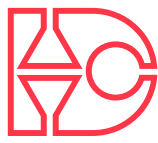


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興勝創建控股有限公司

HANISON CONSTRUCTION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 896)

**(1) DISCLOSEABLE TRANSACTION
IN RELATION TO
THE DISPOSAL OF 50% INTEREST IN
PROTIC LIMITED
AND
(2) DISCLOSEABLE TRANSACTION
IN RELATION TO
THE GRANT OF THE PUT OPTION**

THE DISPOSAL

The Board is pleased to announce that on 31 March 2021, the Vendor (a direct wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which (a) the Vendor agreed to sell and the Purchaser agreed to purchase 50% of the issued share capital in the Target Company (i.e. the Sale Share), the Target Company being a wholly-owned subsidiary of the Vendor prior to Completion; and (b) the Purchaser agreed to procure the repayment of 50% of the shareholder's loan(s) owing by the Target Company to the Vendor as at the Completion Date (i.e. the Shareholder's Loan), at the aggregate consideration of HK\$67,500,000 (subject to adjustment).

Completion took place on 31 March 2021. Upon Completion, the Target Company was recorded and accounted for as a joint venture in the Company's financial statements and ceased to be a subsidiary of the Company.

THE PUT OPTION

Pursuant to the Sale and Purchase Agreement, the Vendor granted to the Purchaser the Put Option, pursuant to which the Purchaser is entitled to sell the Sale Share, the Shareholder's Loan and all shareholder's loan(s) made available by the Purchaser to the Target Company after Completion and for the time being outstanding, to the Vendor at its discretion, at the Put Option Price, subject to a cap of HK\$213,000,000.

LISTING RULES IMPLICATIONS

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

As the highest applicable percentage ratio for the Company in respect of the grant of the Put Option, which is exercisable at the discretion of the Purchaser and subject to a Put Option Price cap of HK\$213,000,000, exceeds 5% but is less than 25%, the grant of the Put Option constitutes a discloseable transaction of the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

The joint venture arrangement in respect of the Target Company, being a single purpose vehicle to hold and develop the Property for sale, was, among other things, made on an arm's length basis on normal commercial terms and accordingly, the formation of joint venture is exempt from reporting, announcement and shareholders' approval requirements under Rule 14.04(1)(f) of the Listing Rules.

THE DISPOSAL

The Board is pleased to announce that on 31 March 2021, the Vendor (a direct wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which (a) the Vendor agreed to sell and Purchaser agreed to purchase 50% of the issued share capital in the Target Company (i.e. the Sale Share), the Target Company being a wholly-owned subsidiary of the Vendor prior to Completion; and (b) the Purchaser agreed to procure the repayment of 50% of the shareholder's loan(s) owing by the Target Company to the Vendor as at the Completion Date (i.e. the Shareholder's Loan), at the aggregate consideration of HK\$67,500,000 (subject to adjustment).

The Sale and Purchase Agreement

Date

31 March 2021

Parties

- (i) the Vendor, a direct wholly-owned subsidiary of the Company, as the vendor
- (ii) the Purchaser, as the purchaser

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner(s) is a third party independent of and not connected with the Company and its connected persons.

Subject Matter

The Sale Share represents 50% of the issued share capital in the Target Company prior to completion of the Disposal. The Target Company directly holds 100% legal and beneficial ownership of the Property. The Property shall be delivered on an “as-is where-is” basis.

The Purchaser also agreed to procure the repayment of the Shareholder’s Loan, which is approximately HK\$55,340,000.

Consideration

The Consideration payable by the Purchaser under the Sale and Purchase Agreement is HK\$67,500,000 (subject to adjustment) and shall be apportioned as follows:

- (a) an amount equal to the face value of the Shareholder’s Loan shall be applied for the repayment of the Shareholder’s Loan; and
- (b) the remaining balance of the Consideration (after adjustment) shall be applied as cash consideration for the Sale Share.

The Consideration has been/shall be paid in the following manner:

- (a) a sum equal to the Consideration (subsequently adjusted in accordance with paragraph (b) below and subject to adjustment as described in paragraph (c) below) has been paid by the Purchaser to the Vendor upon Completion;
- (b) a sum in respect of the initial adjustment of the Consideration in the amount of approximately HK\$14,246,249 as determined according to the following formula has been paid by the Purchaser to the Vendor upon Completion:
 - (i) a sum in the amount of HK\$514, representing 50% of the Net Current Asset Value (determined by reference to the unaudited pro forma completion accounts); and
 - (ii) a sum in the amount of approximately HK\$14,245,735, representing 50% of the aggregate of (I) HK\$26,848,000, representing 10% of the premium paid by the Target Company to the Lands Department in relation to the Land Exchange (further details set out below) (the “**Premium**”); and (II) HK\$1,643,469, representing the professional fees in respect of the development of the Property; and
- (c) a sum in respect of the final adjustment of the Consideration as determined according to the following formula shall be paid by the Purchaser or the Vendor (as the case may be) within 10 business days after agreement or determination of the Completion Accounts:
 - (i) there shall be added to the Consideration the amount (if any) by which 50% of the Net Current Asset Value (determined by reference to the Completion Accounts) is more than 50% of the Net Current Asset Value (determined by reference to the unaudited pro forma completion accounts);
or

- (ii) there shall be deducted from the Consideration the amount (if any) by which 50% of the Net Current Asset Value (determined by reference to the Completion Accounts) is less than 50% of the Net Current Asset Value (determined by reference to the unaudited pro forma completion accounts).

The Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser, having considered the market value of the comparable properties nearby.

Completion

Completion took place on 31 March 2021. Upon Completion, the Target Company was recorded and accounted for as a joint venture in the Company's financial statements and ceased to be a subsidiary of the Company.

Post-Completion obligations and Put Option

Subsequent to Completion, the Vendor shall ensure, and the Vendor and the Purchaser shall each exercise its voting rights and other powers of control available to it in relation to the Target Company to procure the Target Company to ensure the due completion of the Land Exchange in accordance with the Land Exchange Offer.

Pursuant to the Sale and Purchase Agreement, the Vendor granted to the Purchaser the Put Option, pursuant to which the Purchaser is entitled to sell the Sale Share, the Shareholder's Loan and all other shareholder's loan made available by the Purchaser to the Target Company after Completion and for the time being outstanding, to the Vendor at the Purchaser's discretion, at an exercise price (the "**Put Option Price**") equal to the aggregate of the Consideration (as adjusted) paid as at the date of the Put Option Completion and any shareholder's loans advanced by the Purchaser to the Target Company after Completion up to the date of the Put Option Completion and for the time being outstanding (collectively, the "**Put Option Base Price**"). In the event the Put Option Completion takes place after 10 business days following the Vendor's receipt of the relevant Put Option exercise notice, the Put Option Price shall comprise the Put Option Base Price and the additional interest on the Put Option Base Price at the rate of 0.35% per annum accruing on the sum of the aforementioned Consideration and the aforementioned shareholder's loans, respectively, from the respective payment or advance dates (as applicable) up to the date of receipt of the entire amount of the Put Option Base Price. The Put Option Price is subject to a cap of HK\$213,000,000.

The Put Option is exercisable by the Purchaser in the event that (i) due completion of the Land Exchange has not happened on or before 30 June 2021 (being 5 months from the date of receipt by the Lands Department of the acceptance letter of the Land Exchange Offer and the payment receipt of the demand note for 10% of the Premium); or (ii) any of the obligations of the Target Company in relation to the due completion of the Land Exchange has not happened within the relevant prescribed periods in accordance with the Land Exchange Offer. If due completion of the Land Exchange has happened on or before 30 June 2021 and all obligations of the Target Company in relation to the due completion of the Land Exchange have happened within the relevant prescribed periods in accordance with the Land Exchange Offer, the Put Option shall automatically lapse and terminate. The Put Option is granted to the Purchaser at no cost.

SHAREHOLDERS' ARRANGEMENTS

Pursuant to the Sale and Purchase Agreement, the Vendor, the Purchaser, the Guarantor (as the Purchaser's guarantor) and the Target Company have also entered into the Shareholders' Agreement with respect to the Target Company on 31 March 2021.

The Shareholders' Agreement

Board composition

The board of directors of the Target Company shall comprise a maximum of six directors and each of the Vendor and the Purchaser shall nominate three directors. The right to appoint the chairman of the board of directors of the Target Company shall vest in the Vendor and the Purchaser in alternate years, with such right vesting in the Vendor for the first year. The chairman shall not be entitled to a casting vote in board meeting.

All matters to be determined by the board of directors of the Target Company shall be by simple majority, save for certain reserved matters as set out in the Shareholders' Agreement (including any change in the nature or scope of the business of the Target Company, and where the Target Company proposes to enter into any transactions which are not on an arm's length basis) which shall require unanimous consent.

Funding

The Target Company will finance its operation by way of unsecured shareholders' loan(s) provided by the Purchaser and the Vendor on a pro-rata basis either on an interest-free basis or at an interest rate to be mutually agreed.

Restrictions on transfer

Unless otherwise provided in the Shareholders' Agreement, each party shall be subject to certain transfer restrictions (including a right of first refusal, tag-along right and drag-along right) in a proposed transfer of its equity interests in the Target Company.

