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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

**MEMORANDUM OF UNDERSTANDING
IN RELATION TO THE POSSIBLE DISPOSAL**

THE POSSIBLE DISPOSAL

The Board is pleased to announce that on 14 December 2016 (after trading hours), the Vendor, a direct wholly-owned subsidiary of the Company, entered into the MOU with the Purchaser setting out the agreed terms on which the Purchaser shall enter into a Formal Agreement in relation to the Possible Disposal, pursuant to which the Vendor shall conditionally agree to sell and the Purchaser shall conditionally agree to purchase the Sale Shares (representing the entire issued and paid up share capital of the Target Company) and all shareholder's loan, if any, all free from Encumbrances at the initial consideration of HK\$250,000,000, subject to upward or downward adjustments for the net current assets/liabilities of the Target Company as at Completion Date.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Possible Disposal exceeds 5% but less than 25%, the Possible 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 MOU only contains the principal terms of the Possible Disposal, the Vendor and the Purchaser will negotiate and agree on the definitive terms of the Formal Agreement to be signed. The Company will publish further announcement under the Listing Rules upon the signing of the Formal Agreement where required.

The Board wishes to emphasise that the MOU may be terminated and no Formal Agreement will be signed if the Purchaser is not satisfied with the results of due diligence investigation due to the existence of defects in the title of the Property and/or issues that pose a material adverse impact on the value of the Sale Shares where in each case such defect cannot be rectified five days before the expiration of the Exclusivity Period. Completion of the Possible Disposal under the Formal Agreement, if signed, would also be subject to a number of conditions which may or may not be fulfilled. As such, the Possible Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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THE MOU

The principal terms of the MOU are summarised as follows:

Date

14 December 2016

Parties

- (a) Hanison Construction Holdings (BVI) Limited, a direct wholly-owned subsidiary of the Company, being the Vendor
- (b) Profit Gainer Holdings Limited, being the Purchaser

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

Pursuant to the MOU, the Purchaser conditionally agrees to purchase from the Vendor the Sale Shares (representing the entire issued and paid up share capital of the Target Company) and all shareholder's loan, if any, all free from Encumbrances at the initial consideration of HK\$250,000,000, subject to upward or downward adjustments for the net current assets/liabilities of the Target Company as at Completion Date. As at 30 November 2016, there was no shareholder's loan owing by the Target Company to the Vendor.

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.

Consideration

The consideration shall initially be HK\$250,000,000, subject to upward or downward adjustments for the net current assets/liabilities of the Target Company as at Completion Date. Such consideration shall be paid by the Purchaser in the following manners:

- (a) a sum of HK\$12,500,000 being the Initial Deposit and part payment of the initial consideration, shall be paid to the Vendor's solicitors as stakeholders upon the signing of the MOU;
- (b) a sum which, together with the Initial Deposit, equal to 10% of the initial consideration, being the Further Deposit and part payment of the initial consideration, shall be paid to the Vendor's solicitors as stakeholders upon the signing of the Formal Agreement; and
- (c) the remaining balance of the consideration (subject to upward or downward adjustments for the net current assets/liabilities of the Target Company as at Completion Date) shall be paid to the Vendor upon Completion.

The initial 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 in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong);
- (b) 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;
- (c) the warranties to be agreed in the Formal Agreement remaining true, accurate and not misleading; and
- (d) all compliance requirements as may be required under the Listing Rules relating to the Possible Disposal having been complied with by the Company.

If all of the conditions precedent have not been satisfied in full (or waived) on or before the long stop date (as to be defined in the Formal Agreement), the Vendor shall 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 of the conditions precedent have been satisfied in full (or waived), the Purchaser may request for refund of the Initial Deposit and the Further Deposit and in addition claim for damages for the Vendor's breach of the Formal Agreement and/or seek for specific performance of its obligations under the Formal 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 the Initial Deposit and the Further Deposit and in addition claim for damages for the Purchaser's breach of the Formal Agreement and/or seek for specific performance of its obligations under the Formal Agreement.

