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興勝創建控股有限公司

HANISON CONSTRUCTION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 896)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL

THE DISPOSAL

The Board is pleased to announce that on 8 February 2017 (after trading hours), the Vendor, a direct wholly-owned subsidiary of the Company, the Guarantor, an indirect wholly-owned subsidiary of the Company, the Target Company and the Purchaser entered into the Sale and Purchase Agreement in relation to the Disposal, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares (representing the entire issued and paid up share capital of the Target Company), free from all Encumbrances at the Initial Purchase Price of HK\$250,000,000 (subject to adjustment, if any).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

THE DISPOSAL

Reference is made to the announcement of the Company dated 14 December 2016 regarding the MOU. The Board is pleased to announce that on 8 February 2017 (after trading hours), the Vendor, a direct wholly-owned subsidiary of the Company, the Guarantor, an indirect wholly-owned subsidiary of the Company, the Target Company and the Purchaser entered into the Sale and Purchase Agreement in relation to the Disposal, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally to purchase the Sale Shares (representing the entire issued and paid up share capital of the Target Company), free from all Encumbrances at the Initial Purchase Price of HK\$250,000,000 (subject to adjustment, if any).

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are summarised as follows:

Date

8 February 2017

Parties

- (a) Hanison Construction Holdings (BVI) Limited, a direct wholly-owned subsidiary of the Company, being the Vendor
- (b) Sanney Limited, an indirect wholly-owned subsidiary of the Company, being the Guarantor
- (c) Profit Gainer Holdings Limited, being the Purchaser
- (d) Senior Rich Development Limited, being the Target Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner(s) is a third party independent of the Company and the connected persons of the Company.

Subject Matter

The Sale Shares, representing the entire issued and paid up share capital of the Target Company, free from all Encumbrances.

The Target Company is a property holding company with the sole purpose of holding the legal and beneficial interest of the Property situated at Lot Nos. 163 s.A, 163 s.B, 164, 165 s.B ss.1, 165 s.B RP, 165 s.D, 165RP, 166RP, 167RP, 168, 169, 170 and 171 all in Demarcation District No.128, Yuen Long, New Territories, Hong Kong.

Consideration

The consideration shall initially be HK\$250,000,000 (the "**Initial Purchase Price**"), subject to adjustment (if any) by reference to the Net Current Assets as at the Completion Date, which shall be paid in the following manners:

- (a) a sum of HK\$12,500,000 being the Initial Deposit and part payment of the Initial Purchase Price was paid to the Vendor's solicitors as stakeholders on 14 December 2016 upon the signing of the MOU;

- (b) a sum of HK\$12,500,000 being the Further Deposit and part payment of the Initial Purchase Price has been paid to the Vendor's solicitors as stakeholders upon the signing of the Sale and Purchase Agreement;
- (c) the remaining balance of the Initial Purchase Price, as adjusted upward or downward by the amount of the estimated Net Current Assets as per the unaudited pro-forma completion accounts of the Target Company, shall be paid by the Purchaser to the Vendor or the Vendor's solicitors upon Completion; and
- (d) a sum in respect of the final adjustment of the Initial Purchase Price as determined according to the following formula shall be paid by the Purchaser or the Vendor (as the case may be) on a dollar-for-dollar basis within 5 Business Days after the delivery of the audited completion accounts of the Target Company:
 - (i) there shall be added to the Initial Purchase Price the amount (if any) by which the Net Current Assets (determined by reference to the audited completion accounts of the Target Company) is more than the Net Current Assets (as set out in the unaudited pro-forma completion accounts of the Target Company); or
 - (ii) there shall be deducted from the Initial Purchase Price the amount (if any) by which the Net Current Assets (determined by reference to the audited completion accounts of the Target Company) is less than the Net Current Assets (as set out in the unaudited pro-forma completion accounts of the Target Company).

The consideration was determined and arrived at after arm's length negotiation between the Vendor and the Purchaser, having taken into account the offer price of comparable properties in nearby locations.

