



# HANISON CONSTRUCTION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 896)

## DISCLOSEABLE TRANSACTION

### ACQUISITION OF MILLION HOPE INDUSTRIES LIMITED AND MILLION HOPE HOLDING COMPANY LIMITED

The Directors announce that on 15 May 2007, Rich Color (a wholly owned subsidiary of the Company) entered into the Agreement with the Vendors pursuant to which Rich Color acquired (i) the MHH Sale Share, which represents the entire issued share capital of MHH, from the Vendor of MHH for a consideration of HK\$1, and (ii) the MHI Sale Shares, which represent the entire issued share capital of MHI, from the Vendors of MHI for a consideration of HK\$3,385,189. The aggregate Consideration for the Acquisition is HK\$3,385,190. The Acquisition was completed on the date of signing of the Agreement.

As some of the relevant percentage ratios of the Acquisition as set out in the Listing Rules are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

A circular containing details of the Acquisition will be despatched to shareholders of the Company as soon as practicable.

#### TERMS OF THE AGREEMENT

##### Date:

15 May 2007

##### Parties:

- (1) Vendors:
- (i) Vendor of MHH : Mr. Lai Yau Sing
  - (ii) Vendors of MHI : Mr. Au Yeung Cham Ho, Mr. Chiu Bood, David, Mr. Choi Hoo Sang, Mr. Lai Yau Sing and Mr. Lee Cheuk Hung
- (2) Purchaser : Rich Color

To the best of the Directors' knowledge, information and belief and having made reasonable enquiry, the Vendors are third parties independent of and are not connected with the Company and its connected persons.

##### Assets acquired:

Pursuant to the Agreement, Rich Color has acquired the following assets:—

- (1) The MHH Sale Share, i.e. one issued ordinary share of par value HK\$1.00 each, which represents the entire issued share capital of MHH.
- (2) The MHI Sale Shares, i.e. 11,000,000 issued ordinary shares of par value HK\$1.00 each, which represent the entire issued share capital of MHI.

##### Consideration for the Acquisition and payment terms:

The aggregate Consideration for the Acquisition is HK\$3,385,190 and has been satisfied in cash on the date of signing the Agreement.

The Consideration was arrived at after arm's length negotiations between the parties to the Agreement and on normal commercial terms with reference to the unaudited consolidated net asset value of MHH and MHI as at 30 September 2006 and the results of the due diligence on MHH and MHI. Although MHI incurred a net loss of HK\$23,980,529 for the six months ended 30 September 2006, this was mainly caused by two non-recurring expenditure: (a) the provision for doubtful debts in the amount of HK\$21,805,398, and (b) the provision for long service pay for staff in the amount of HK\$1,635,966. Excluding the effects of these provisions, the net loss was only HK\$539,165, which was mainly attributable to the tighter gross profit margin and higher bank interest payment. The net asset values of MHH and MHI at 30 September 2006 were HK\$385,192. When compared with the consideration of HK\$3,385,190, there is a premium of HK\$3 million. The Board (including the independent non-executive Directors) considers that the consideration is fair and reasonable and in the interest of the Company and its shareholders as a whole, because:—

- (1) MHI has been established for over 10 years with good reputation in the aluminium window supply and installation business and has accumulated a group of prestigious clientele.
- (2) Despite MHI sustained a net loss during the 6 months ended 30 September 2006, MHI has a proven profit making track record. (Please see the section "Information on MHH and MHI" below).
- (3) MHI is the authorized manufacturer of the famous brand "Schueco".
- (4) The MHI management and staff are experienced and knowledgeable in the business.

Taking into consideration the above, the Acquisition can produce a synergistic effect over the Group's existing business. The Consideration has been funded from internal sources of the Group.

##### Other terms of the Agreement:

Each party shall bear its own legal costs, stamp duties and registration fees payable in connection with the Acquisition.

##### Completion of the Agreement:

The Acquisition was completed on the date of signing the Agreement.

#### INFORMATION ON MHH AND MHI

MHH was incorporated in Hong Kong and is an investment holding company. MHH directly and wholly owns Million Hope Engineering Company Limited ("MHE") and Million Hope Trading Company Limited ("MHT"), both of which were incorporated in Hong Kong under the Companies Ordinance in the year 2006 and have not commenced business since their incorporation.

MHI was incorporated in Hong Kong and is engaged in the business of aluminium windows and curtain walls manufacturing and trading. MHI directly and wholly owns Dongguan MH and a Factory in Dongguan, PRC known as a "processing and assembly factory business" enterprise. Dongguan MH is engaged in the business of aluminium windows and curtain walls manufacturing and trading in the PRC. The Factory carries out assembly and processing of aluminium windows and curtain walls for MHI.