Completion

Completion shall, subject to the fulfilment and/or waiver of the conditions precedent as set out in the Formal Agreement, take place on 30 March 2017 or such other date as the Vendor and the Purchaser may agree in writing.

Exclusivity and Due Diligence Investigation

The Purchaser shall conduct the due diligence investigation in relation to the Possible Disposal during the Exclusivity Period. During the Exclusivity Period, the Vendor shall not enter into or be involved in any discussions, negotiation or agreement with or provide any information to any person (other than the Purchaser or its nominee(s)) for or in relation to the Possible Disposal.

Termination

The Purchaser is entitled to, during the Exclusivity Period, terminate the MOU and elect not to sign the Formal Agreement on ground that the Purchaser is not satisfied with the results of due diligence investigation due to the existence of:

- (a) defects identified in the title to the Property which cannot be rectified in the manner satisfactory to the Purchaser on or before the date falling five days preceding the expiration of the Exclusivity Period; and/or
- (b) issues that pose a material adverse impact on the value of the shares in the Target Company where such defect cannot be rectified in the manner satisfactory to the Purchaser on or before the date falling five days preceding the expiration of the Exclusivity Period.

In such an event, the Vendor shall return the Initial Deposit (without interest) to the Purchaser.

In all other circumstances (except due to any material default by the Vendor), the Vendor can retain the Initial Deposit or may in addition seek specific performance of the MOU.

In case of any material breach by the Vendor in performing its obligation, the Purchaser can terminate the MOU and request the Vendor to return the Initial Deposit (without interest) or seek specific performance of the MOU.

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.

The Property comprises pieces of agricultural lands for use as open storage with structures thereon for ancillary office and is subject to existing tenancies, leases and licences which will be terminated on or before the Completion Date.

INFORMATION ON THE COMPANY AND THE VENDOR

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.

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.

POSSIBLE FINANCIAL EFFECT OF THE POSSIBLE DISPOSAL

The Property is currently being leased out. The Target Company received a rental income 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.

For the purposes of this announcement, 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 <i>(HK\$'000)</i>	2016 <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 30 November 2016 was approximately HK\$123,877,000.

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 Possible Disposal to be recorded by the Company is subject to audit and may be different from the estimated amount as the actual gain or loss will depend on, amongst other factors, the actual net asset value of the Target Company as at the Completion Date.

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

REASONS FOR THE POSSIBLE 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 Possible 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 Possible 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

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The Board wishes to emphasise that the MOU may be terminated and no Formal Agreement will be signed if the Purchaser is not satisfied with the results of due diligence investigation due to the existence of defects in the title of the Property and/or issues that pose a material adverse impact on the value of the Sale Shares where in each case such defect cannot be rectified five days before the expiration of the Exclusivity Period. Completion of the Possible Disposal under the Formal Agreement, if signed, would also be subject to a number of conditions which may or may not be fulfilled. As such, the Possible Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“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 Possible Disposal in accordance with the terms of the MOU and the Formal Agreement
“Completion Date”	the date on which Completion shall take place in accordance with the terms of the MOU and the Formal Agreement
“connected persons”	has the meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Encumbrances”	all liens, charges, options, mortgages, pledges, pre-emptive rights, or any other encumbrances or third parties’ rights or interests
“Exclusivity Period”	an exclusive period commencing from the date of the MOU and ending on 8 February 2017 unless otherwise further extended by the parties in writing

“Formal Agreement”	the formal sale and purchase agreement to be entered into between, among others, the Vendor and the Purchaser in relation to the Possible Disposal
“Further Deposit”	a sum which, together with the Initial Deposit, equal to 10% of the consideration to be paid by the Purchaser upon the signing of the Formal Agreement
“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
“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 Possible Disposal
“Possible Disposal”	the possible disposal of the Sale Shares and all shareholder’s loan (if any) by the Vendor pursuant to the MOU and the Formal Agreement
“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
“Purchaser”	Profit Gainer Holdings Limited, a limited company incorporated in the British Virgin Islands
“Sale Shares”	such number of shares in the Target Company representing the entire issued and paid up share capital of the Target Company
“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, 14 December 2016

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