Conditions Precedent

Completion is subject to the satisfaction or waiver of the following conditions precedent, amongst others, on or before the Completion Date:

- (a) the Target Company being able to provide good title to the Property up to the date of the Sales and Purchase Agreement in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong);
- (b) all debts or loans owed by the Target Company to the Vendor or its affiliates or any of their subsidiaries having been fully repaid, settled, novated or otherwise eliminated so that the Target Company shall be absolutely free and discharged of and from any debts, loans or liabilities whatsoever owing to the Vendor and/or its affiliates as at Completion;
- (c) no material adverse change in the business, operation, assets, position (financial, trading or otherwise), profits or prospect of the Target Company and the Property having occurred on or before the Completion Date;
- (d) the warranties set out in the Sale and Purchase Agreement remaining true, accurate and not misleading in all material respects on the Completion Date; and
- (e) all compliance requirements as may be required under the Listing Rules relating to the Disposal having been complied with by the Company.

The Purchaser may in its absolute discretion waive any of the conditions precedent set out in the Sale and Purchase Agreement other than the condition precedent set out in paragraph (e) above.

If any of the conditions precedent has not been satisfied in full (or waived) on or before the Completion Date, the Vendor shall arrange to return the Initial Deposit and the Further Deposit (without interest) to the Purchaser.

If the Vendor does not proceed to Completion on the Completion Date where all conditions precedent have been satisfied in full (or waived), the Vendor shall arrange to return the Initial Deposit and the Further Deposit (without interest) to the Purchaser and the Purchaser can in addition claim for damages for the Vendor's breach of the Sale and Purchase Agreement and/or seek for specific performance of its obligations under the Sale and Purchase Agreement.

If the Purchaser does not proceed to Completion on the Completion Date where all conditions precedent have been satisfied in full (or waived), the Vendor may retain and forfeit the Initial Deposit and the Further Deposit and in addition claim for damages for the Purchaser's breach of the Sale and Purchase Agreement and/or seek for specific performance of its obligations under the Sale and Purchase Agreement.

Guarantee

The Guarantor has agreed to guarantee the performance and observance by the Vendor of its obligations, commitments and warranties under the Sale and Purchase Agreement.

Completion

Completion shall, subject to the fulfillment or waiver of all conditions precedent as set out in the Sale and Purchase Agreement, take place on 31 March 2017 or such other date as the Vendor and the Purchaser may agree in writing.

INFORMATION ON THE TARGET COMPANY AND THE PROPERTY

The Target Company is a property holding company with the sole purpose of holding the legal and beneficial interest of the Property situated at Lot Nos. 163 s.A, 163 s.B, 164, 165 s.B ss.1, 165 s.B RP, 165 s.D, 165RP, 166RP, 167RP, 168, 169, 170 and 171 all in Demarcation District No.128, Yuen Long, New Territories, Hong Kong.

The Property comprises pieces of agricultural lands for use as open storage.

INFORMATION ON THE COMPANY, THE VENDOR AND THE GUARANTOR

The Company is an investment holding company incorporated in the Cayman Islands, the securities of which are listed on the Stock Exchange. The principal business activities of the Company and its subsidiaries are construction, interior and renovation works, supply and installation of building materials, property investment, property development, provision of property agency and management services and sale of health products.

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

The Guarantor is a limited company incorporated in Hong Kong and its principal business activity is property development. It is an indirect wholly-owned subsidiary of the Company.

INFORMATION ON THE PURCHASER

Profit Gainer Holdings Limited is a limited company incorporated in the British Virgin Islands and its principal business activity is investment holding.

FINANCIAL EFFECT OF THE DISPOSAL

The Target Company received rental income from various licences of approximately HK\$1,776,000 and approximately HK\$1,953,000 respectively for each of the financial years ended 31 March 2015 and 2016. As at the date of this announcement, all licences have been terminated save for the Licence which will expire on 28 February 2018.

Set out below is a summary of certain audited financial information of the Target Company for each of the financial years ended 31 March 2015 and 2016:

	For the years ended	
	31 March	
	2015	2016
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Net profit before taxation and extraordinary items	12,130	16,013
Net profit after taxation and extraordinary items	11,914	15,866

The unaudited net asset value of the Target Company as at 31 December 2016 was approximately HK\$124,192,000.

Upon Completion, the Target Company will cease to be a subsidiary of the Company. Accordingly, its financial results will cease to be consolidated in the accounts of the Company.

