宏信建設發展有限公司

HORIZON CONSTRUCTION DEVELOPMENT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9930)

DISCLOSEABLE TRANSACTIONS
(1) ACQUISITION OF EQUITY INTERESTS IN THE TARGET GROUP COMPANIES; AND
(2) CALL OPTIONS AND PUT OPTIONS UPON THE ACQUISITION

THE SHARE PURCHASE AGREEMENT

The Board is pleased to announce that on 8 May 2025, the Purchaser, being a wholly-owned subsidiary of the Company, entered into the Share Purchase Agreement with the Sellers, pursuant to which the Purchaser conditionally agreed to purchase and each of the Sellers conditionally agreed to sell the Sale Shares for the Consideration in cash (subject to adjustment), the indicative total amount of which is MYR176,000,000 (equivalent to approximately RMB299,294,278). Upon completion of the transactions contemplated under the Share Purchase Agreement, the Target Group Companies will become subsidiaries of the Company.

CALL OPTIONS AND PUT OPTIONS UPON THE ACQUISITION

On the same date, the Purchaser entered into the Shareholders' Agreement with Mr. Chan, being the remaining shareholder of the Target Company after the Completion, and the Target Company to regulate the affairs of the Target Company and the respective rights, duties, covenants, and obligations of the Purchaser and Mr. Chan, as shareholders of the Target Company, pursuant to which, (i) Mr. Chan shall grant the Call Options to the Purchaser for it to purchase the Option Shares, and (ii) the Purchaser shall grant the Put Options to Mr. Chan for him to require the Purchaser to purchase the Option Shares. The Shareholders' Agreement will come into effect on the Completion Date.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 14.74(1) of the Listing Rules, as the exercise of each of the Put Options is not at the Group's discretion, the Put Options will be classified as if they had been exercised (with reference to the highest possible monetary value) upon the grant of Put Options under the Shareholders' Agreement.

As the Acquisition and the Put Options are entered into by the Group with the same party and involving the acquisition of the interests in the Target Company, they are required to be aggregated in accordance with Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Share Purchase Agreement and the Put Options, on an aggregated basis, exceeds 5% but is less than 25%, such transactions contemplated thereunder constitute discloseable transactions for the Company and are therefore subject to the announcement and reporting requirements, but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.75(1) of the Listing Rules, as the exercise of each of the Call Options is at the discretion of the Group, on the grant of the Call Options, only the premium will be taken into consideration for purpose of classification of notifiable transaction. As the Purchaser did not and will not pay any premium for the Call Options, the Call Options are exempt from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company will comply with all applicable requirements under Chapter 14 of the Listing Rules upon the exercise of the Call Options by the Group as and when appropriate.

BACKGROUND

The Board is pleased to announce that on 8 May 2025, the Purchaser, being a wholly-owned subsidiary of the Company, entered into the Share Purchase Agreement with the Sellers, pursuant to which the Purchaser conditionally agreed to purchase and each of the Sellers conditionally agreed to sell the Sale Shares for the Consideration in cash (subject to adjustment), the indicative total amount of which is MYR176,000,000 (equivalent to approximately RMB299,294,278). Upon completion of the transactions contemplated under the Share Purchase Agreement, the Target Group Companies will become subsidiaries of the Company.

On the same date, the Purchaser entered into the Shareholders' Agreement with Mr. Chan, being the remaining shareholder of the Target Company after the Completion, and the Target Company to regulate the affairs of the Target Company and the respective rights, duties, covenants, and obligations of the Purchaser and Mr. Chan, as shareholders of the Target Company, pursuant to which, (i) Mr. Chan shall grant the Call Options to the Purchaser for it to purchase the Option Shares, and (ii) the Purchaser shall grant the Put Options to Mr. Chan for him to require the Purchaser to purchase the Option Shares. The Shareholders' Agreement will come into effect on the Completion Date.

SHARE PURCHASE AGREEMENT

The principal terms of the Share Purchase Agreement are set out below:

Date: 8 May 2025

Parties:

(1) the Purchaser;

(2) Mr. Chan; and

(3) Ms. How

Subject matter: The Purchaser conditionally agreed to purchase and each of Mr. Chan and Ms. How conditionally agreed to sell their respective Sale Shares, representing an aggregate of 80% of the total issued share capital of the Target Company.