The unaudited consolidated net asset value as at 30 September 2006 and unaudited consolidated net profit/(loss) before and after tax and extraordinary items for the six months ended 30 September 2006 of MHH and MHI and the audited consolidated net profit before and after tax and extraordinary items of MHI for the two financial years ended 31 March 2005 and 2006 were as follows:—

Name of company	Unaudited consolidated net profit/(loss) before and after tax and extraordinary items for the six months ended 30 September 2006	Unaudited consolidated net profit/(loss) before and after tax and extraordinary items for the six months ended 30 September 2006	Audited consolidated net profit before tax and extraordinary items for the year ended 31 March 2005	Audited consolidated net profit before tax and extraordinary items for the year ended 31 March 2005	Audited consolidated net profit before tax and extraordinary items for the year ended 31 March 2006	Audited consolidated net profit before tax and extraordinary items for the year ended 31 March 2006
	(Note 1) HK\$	(Note 1) HK\$	(Note 2) HK\$	(Note 2) HK\$	(Note 2) HK\$	(Note 2) HK\$
MHH	3	0	N/A	N/A	N/A	N/A
MHI	385,189	(23,980,529)	7,628,437	6,337,814	7,097,012	6,568,731

##### Notes:

- (1) The auditors are still conducting audit of the accounts of MHI and MHH for the year ended 31 March 2007. Accordingly, the audited consolidated net asset value as at 31 March 2007 and the audited consolidated net profit/(loss) before and after tax and extraordinary items for the year ended 31 March 2007 of MHI and MHH are not available as at the date of the announcement.
- (2) No relevant figures for MHH for the two years ended 31 March 2005 and 2006 are available as this company was incorporated after 31 March 2006.

After the Acquisition, the Vendors will cease to have any interest in MHH, MHE, MHT, MHI, Dongguan MH and the Factory and these companies will become indirect wholly owned subsidiaries of the Company.

#### INFORMATION ON THE COMPANY

The principal business activity of the Company is investment holding. Its subsidiaries are principally engaged in building construction, interior and renovation works, supply and installation of building materials, trading of health products and property investment and development.

#### REASONS FOR AND BENEFITS OF THE ACQUISITION

One of the main businesses of the Group is the supply and installation of building materials. In tandem with the Group's organic growth, we have been actively exploring opportunities to develop our business via synergistic acquisitions. The Acquisition represents a strategic step in the expansion and consolidation of the building materials business of the Group. It will enable the Group to further expand its business and consolidate its market share. The shareholders and directors of MHI established MHH, MHE and MHT in 2006 with the intention of reorganising the business of MHI. However before any reorganisation has commenced, the shareholders of MHI have decided to sell MHI's business to us. Therefore MHH, MHE and MHT were sold to us at a nominal consideration of HK\$1.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are fair and reasonable and are in the interest of the Company and its shareholders as a whole.

#### LISTING RULES IMPLICATIONS OF THE TRANSACTION

As some of the relevant percentage ratios of the Acquisition as set out in the Listing Rules are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

A circular containing details of the Acquisition will be despatched to shareholders of the Company as soon as practicable.

#### DEFINITIONS

In this announcement, the following terms and expressions (unless the context otherwise requires) shall have the following meanings:

"Acquisition"	the acquisition of the MHH Sale Share and MHI Sale Shares by Rich Color
"Agreement"	the agreement for sale and purchase of the MHH Sale Share and the MHI Sale Shares dated 15 May 2007, entered into between the Vendors and Rich Color relating to the Acquisition
"Board"	the board of Directors of the Company
"Company"	Hanison Construction Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
"connected persons"	has the meaning ascribed thereto in the Listing Rules
"Consideration"	the aggregate consideration for the acquisition of the MHH Sale Share and the MHI Sale Shares pursuant to the Agreement, being HK\$3,385,190
"Director(s)"	the director(s) of the Company
"Dongguan MH"	東莞美亨新型建築材料有限公司, which is a wholly foreign owned enterprise established in Dongguan, PRC and a 100% owned subsidiary of MHI
"Factory"	東莞高步必富五金制品廠, which is a "processing and assembly factory business" enterprise in Dongguan, PRC
"Group"	the Company and its subsidiaries
"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
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MHH"	Million Hope Holding Company Limited, a company incorporated in Hong Kong under the Companies Ordinance, which was owned as to 100% by Mr. Lai Yau Sing immediately prior to the Acquisition
"MHI"	Million Hope Industries Limited, a company incorporated in Hong Kong under the Companies Ordinance, which was owned as to 72.05% by Mr. Lai Yau Sing, 11.88% by Mr. Choi Hoo Sang, 10.26% by Mr. Lee Cheuk Hung, 4.19% by Mr. Chiu Bood, David and 1.62% by Mr. Au Yeung Cham Ho immediately prior to the Acquisition
"MHH Sale Share"	one issued ordinary share of par value HK\$1.00 in MHH, representing MHH's entire issued share capital
"MHI Sale Shares"	11,000,000 issued ordinary shares of par value HK\$1.00 in MHI, representing MHI's entire issued share capital
"PRC"	People's Republic of China
"Rich Color"	Rich Color Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendors"	Vendor of MHH and Vendors of MHI
"Vendor of MHH"	Mr. Lai Yau Sing
"Vendors of MHI"	Mr. Au Yeung Cham Ho, Mr. Chiu Bood, David, Mr. Choi Hoo Sang, Mr. Lai Yau Sing and Mr. Lee Cheuk Hung

By Order of the Board  
**HANISON CONSTRUCTION HOLDINGS LIMITED**  
Wong Sue Toa Stewart  
Managing Director

Hong Kong, 15 May 2007

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

**Non-executive chairman**  
Mr. Cha Mou Sing, Payson

**Executive Directors**  
Mr. Wong Sue Toa, Stewart (Managing Director)  
Mr. Tai Sai Ho (General Manager)  
Dr. Lam Chat Yu  
Mr. Shen Tai Hing

**Non-executive Directors**  
Mr. Cha Mou Daid, Johnson  
Mr. Cha Yiu Chung, Benjamin

**Independent non-executive Directors**  
Mr. Chan Pak Joe  
Dr. Lau Tze Yiu, Peter  
Dr. Sun Tai Lun