In the event of the occurrence of any events of default, including any material breach, liquidation and/or insolvency events, suspension or cessation of business of any shareholder of the Target Company, disposal of the shares or assignment of the rights in the shares in the Target Company not in accordance with the Shareholders' Agreement, and a change in control of the Purchaser and/or the Guarantor, or the Vendor, respectively, the defaulting shareholder shall be deemed to have irrevocably offered to (i) sell all of its shares in and shareholder's loan provided to the Target Company to the non-defaulting shareholder; or (ii) to purchase from the non-defaulting shareholder all of the shares in and shareholder's loan provided to the Target Company by the non-defaulting shareholder of the Target Company.

Other arrangements

The shareholders of the Target Company shall, and shall procure its respective relevant affiliate(s) to, enter into services deeds with the Target Company, pursuant to which the Target Company shall engage such affiliate(s) to provide project management, management contractor and estate management services in respect of the development project of the Property.

Guarantee

The Guarantor has agreed to guarantee the performance and observance by the Purchaser of its obligations, commitments and warranties under the Shareholders' Agreement.

INFORMATION OF THE TARGET COMPANY AND THE PROPERTY

The Target Company is the sole legal and beneficial owner of the Property. The Target Company is solely engaged in the holding and development of the Property for sale.

The Property comprises ALL THOSE pieces or parcels of grounds registered in the Land Registry as Lot No.1367, The Remaining Portion of Section A of Lot No.1372, The Remaining Portion of Section B of Lot No.1372, The Remaining Portion of Lot No.1372, The Remaining Portion of Section B of Lot No.1373, The Remaining Portion of Section C of Lot No.1373, The Remaining Portion of Section E of Lot No.1373, The Remaining Portion of Section F of Lot No.1373, Section A of Lot No.1839, Section B of Lot No.1839, Section C of Lot No.1839, Section D of Lot No.1839, Section E of Lot No.1839, The Remaining Portion of Lot No.1839, The Remaining Portion of Section A of Lot No.1937, The Remaining Portion of Section B of Lot No.1937 and The Remaining Portion of Lot No.1937 all in Demarcation District No.121 together with the messuage erections and buildings erected thereon (if any), also known as No. 121, Tong Yan San Tsuen, Yuen Long, New Territories, Hong Kong, with a site area of approximately 6,253.7 square metres. As at the date of this announcement, the Target Company has accepted the binding basic terms offer in respect of a proposed land exchange with the Government of Hong Kong (the “**Land Exchange Offer**”) and paid 10% of the Premium in the sum of HK\$26,848,000 to the Lands Department. Such land exchange shall involve a surrender of the Property to the Government of Hong Kong and a re-grant of the Re-grant Lot by the Government of Hong Kong to the Target Company (the “**Land Exchange**”). The Re-grant Lot is a development site for residential use with a site area of 7,530 square metres and the maximum gross floor area allowed is approximately 7,530 square metres.

Set out below is a summary of certain audited financial information of the Target Company for the two years ended 31 March 2019 and 31 March 2020:

	For the year ended 31 March	
	2019	2020
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Net profit/(loss) before taxation and extraordinary items	4,191	(1,469)
Net profit/(loss) after taxation and extraordinary items	4,191	(1,516)

The unaudited net asset value of the Target Company as at 28 February 2021 was approximately HK\$56,715,000.

INFORMATION OF THE GROUP

The principal business activity of the Company is investment holding. Its subsidiaries are principally engaged in 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 and a direct wholly-owned subsidiary of the Company.

INFORMATION OF THE PURCHASER AND THE GUARANTOR

The Purchaser is a company incorporated in the British Virgin Islands and is principally engaged in investment holding. It is a direct wholly-owned subsidiary of the Guarantor, which is principally engaged in investment holding. The Guarantor is wholly owned by Nan Fung Group Holdings Limited, which in turn is principally engaged in investment holding.

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Guarantor is a third party independent of and not connected with the Company and its connected persons.

REASONS FOR THE DISPOSAL AND GRANT OF PUT OPTION

The Directors undertake strategic reviews of the Group's assets from time to time with a view to maximising returns to the Shareholders. The Directors consider that the current market presents a good opportunity for the Company to unlock part of 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 opportunities and at the same time share 50% of the profit from the Target Company in the future.

The Directors (including the independent non-executive Directors) consider that the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder, and the grant of the Put Option are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT ON THE GROUP AND USE OF PROCEEDS

Upon Completion, the Group expects to recognise a gain on disposal of approximately HK\$65,463,000 before costs and expenses relating to the Disposal in the second half of the financial year ending 31 March 2021. 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 proceeds arising from the Disposal are expected to be used as general working capital and/or financing and possible property or other business investments.