Consideration: *Consideration and the basis of determination*

The Consideration, subject to adjustment, being the total purchase price for the Sale Shares to be acquired by the Purchaser shall be calculated in accordance with the terms of the Share Purchase Agreement as follows:

Consideration = [Completion Enterprise Value – Completion Debt + Completion Cash (+Adjusted Net Working Capital (if it is a positive number)) or (– Adjusted Net Working Capital (if it is a negative number))]× 80%

Subject to the adjustments to be made in accordance with the terms of the Share Purchase Agreement, the indicative total amount of the Consideration is MYR176,000,000 (equivalent to approximately RMB299,294,278).

The Consideration (subject to adjustment) payable by the Purchaser for the Sale Shares was arrived at after arm's length negotiation between the parties to the Share Purchase Agreement based on 6 times over the Adjusted EBITDA, with reference to, *inter alia*:

(1) the reputation, market position and history of the Target Group Companies. The Target Company is ranked 1st among local companies in Malaysia and 71st in the world in terms of the fleet size of aerial work platforms according to the 2024 version of the ACCESS50;

(2) the business prospects and projection of growth and profitability of the Target Company, with reference to, including with limitation, (a) revenue of the Target Company, with a CAGR of 31% over the financial years 2021 to 2024, and (b) the profitability of the Target Company, with an EBITDA margin of 70% and a net profit margin of 28.3% in 2024. Upon completion of its acquisition of the total issued share capital of TGCore, the Target Company will extend its business scope with more comprehensive services provided;

(3) the prevailing market conditions, in particular, the Group's market experience in similar ventures and assessment of the value of the Target Group Companies through internal market comparison with similar targets;

(4) the grant of the Call Options by Mr. Chan to the Purchaser to acquire the Option Shares;

(5) the proportion of shareholding in the Target Company to be purchased by the Purchaser under the Share Purchase Agreement; and

(6) transactions of comparable size in the industry with the target companies that have similar business models, financial profiles and growth potential; and

(7) the reasons for and benefits of the Acquisition set out in the section headed "Reasons for and Benefits of the Transactions" in this announcement.

Notification of estimates before Completion

Under the Share Purchase Agreement, in order to determine the Indicative Initial Consideration (as defined below) payable by the Purchaser at the Completion, the parties agreed that (a) not less than 5 business days before the Completion Date, the Sellers shall deliver to the Purchaser a notice setting out the estimates of working capital, cash and debt of the Target Group Companies; and (b) not less than 10 business days before the Completion Date, the parties shall discuss in good faith and the Sellers agree that they shall in good faith consider and reasonably incorporate the comments and views expressed by the Purchaser, with respect to the Estimated EBITDA, provided that such comments and views are consistent with the relevant accounting standards. The parties agree that they shall use all reasonable endeavours to resolve any dispute and disagreement with respect to the Estimated EBITDA prior to the Completion Date.

Preparation of the Completion Accounts

Following the Completion, the Completion Accounts shall be prepared in accordance with the terms of the Share Purchase Agreement.

True-up following the Completion Accounts process

The Consideration shall be adjusted on the Determination Date, if any amount of the Completion Enterprise Value, Completion Debt, Completion Cash and/or Completion Net Working Capital (as the case may be) as set out in the Completion Accounts is:

(1) *less* than the Indicative Enterprise Value, the estimates of debt, cash and/or working capital (as the case may be), each of the Sellers shall pay to the Purchaser an amount equal to the corresponding shortfall as to their respective proportions of Sale Shares; or

(2) *greater* than the Indicative Enterprise Value, the estimates of debt, cash and/or working capital (as the case may be), the Purchaser shall pay to each of the Sellers an amount equal to the corresponding excess as to their respective proportions of Sale Shares.

The Purchaser will finance Consideration for the Acquisition by its internal resources.

