to maintain all necessary qualifications, licences and permits for undertaking public projects;

(ii) the Target Company fails to record an accumulated profit before tax of HK$22,392,000 (the "**Performance Guarantee**");

(iii) the Vendor materially breaches any representation, warranties and undertakings of the Sale and Purchase Agreement and such breach is not remedied upon reasonable notice given by the Purchaser, which causes material detriment to the interest of the Vendor under the Sale and Purchase Agreement; and

(iv) there is a deadlock in any matters which require shareholders' approval of the Target Company leading to a shareholders' meeting not being able to be held for six months, which is caused by the Vendor.

Upon the Purchaser exercising the Put Option, all remaining instalment of the Consideration would not longer be payable and the Vendor shall buy back the Sale Shares (in part or in full).

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and is a contractor focusing in potable water and wastewater engineering infrastructure projects. The projects which are undertaken by the Target Company include potable water treatment plants, municipal sewage treatment plants, industrial wastewater treatment plants, desalination plants, membrane technology and separation and bio-process. The Target Company is an approved contractor on the "List of Approved Suppliers of Materials and Specialist Contractors for Public Works" of the Hong Kong Government for certain specific categories of works (subject to certain conditions), including, among others, "Supply and Installation of Water Treatment Plant".

As at the date of this announcement, the Target Company is a wholly-owned subsidiary of the Vendor and an indirect wholly-owned subsidiary of the Company.

A summary of the unaudited financial information of the Target Company for the two years ended 31 December 2025 is set out below:

	For the year ended 31 December	
	2024	**2025**
	HK$'000	*HK$'000*
Profit before tax	12,410	13,485
Profit after tax	10,396	11,257

As of the date of this announcement, the Target Company had an unaudited consolidated net asset value of approximately HK$25,081,000.

FINANCIAL EFFECTS OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

As of the date of this announcement, the Target Company is an indirect wholly-owned subsidiary of the Company. Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated in the Company's financial statements.

For illustration purposes only, it is expected that the Group will realise a net gain on the Disposal of approximately HK$30,191,000, which is calculated by reference to the difference between (a) the Consideration relating to the Sale Shares of the Target Company, and (b) the projected carrying value of the Target Company at the Completion Date and the estimated related transaction costs, taxes and expenses of the Disposal. The net gain on the Disposal above is calculated based on the information available as of the date of this announcement and will be subject to any adjustments to the Consideration in accordance with the Sale and Purchase Agreement, final audit by the Company's external auditor and any further adjustments relating to Hong Kong Financial Reporting Standards.

The estimated net proceeds from the Disposal are approximately HK$44,390,400. The Group intends to apply the net proceeds from the Disposal as general working capital for the existing operations of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Purchaser is a wholly-owned subsidiary of Guangdong Investment Limited, the shares of which are listed on the Stock Exchange (stock code: 0270). The Directors believe that the Purchaser's background as a state-owned enterprise under Guangdong Investment Limited, may enhance the Target Company's ability to pursue larger-scale water resources projects in the Guangdong-Hong Kong-Macao Greater Bay Area and may create potential opportunities for future business development of the Target Company, in which the Company will retain a 49% interest upon Completion.

The Target Company was acquired by the Group in December 2017 for the Group to tap into wastewater and potable water treatment industry. During the years after the acquisition of the Target Company, the Group continued to engage in public works of electrical and mechanical installation for sewage and water treatment plants by employing the know-how and technicalities from the Target Company. While retaining 49% interest in the Target Company, the Disposal represents a timely opportunity for the Group to realise the intrinsic value of the Target Company, crystallise a gain on investment, and redeploy the proceeds into businesses and projects expected to deliver a higher return on capital and stronger synergies with the Group's existing businesses and asset base.

As the terms of the Disposal were concluded after arm's length negotiations and such terms were on normal commercial terms, the Directors, including the independent non-executive Directors, are of the view that the terms of the Disposal are fair and reasonable and the Disposal is in the interest of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES

The Company

The Company is principally engaged in construction and maintenance projects in Hong Kong. In addition, the Group provides other services, which comprise mainly housing and property management services (such as the provision of cleaning services and security management services), fresh water and flush water maintenance services, sewage water sampling services, electrical and mechanical engineering services and building information modelling services to real estates in Hong Kong.

The Vendor

The Vendor is a company incorporated in the British Virgin Islands and is principally engaged in investment holding. It is an indirect wholly-owned subsidiary of the Company.

The Target Company

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in electrical and mechanical engineering. It is a wholly-owned subsidiary of the Vendor.

The Purchaser

The Purchaser is a company incorporated in Hong Kong with limited liability and is principally engaged in water resources business. The Purchaser is a wholly-owned subsidiary of Guangdong Investment Limited, the shares of which are listed on the Stock Exchange (stock code: 0270). To the best of the Directors' information and belief after making reasonable enquiries, the Purchaser and Guangdong Investment Limited are independent third parties and are independent of and not connected with the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

As one of the relevant percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As none of the Directors has any material interest in the Disposal, none of the Directors was required to abstain from voting on the Board resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

Pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be obtained in lieu of convening a general meeting of Shareholders if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder; and (b) the written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company having the right to attend and vote at the general meeting to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

At the date of this announcement, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders has any material interest in the Disposal, and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder.