Upon Completion, it is estimated that the Company would realise a gain on the disposal before taxation attributable to the owners of the Company of approximately HK\$132,500,000, taking into account its 100% equity interest in the Target Company. The actual gain on the Disposal to be recorded by the Company is subject to audit and may be different from the estimated amount.

The Company intends to apply the net proceeds from the Disposal as general working capital and/or financing any possible property or other business investments.

REASONS FOR THE DISPOSAL

The Directors undertake strategic reviews of the Company's assets from time to time with a view to maximising returns to the shareholders of the Company. The Directors consider that the current market presents a good opportunity for the Company to unlock the value of the Target Company. Accordingly, the Directors believe that the Disposal will enable the Company to reallocate capital into future investment opportunities and pursue other growth opportunities.

The Directors (including the independent non-executive Directors) consider that the Disposal and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Board”	the board of Directors
“Business Day”	means any day on which banks are generally open for business in Hong Kong (excluding Saturdays, Sundays and public holidays)
“Company”	Hanison Construction Holdings Limited (stock code: 896), a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms of the Sale and Purchase Agreement
“Completion Date”	31 March 2017, the date on which Completion shall take place in accordance with the terms of the Sale and Purchase Agreement
“connected persons”	has the meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares pursuant to the Sale and Purchase Agreement

“Encumbrances”	any interest or equity of any person other than the owner of the subject matter (including any right to acquire, option or right of pre-emption) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement (other than the licence referred to in the Sale and Purchase Agreement)
“Further Deposit”	a sum of HK\$12,500,000 paid by the Purchaser to the Vendor’s solicitors as stakeholders on 8 February 2017
“Guarantor”	Sanney Limited, a limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Initial Deposit”	a sum of HK\$12,500,000 paid by the Purchaser to the Vendor’s solicitors as stakeholders on 14 December 2016
“Initial Purchase Price”	has the meaning ascribed to it under the paragraph headed “The Sale and Purchase Agreement – Consideration” in this announcement
“Licence”	the licence dated 1 March 2016 entered into between the Target Company and Hanison Contractors Limited in relation to the grant to Hanison Contractors Limited for use of a portion of the Property for a period from 1 March 2016 to 28 February 2018
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the legally binding memorandum of understanding dated 14 December 2016 entered into between the Vendor and the Purchaser relating to the Disposal
“Net Current Assets”	the total current assets of the Target Company (other than the value of the Property and deferred tax assets (if any)) minus total current liabilities of the Target Company (other than deferred tax liabilities) as at the Completion Date
“Property”	the property located at Lot Nos. 163 s.A, 163 s.B, 164, 165 s.B ss.1, 165 s.B RP, 165 s.D, 165RP, 166RP, 167RP, 168, 169, 170 and 171 all in Demarcation District No.128, Yuen Long, New Territories, Hong Kong
“Purchaser”	Profit Gainer Holdings Limited, a limited company incorporated in the British Virgin Islands

“Sale and Purchase Agreement”	the sale and purchase agreement dated 8 February 2017 entered into among the Vendor, the Guarantor, the Target Company and the Purchaser in respect of the Disposal
“Sale Shares”	such number of shares in the Target Company representing the entire issued and paid up share capital of the Target Company, which comprise (a) 380 voting class A shares; and (b) 10,000 non-voting class B shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning as ascribed to it under the Listing Rules
“Target Company”	Senior Rich Development Limited, a limited company incorporated in Hong Kong
“Vendor”	Hanison Construction Holdings (BVI) Limited, a limited company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board
HANISON CONSTRUCTION HOLDINGS LIMITED
Wong Sue Toa, Stewart
Managing Director

Hong Kong, 8 February 2017

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

Non-executive chairman

Mr. Cha Mou Sing, Payson

Non-executive director

Mr. Cha Mou Daid, Johnson

Executive directors

Mr. Wong Sue Toa, Stewart (*Managing Director*)

Mr. Tai Sai Ho (*General Manager*)

Independent non-executive directors

Mr. Chan Pak Joe

Dr. Lau Tze Yiu, Peter

Dr. Sun Tai Lun