Payment: <u>*Payment at Completion*</u>

Subject to the satisfaction (or waiver) of the conditions precedent under the Share Purchase Agreement and the obligations of the Sellers as set out in paragraph headed "Completion" below, on the Completion Date, the Purchase shall pay the indicative initial consideration to each of the Sellers for their respective Sale Shares as follows (the "**Indicative Initial Consideration**"):

(a) the Indicative Enterprise Value; *plus*

(b) a sum equal to the estimated cash of the Target Group Companies as notified by the Seller; *minus*

(c) a sum equal to the estimated debt of the Target Group Companies as notified by the Sellers; and

(d) in the event the estimated working capital of the Target Group Companies as notified by the Sellers (the "**Estimated Working Capital**"):

  a. exceeds the Upper Target Working Capital Range Limit, *plus* the amount equivalent to the Estimated Working Capital less the Upper Target Working Capital Range Limit; or

  b. is less than the Lower Target Working Capital Range Limit, *minus* the amount equivalent to Lower Target Working Capital Range Limit less the Estimated Working Capital; *multiply by*;

(e) the total percentage of the Sale Shares; *minus*

(f) the Retained Consideration in the relevant proportion with respect to the relevant Seller.

Retained Consideration

Subject to the terms of the Share Purchase Agreement, the Purchaser and the Sellers agreed that the Purchaser shall be entitled to withhold and retain the Retained Consideration for a period up to and inclusive of (1) 1 year commencing from, and inclusive of, the Completion Date; or (2) in the event the fulfilment of the Sellers' obligations for the full discharge of all the existing corporate guarantees provided by the Target Company is not satisfied and discharged by the Determination Date, the date where all such corporate guarantees have been fully discharged, whichever is later (the "**Holdback Period**"), and the Retained Consideration together with the accrued interests, if any, after the adjustment to the Consideration and any claims against each of the Sellers in accordance with the terms of the Share Purchase Agreement, will be released by the Purchaser to the each of the Sellers in respect of their respective Sale Shares within 7 business days from the expiry of the Holdback Period, provided that all such corporate guarantees have been fully discharged in accordance with the terms of the Share Purchase Agreement.

Completion: The Acquisition shall complete on the Completion Date when all (but not some only) of the following events shall occur:

(1) on the Completion Date, the Sellers shall in exchange for the Purchaser's undertaking to make payment of the Indicative Initial Consideration in accordance with the paragraph (2) below:

a) do or deliver to the Purchaser (or cause to be done or delivered to the Purchaser) the items listed in the Share Purchase Agreement (to the extent such items relate to the Sellers) including but not limited to, the original executed copies of duly executed and stamped Shareholders' Agreement; and

b) procure the Target Group Companies to do or deliver to the Purchaser (or cause to be done or delivered to the Purchaser) the items listed in the Share Purchase Agreement (to the extent such items relate to the Target Group Companies).

(2) on the Completion Date, the Purchaser shall in exchange for the Sellers having complied with their obligations under the Share Purchase Agreement, do, pay or deliver to the Sellers (or cause to be done, or paid or delivered to the Sellers) (as the case may be) the items listed therein.

Conditions precedent: The obligations of the Purchaser under the Share Purchase Agreement are conditional upon the fulfilment (or waiver) of the following conditions precedent by the Sellers on or before the Cut-off Date:

(1) having delivered to the Purchaser of documents evidencing the completion of the acquisition of the entire issued share capital of TGCore by the Sellers on terms satisfactory to the Purchaser.

(2) having delivered to the Purchaser of written consent of a supplier of the Target Company for the change in control, ownership and management of the Target Company with respect to the distributor agreement dated 17 July 2023 between the Target Company and such supplier in relation to the intellectual property rights, pursuant to the Acquisition.

(3) having delivered to the Purchaser of written consents of the relevant banks in respect of certain banking facilities granted to the Target Company for the change in shareholder, director, key management and constitution of the Target Company pursuant to the Share Purchase.

(4) having delivered to the Purchaser of the employment contract entered into between the Target Company and its key management employees, in the agreed form and on terms satisfactory to the Purchaser.

The Purchaser may in its absolute discretion waive (in whole or in part) any of the above-mentioned in conditions precedent by giving notice in writing to the Sellers at any time.

SHAREHOLDERS' AGREEMENT

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

Date: 8 May 2025

Parties:

(1) the Purchaser;

(2) Mr. Chan; and

(3) the Target Company

Subject matter: The Purchaser entered into the Shareholders' Agreement with Mr. Chan, being the remaining shareholder of the Target Company after the Completion, and the Target Company to regulate the affairs of the Company and the respective rights, duties, covenants, and obligations of the Purchaser and Mr. Chan, as shareholders of the Target Company. The Shareholders' Agreement will come into effect on the Completion Date.