The Company has obtained written approval from SFK Group, being a Shareholder interested in 300,000,000 Shares, representing 75% of the issued share capital of the Company, at the date of this announcement. Accordingly, no general meeting of Shareholders will be convened by the Company to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing further information of the Disposal and other information as required under the Listing Rules is required to be despatched to the Shareholders within 15 business days after publication of this announcement.

DEFINITIONS

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

"Benchmarked Receivables"	the receivable-type assets of the Target Company as at the Completion Date, including, among other things, notes receivable, accounts receivable, prepayments, other receivables, contract assets, construction in progress, inventories and long-term receivables as shown in the balance sheet, but excluding prepaid rent and deposits relating to the Target Company's leases, deposits for utilities and other public services, and receivables due from related parties, which are required to be settled to nil before Completion; the exact amount of the Benchmarked Receivables shall be the amount set out in an annual review of the amount of Benchmarked Receivables received during the year;
"Board"	the board of Directors;
"Business Day"	a day, other than a Saturday, Sunday or public holiday, on which banks in Hong Kong are generally open for business and provide normal banking services;
"Company"	SFK Construction Holdings Limited, a company incorporated in Bermuda with limited liability whose securities are listed on the main board of the Stock Exchange (Stock Code: 1447);
"Completion"	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement;
"Completion Date"	the fifth Business Day after the fulfilment or waiver, as applicable, of the Conditions Precedent (other than those Conditions Precedent to be satisfied on the Completion Date), or such other date as may be agreed in writing by the Vendor and the Purchaser;

"Completion Period"	the period from 1 January 2026 to the Completion Date;
"connected person"	has the meanings ascribed to it under the Listing Rules;
"Consideration"	the consideration for the sale of the Sale Shares in the sum of HK$44,390,400 (subject to the payment and adjustment mechanism set out in the Sale and Purchase Agreement) payable to the Vendor by the Purchaser for the Disposal;
"Director(s)"	the director(s) of the Company;
"Disposal"	the disposal of the Sale Shares by the Vendor;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong;
"Interim Profit and Loss Report"	the special audit report to be issued after the Completion Date by a qualified auditing firm selected by the Purchaser in respect of the profit or loss of the Target Company for the Completion Period;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Material Adverse Effect"	a material adverse effect on the Target Company, including a material adverse effect on its structure, financial position, business, assets, operations, business prospects, human resources or licences, and including the specific circumstances prescribed in the Sale and Purchase Agreement;
"Performance Guarantee"	the performance guarantee sets out in the paragraph headed "Put Option" in this announcement;
"Performance Guarantee Period"	the three-year period commencing on the Completion Date and ending on the third anniversary thereof (both days inclusive);
"PRC"	the People's Republic of China;
"Purchaser"	Guangdong Water Holdings Limited (粵海水務控股有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Guangdong Investment Limited whose securities are listed on the main board of the Stock Exchange (Stock Code: 0270);
"Put Option"	the put option exercisable by the Purchaser as described in the paragraph headed "Put Option" in this announcement;

"Remaining Consideration"	the remaining part of the Consideration in the amount of HK$14,390,400, representing approximately 32.42% of the Consideration, payable during the Performance Guarantee Period according to the recovery progress of the Benchmarked Receivables;
"Remaining Shares"	18,620,000 shares in the Target Company, representing 49% of the issued share capital of the Target Company, retained by the Vendor immediately after Completion;
"Sale and Purchase Agreement"	the Sale and Purchase Agreement dated 30 June 2026 between the Vendor and the Purchaser in relation to the Disposal;
"Sale Shares"	19,380,000 shares in the Target Company, representing 51% of the issued share capital of the Target Company, to be sold by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement;
"SFC"	The Securities and Futures Commission of Hong Kong;
"SFK Group"	Sun Fook Kong Group Limited (新福港集團有限公司), a company incorporated under the laws of the British Virgin Islands and the controlling Shareholder of the Company, which beneficially owns 300,000,000 Shares in the Company, representing 75% of the total issued share capital of the Company, as at the date of this announcement;
"Share(s)"	the ordinary share(s) of the Company with nominal value of HK$0.1 each;
"Shareholder(s)"	the holders of the Shares;
"Share Charge"	the charge over the Remaining Shares held by the Vendor in favour of the Purchaser for the due and punctual performance of the Vendor's obligations under the Sale and Purchase Agreement;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Target Company"	Bestwise Envirotech Limited (百威環保科技有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Vendor as at the date of this announcement;
"Valuation Benchmark Date"	31 December 2025, being the benchmark date agreed by the parties for the purpose of determining the Consideration;
"Vendor"	ELM Keen Limited (榆敏有限公司), a company incorporated in British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company;

"Vendor Guarantor"	Sun Fook Kong Construction Limited (新福港營造有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company; and
"%"	per cent.

By Order of the Board
SFK Construction Holdings Limited
Chan Ki Chun
Chairman

Hong Kong, 30 June 2026

As at the date of this announcement, the executive directors of the Company are Mr. Chan Ki Chun, Mr. Yung Kim Man and Mr. Yeung Cho Yin, William; and the independent non-executive directors of the Company are Mr. Jim Fun Kwong, Frederick, Mr. Chan Kim Hung, Simon and Dr. Kou Zhihui.