Lock-up Restrictions: Subject to the terms of the Shareholders' Agreement, save as otherwise permitted thereunder, for a period of eleven (11) years from the Completion Date, without the prior written consent of the Purchaser, Mr. Chan shall not (a) sell, transfer or otherwise dispose of, or grant any option over, any of his shares in the Target Company or any right over or interest in or derivative of any of his shares, to or in favour of any third party; (b) pledge, mortgage, charge or otherwise create or have any encumbrance over any of his shares in the Target Company or any right over or interest in or derivative of any of his shares, to or in favour of any third party; or (c) enter into any agreement with any third party in respect of the exercise of any of the votes attached to any of his shares in the Target Company (the "**Lock-up Restrictions**").

Right of First Refusal: Subject to the Lock-up Restrictions and terms of the Shareholders' Agreement, in the event any shareholder of the Target Company intends to sell, transfer or otherwise dispose of any portion of its shares in the Target Company and such selling shareholder has reached an agreement with a third party which is not an affiliate of such selling shareholder to purchase the sale shares on bona fide, arm's length terms, such selling shareholder shall first make an offer in writing to sell the relevant sale shares to the other shareholder of the Target Company.

Board of directors: The board of directors of the Target Company shall consist of three (3) directors, whereby (a) the Purchaser is entitled to nominate and appoint up to two (2) directors; and (b) Mr. Chan is entitled to nominate and appoint one (1) director. The Purchaser is entitled to elect the chairman of the board of directors, but the chairman shall not have a second or casting vote at any meeting of the board of directors.

Call Option 1 and Put Option 1:

Under the Shareholders' Agreement, Mr. Chan shall grant to the Purchaser the Call Option 1, pursuant to which, for the period of fifteen (15) calendar days following the third (3rd) anniversary of the Completion Date (the "**Call Option 1 EP**"), the Purchaser shall have the right, at its option, to require Mr. Chan to sell the Second Closing Shares at the Second Closing Purchase Price (as defined below) by way of a written notice to Mr. Chan in accordance with the terms of the Shareholders' Agreement.

In the event that the Purchaser does not exercise its Call Option 1 by the expiry of Call Option 1 EP, the Purchaser has granted and Mr. Chan shall have the right, at his option, to sell the Second Closing Shares to the Purchaser by way of a written notice in accordance with the terms of the Shareholders' Agreement at any time during the fifteen (15) calendar days following the expiry of the Call Option 1 EP.

Consideration and the basis of determination

The consideration for the exercise of the Call Option 1 or the Put Option 1 (as the case may be) (the "**Second Closing Purchase Price**") shall be the a sum equivalent to the aggregate of:

(1) 6 x adjusted EBITDA (being the average EBITDA determined based on the accounts for the three years ending 31 December 2027) multiplied by 10% (assuming the total number of the Second Closing Shares to the total share capital of the Target Company); *plus*

(2) cash of the Target Company as at the last calendar day of the financial year ending 31 December 2027 based on the accounts for such year (the "**FY27 Accounts**") multiplied by 10% (assuming the total number of the Second Closing Shares to the total share capital of the Target Company); *minus*

(3) debt of the Target Company as at the last calendar day of the financial year ending 31 December 2027 based on the FY27 Accounts multiplied by 10% (assuming the total number of the Second Closing Shares to the total share capital of the Target Company).

The Second Closing Purchase Price is determined at after arm's length negotiation between the parties with reference to the principle and mechanics of the Consideration.

Completion and payment

The completion of the sale and purchase of the Second Closing Shares shall take place within fifteen (15) business days following the later of (i) the issuance of the FY27 Accounts (which shall be not more than six (6) months from the financial year end) or (ii) the date of the written notice in relation to the exercise of Call Option 1 or Put Option 1 issued by the Purchaser to Mr. Chan or by Mr. Chan to the Purchaser (as the case may be). On the completion date of the sale and purchase of the Second Closing Shares:

(1) Mr. Chan shall deliver or cause to be delivered to the Purchaser the items listed in the Shareholders' Agreement in respect of the Second Closing Shares; and

(2) in exchange thereof, the Purchaser shall pay Mr. Chan the Second Closing Purchase Price in MYR by electronic transfer of funds for same day value to the account designated by Mr. Chan without any set-off or counter claim whatsoever and free and clear of any deductions or withholdings and in immediately available, freely transferable and cleared funds.

Call Option 2 and Put Option 2:

Without prejudice to the Call Option 1 and Put Option 1 above, under the Shareholders' Agreement, Mr. Chan shall grant to the Purchaser the Call Option 2, pursuant to which, for the period of fifteen (15) calendar days following the tenth (10th) anniversary of the Completion Date (the "**Call Option 2 EP**"), the Purchaser shall have the right, at its option, to require Mr. Chan to sell the Third Closing Shares at the Third Closing Purchase Price (as defined below) by way of a written notice to Mr. Chan in accordance with the terms of the Shareholders' Agreement.

In the event that the Purchaser does not exercise its Call Option 2 by the expiry of Call Option 2 EP, the Purchaser has granted and Mr. Chan shall have the right, at his option, to sell the Third Closing Shares to the Purchaser by way of a written notice to the Purchaser in accordance with the terms of the Shareholders' Agreement at any time during the fifteen (15) calendar days following the expiry of the Call Option 2 EP.

Consideration and the basis of determination

The consideration for the exercise of the Call Option 2 or the Put Option 2 (as the case may be) (the "**Third Closing Purchase Price**") shall be a sum equivalent to the aggregate of:

(1) 6 x adjusted EBITDA (being the average EBITDA determined based on the accounts for the three years ending 31 December 2034) multiplied by 10% (assuming the total number of the Third Closing Shares to the total share capital of the Target Company); *plus*

(2) cash of the Target Company as at the last calendar day of the financial year ending 31 December 2034 based on the accounts for such year (the "**FY34 Accounts**") multiplied by 10% (assuming the total number of the Third Closing Shares to the total share capital of the Target Company); *minus*

(3) debt of the Target Company as at the last calendar day of the financial year ending 31 December 2034 based on the FY34 Accounts multiplied by 10% (assuming the total number of the Third Closing Shares to the total share capital of the Target Company.

The Third Closing Purchase Price is determined at after arm's length negotiation between the parties with reference to the principle and mechanics of the Consideration.

Completion and payment

The completion of the sale and purchase of the Third Closing Shares shall take place within fifteen (15) business days following the later of (i) the issuance of the FY34 Accounts (which shall be not more than six (6) months from the financial year end) or (ii) the date of the written notice in relation to the exercise of Call Option 2 or Put Option 2 issued by the Purchaser to Mr. Chan or by Mr. Chan to the Purchaser (as the case may be). On the completion date of the sale and purchase of the Third Closing Shares:

(1) Mr. Chan shall deliver or cause to be delivered to the Purchaser the items listed in the Shareholders' Agreement in respect of the Third Closing Shares; and

(2) in exchange thereof, the Purchaser shall pay Mr. Chan the Third Closing Purchase Price in MYR by electronic transfer of funds for same day value to the account designated by Mr. Chan without any set-off or counter claim whatsoever and free and clear of any deductions or withholdings and in immediately available, freely transferable and cleared funds.

Besides, each of the parties agreed upon, among others, shareholders rights and corporate governance of the Target Company upon the completion of the Acquisition.

INFORMATION ABOUT THE TARGET GROUP COMPANIES

The Target Company was incorporated in Malaysia on 16 August 1994 with limited liability, and it is principally engaged in rental of machineries and equipment; trading of new and second-hand machineries and equipment; and all other business activities (including ancillary). As at the date of this announcement, the Target Company is owned as to 99% by Mr. Chan and 1% by Ms. How. Upon the Completion, the Target Company will be owned as to 80% and 20% by the Purchaser and Mr. Chan, respectively, and the Target Company will become a subsidiary of the Company upon the Completion and therefore its financial results will be consolidated into the Group's consolidated financial statements.

TGCore was incorporated in Malaysia on 15 April 2019 with limited liability, and it is principally engaged in repair and maintenance of industrial machinery and equipment; and wholesale of construction and civil engineering machinery and equipment, most of which are conducted with the Target Company. As at the date of this announcement, TGCore is owned as to 70% and 30% by two individuals, who are third parties independent of the Company and its connected persons.

Based on the pro forma consolidated financial statements prepared by the Target Group Companies in accordance with Malaysian Private Entities Reporting Standard, as at 31 December 2024, the total assets and the net assets of the Target Company amounted to MYR163,329,939 and MYR91,899,141, respectively. Based on the unaudited financial statements prepared by TGCore in accordance with Malaysian Private Entities Reporting Standard, as at 31 December 2024, the total assets and the net assets of the TGCore amounted to MYR1,114,153 and MYR1,027,603, respectively. The table below sets out the net profit/(loss) attributable to the Target Group Companies (before and after excluding tax and extraordinary items) for the two financial years ended 31 December 2024:

	For the year ended 31 December 2023 *(audited)* *MYR'000*	**For the year ended 31 December 2024** *(unaudited)* *MYR'000*
The Target Company		
Net profit/(loss) before tax and extraordinary items	22,974	21,527
Net profit/(loss) after tax and extraordinary items	15,057	16,107

	For the year ended 31 December 2023 *(audited)* *MYR'000*	**For the year ended 31 December 2024** *(unaudited)* *MYR'000*
TGCore		
Net profit/(loss) before tax and extraordinary items	534	267
Net profit/(loss) after tax and extraordinary items	444	212

The table below sets out the unaudited pro forma consolidated net profit/(loss) of the Target Group Companies (before and after excluding tax and extraordinary items) after the acquisition of total issued share capital of TGCore by the Target Company for the two financial years ended 31 December 2024 in accordance with Malaysian Private Entities Reporting Standard prepared by the Target Group Companies:

	For the year ended 31 December 2023 *(unaudited)* *MYR'000*	**For the year ended 31 December 2024** *(unaudited)* *MYR'000*
Net profit/(loss) before tax and extraordinary items	23,508	21,794
Net profit/(loss) after tax and extraordinary items	15,501	16,320

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group is a leading equipment operation service provider in China. Being a leading global rental company, the Group is committed to providing one-stop comprehensive solutions of "product + service" for domestic and overseas clients in the construction and industrial sectors. Since its establishment in 2011, the Group has built up comprehensive and diversified equipment offerings and strong service capacities, and maintained industry-leading positions in numerous product lines. Keeping its leading role in domestic market, the Group has strategically deployed outlets in several overseas markets, thus continuously improving its global service capabilities. As a result, the Group is ranked the 14th in the world in the IRN100 list, and the 2nd in the world (1st in China) in terms of the fleet size of aerial work platforms according to the 2024 version of the ACCESS50.

The Target Company is ranked the 1st among local companies in Malaysia and the 71st in the world in terms of the fleet size of aerial work platforms according to the 2024 version of the ACCESS50. As Malaysia's top one-stop equipment rental provider, the Target Company has a large, stable customer base of over 1,000 customers, with low concentration and most of which are local loyal clients. Its strong local presence and experience will boost the Company's market expansion in Malaysia.

The Acquisition and the grant of Call Options and Put Options represent a strategic initiative of the Group to bolster its market presence and operational capabilities in the Southeast Asia region. Guided by the aforementioned vision and business strategy of the Group, the Board considers that such transactions will enlarge the Group's oversea asset bases and enable the Group to integrate an established sales and distribution network in Malaysia, providing it with access to the Target Company's extensive customer base, which would enable the Group to further expand and complement its product-offering, distribution and sales networks. Such transactions are also expected to bring synergistical effect to the Group's current business in Malaysia. It is anticipated that considerable benefits can be derived from combing the Group's current portfolio of products and solutions and the sharing of best practices, which would effectively enhance operational efficiency. Furthermore, the Group regards such transactions as a calculated step towards diversifying the Group's business portfolio. Such geographical diversification will enhance the Group's resilience against regional business risks and solidify the stability of the Group's operations. Furthermore, both the Call Options and Put Options would enable the Group to acquire the entire equity interests in the Target Company after the release of prescribed Lock-up Restrictions at the pre-agreed prices determined after arm's length negotiations, thereby allowing the Group to enjoy the full control of the Target Company.

Having considered the above factors, the Directors (including the independent non-executive Directors) are of the view that although the above transactions are not conducted in the ordinary and usual course of business of the Company, they are on normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 14.74(1) of the Listing Rules, as the exercise of each of the Put Options is not at the Group's discretion, the Put Options will be classified as if they had been exercised (with reference to the highest possible monetary value) upon the grant of Put Options under the Shareholders' Agreement.

As the Acquisition and the Put Options are entered into by the Group with the same party and involving the acquisition of the interests in the Target Company, they are required to be aggregated in accordance with Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Share Purchase Agreement and the Put Options, on an aggregated basis, exceeds 5% but is less than 25%, such transactions contemplated thereunder constitute discloseable transactions for the Company and are therefore subject to the announcement and reporting requirements, but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.75(1) of the Listing Rules, as the exercise of each of the Call Options is at the discretion of the Group, on the grant of the Call Options, only the premium will be taken into consideration for purpose of classification of notifiable transaction. As the Purchaser did not and will not pay any premium for the Call Options, the Call Options are exempt from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company will comply with all applicable requirements under Chapter 14 of the Listing Rules upon the exercise of the Call Options by the Group as and when appropriate.

INFORMATION ABOUT THE PARTIES

The Purchaser is a wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability. It is primarily engaged in equity investment for strategic purpose of the main business of the Company.

The Sellers are both Malaysian residents. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Sellers are third parties independent of the Company and its connected persons.

DEFINITIONS

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

"Acquisition"	the acquisition of Sale Shares by the Purchaser from each of the Sellers in accordance with the terms and conditions of the Share Purchase Agreement
"Adjusted EBITDA"	(a) the EBITDA of the Target Group Companies for the financial year ended 31 December 2024; *plus/minus* (b) any adjustments to be mutually agreed by the Purchaser and the Sellers, determined based on the audited financial information of the Target Group Companies as set out in audited accounts of the Target Group Companies for the year ended 31 December 2024

"Adjusted Net Working Capital"	(a) in the event the Completion Working Capital exceeds the Upper Target Working Capital Range Limit, the amount of the Completion Working Capital *minus* the Upper Target Working Capital Range Limit (expressed in a positive number); and (b) in the event the Completion Working Capital is less than the Lower Target Working Capital Range Limit, the amount of the Completion Working Capital *minus* the Lower Target Working Capital Range Limit (expressed in a negative number)
"Board"	the board of directors of the Company
"Call Options"	Call Option 1 and Call Option 2
"Call Option 1"	a call option granted by Mr. Chan to the Purchaser for it to purchase the Second Closing Shares
"Call Option 2"	a call option granted by Mr. Chan to the Purchaser for it to purchase the Third Closing Shares
"China"	the People's Republic of China, for the purposes of this announcement, excluding Hong Kong, Macau and Taiwan
"Company"	Horizon Construction Development Limited (宏信建設發展有限公司), a company incorporated with limited liability in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Acquisition under the Share Purchase Agreement
"Completion Accounts"	the unaudited consolidated balance sheet of the Target Group Companies as at the Completion Date to be prepared in accordance with the terms of the Share Purchase Agreement
"Completion Cash"	the amount of cash attributed to the Target Group Companies as at the Effective Time, determined in accordance with the terms of the Share Purchase Agreement
"Completion Date"	(1) in the case where the Unconditional Date occurs between the first day and fifteenth day of a calendar month (both dates inclusive), such date falling on the last business day of the calendar month in which the Unconditional Date occurs; (2) in the case where the Unconditional Date occurs between the sixteenth day and the last day of a calendar month (both dates inclusive), such date falling on the last business day of the calendar month following the month in which the Unconditional Date occurs; or (3) such other date as the Purchaser and the Sellers may agree in writing

"Completion Debt"	the amount of debt attributed to the Target Group Companies as at the Effective Time, determined in accordance with the terms of the Share Purchase Agreement
"Completion Enterprise Value"	the amount equals to the Adjusted EBITDA multiplied by a factor of 6
"Completion Working Capital"	the amount of working capital of the Target Group Companies as at the Effective Time, determined in accordance with the terms of the Share Purchase Agreement
"Consideration"	the total purchase price for the sale and purchase of the Sale Shares, which is calculated in accordance with the terms of the Share Purchase Agreement as follows: (a) Completion Enterprise Value; *minus* (b) a sum equal to the Completion Debt; *plus* (c) a sum equal to the Completion Cash; and (d) either (i) *plus* the Adjusted Net Working Capital if it is a positive number; or *minus* the Adjusted Net Working Capital (if it is a negative number); and *multiply by* (e) the total percentage of the Sale Shares against the total issued shares of the Target Company (i.e., 80%)
"Cut-off Date"	date of expiry of a period of 2 months following the date of the Share Purchase Agreement, or such other date as may be mutually agreed by the Purchaser and the Sellers
"Determination Date"	7 Business Days after the date on which the Completion Accounts are agreed between the parties or otherwise determined in accordance with the Share Purchase Agreement
"Director(s)"	the director(s) of the Company
"EBITDA"	earnings before interest, taxes, depreciation and amortisation of the Target Group Companies
"Effective Time"	as at 00:00 hours of the Completion Date
"Estimated EBITDA"	(a) the estimated EBITDA of the Target Group Companies for the financial year ended 31 December 2024; *plus/minus* (b) any adjustments to be mutually agreed by the Purchaser and the Sellers, as prepared by the Sellers in good faith and notified by the Sellers to the Purchaser and estimated in accordance with the Share Purchase Agreement
"Group"	the Company and its subsidiaries

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Indicative Enterprise Value"	the amount equals to the Estimated EBITDA multiplied by a factor of 6
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Mr. Chan"	Mr. Chan Heng Choy, an existing shareholder of the Target Company holding 495,000 ordinary shares of the Target Company, representing 99% of the total issued share capital thereof
"Ms. How"	Ms. How Mee Cheng, an existing shareholder of the Target Company holding 5,000 ordinary shares of the Target Company, representing 1% of the total issued share capital thereof
"MYR"	Ringgit Malaysia, the lawful currency of Malaysia
"Option Shares"	the Second Closing Shares or Third Closing Shares
"Purchaser"	Horizon Construction Development Investment (HongKong) Limited, a wholly-owned subsidiary of the Company as at the date of this announcement
"Put Options"	Put Option 1 and Put Option 2
"Put Option 1"	a put option granted by the Purchaser to Mr. Chan for him to require the Purchaser to purchase the Second Closing Shares
"Put Option 2"	a put option granted by the Purchaser to Mr. Chan for him to require the Purchaser to purchase the Third Closing Shares
"Retained Consideration"	20% of the indicative total amount of the Consideration
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	comprising (i) 395,000 ordinary shares of the Target Company held by Mr. Chan, representing 79% of the total issued share capital of the Target Company; and (ii) 5,000 ordinary shares of the Target Company held by Ms. How, representing 1% of the total issued share capital of the Target Company
"Second Closing Shares"	10% of equity interests in the Target Company held by Mr. Chan
"Sellers"	Mr. Chan and Ms. How, both being Malaysian residents
"Share Purchase Agreement"	the share purchase agreement dated 8 May 2025 entered into by the Purchaser and Sellers in relation to the acquisition of an aggregate of 80% equity interests in the Target Company by the Purchaser

"Shareholders' Agreement"	the shareholders' agreement dated 8 May 2025 entered into between the Purchaser, Mr. Chan and the Target Company in relation to (among others) the purchase of an aggregate of 20% of equity interests in the Target Company by the Purchaser
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	TH Tong Heng Machinery Sdn. Bhd., a company incorporated in Malaysia with limited liability
"Target Group Companies"	the Target Company and TGCore, and each is a "Target Group Company"
"Target Working Capital Range"	the range between MYR8,000,000 and MYR10,000,000, wherein, MYR8,000,000 being the lowest target working capital range limit (the "**Lower Target Working Capital Range Limit**") and MYR10,000,000 being the upper target working capital range limit (the "**Upper Target Working Capital Range Limit**")
"TGCore"	TGCore Trading Sdn. Bhd., a company incorporated in Malaysia with limited liability
"Third Closing Shares"	10% of equity interests in the Target Company held by Mr. Chan
"Unconditional Date"	the date on which all the conditions precedent having been fulfilled or waived by the relevant party under the Share Purchase Agreement
"%"	per cent

For the purpose of this announcement, unless the content otherwise requires, conversion of MYR into RMB is based on the approximate exchange rate of the RMB central parity of MYR1.00 to RMB1.7005 published by the People's Bank of China as at the date of this announcement. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in RMB to MYR have been, could have been or may be converted at such or any other rate or at all.

By Order of the Board
Horizon Construction Development Limited
KONG Fanxing
Chairman

Hong Kong, 8 May 2025

As at the date of this announcement, the executive directors of the Company are Mr. ZHAN Jing (Chief Executive Officer) and Mr. TANG Li, the non-executive directors of the Company are Mr. KONG Fanxing (Chairman), Mr. XU Huibin, Mr. HE Ziming, Mr. YUAN Shaozhen and Ms. GUO Lina, and the independent non-executive directors of the Company are Mr. LIU Jialin, Mr. XU Min, Ms. JIN Jinping and Mr. SUM Siu Kei.