LISTING RULES IMPLICATIONS

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

As the highest applicable percentage ratio for the Company in respect of the grant of the Put Option, which is exercisable at the discretion of the Purchaser and subject to a Put Option Price cap of HK\$213,000,000, exceeds 5% but is less than 25%, the grant of the Put Option constitutes a discloseable transaction of the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

The joint venture arrangement in respect of the Target Company, being a single purpose vehicle to hold and develop the Property for sale, was, among other things, made on an arm's length basis on normal commercial terms and accordingly, the formation of joint venture is exempt from reporting, announcement and shareholders' approval requirements under Rule 14.04(1)(f) of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following words and 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 Disposal in accordance with the terms of the Sale and Purchase Agreement
“Completion Accounts”	the audited financial statements of the Target Company for the period from 1 April 2020 to the Completion Date prepared and audited in accordance with the terms of the Sale and Purchase Agreement
“Completion Date”	31 March 2021, being the date of the Sale and Purchase Agreement
“connected persons”, “percentage ratio” and “subsidiary(ies)”	each has the meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration in the amount of HK\$67,500,000 (subject to adjustment) payable by the Purchaser in respect of the Disposal
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Share by the Vendor and the repayment of the Shareholder’s Loan to the Vendor pursuant to the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Guarantor”	Above Wealth Limited, a company incorporated in the British Virgin Islands and the sole shareholder of the Purchaser
“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
“Lands Department”	the Lands Department of the Government of Hong Kong
“Land Exchange”	has the meaning as ascribed to it under the section headed “Information of the Target Company and the Property” in this announcement

“Land Exchange Offer”	has the meaning as ascribed to it under the section headed “Information of the Target Company and the Property” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Current Asset Value”	means (a) the total current assets (but excluding the Property) of the Target Company as at Completion; minus (b) all liabilities and provisions of the Target Company (other than the liability in respect of any shareholder’s loan and deferred tax liabilities) as at Completion as shown in the unaudited pro forma completion accounts or the Completion Accounts (as the case may be)
“Premium”	has the meaning as ascribed to it under the section headed “The Disposal – The Sale and Purchase Agreement – Consideration” in this announcement
“Property”	ALL THOSE pieces or parcels of grounds registered in the Land Registry as Lot No.1367, The Remaining Portion of Section A of Lot No.1372, The Remaining Portion of Section B of Lot No.1372, The Remaining Portion of Section B of Lot No.1373, The Remaining Portion of Section C of Lot No.1373, The Remaining Portion of Section E of Lot No.1373, The Remaining Portion of Section F of Lot No.1373, Section A of Lot No.1839, Section B of Lot No.1839, Section C of Lot No.1839, Section D of Lot No.1839, Section E of Lot No.1839, The Remaining Portion of Lot No.1839, The Remaining Portion of Section A of Lot No.1937, The Remaining Portion of Section B of Lot No.1937 and The Remaining Portion of Lot No.1937 all in Demarcation District No.121 together with the message, erections and building erected thereon, (if any), also known as No. 121, Tong Yan San Tsuen, Yuen Long, New Territories, Hong Kong
“Purchaser”	Crystal Mirage Limited, a company incorporated in the British Virgin Islands with limited liability
“Put Option”	the put option granted to the Purchaser to sell back the Sale Share, the Shareholder’s Loan and all shareholder’s loan made available by the Purchaser to the Target Company after Completion and for the time being outstanding, to the Vendor in accordance with the terms of the Sale and Purchase Agreement
“Put Option Base Price”	has the meaning as ascribed to it under the section headed “Post-Completion obligations and Put Option” in this announcement
“Put Option Completion”	completion of the sale and purchase of the Sale Share, the Shareholder’s Loan and all shareholder’s loan made available by the Purchaser to the Target Company after Completion and for the time being outstanding pursuant to the exercise of the Put Option
“Put Option Price”	has the meaning as ascribed to it under the section headed “Post-Completion obligations and Put Option” in this announcement

“Re-grant Lot”	Lot No.2143 in Demarcation District No.121
“Sale and Purchase Agreement”	the sale and purchase agreement dated 31 March 2021 entered into between the Vendor and the Purchaser in respect of the Disposal
“Sale Share”	one ordinary share in the Target Company, representing 50% of the issued share capital of the Target Company held by the Vendor prior to completion of the Disposal
“Shareholder’s Loan”	50% of the entire amount of the principal and other sums and indebtedness due, owing or payable to the Vendor by the Target Company as at the Completion Date on an unsecured, interest-free basis, 50% of such sum being approximately HK\$55,340,000
“Shareholders”	holders of the ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholders’ Agreement”	the shareholders’ agreement entered into among the Vendor, the Purchaser, the Guarantor and the Target Company in relation to the Target Company upon Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Protic Limited, a company incorporated in Hong Kong with limited liability and the sole legal and beneficial owner of the Property
“Vendor”	Hanison Construction Holdings (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability
“%”	per cent.

By order of the Board
Hanison Construction Holdings Limited
Wong Sue Toa, Stewart
Managing Director

Hong Kong, 31 March 2021

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

Non-executive Chairman

Mr. Cha Mou Daid, Johnson

Non-executive Directors

Dr. Lam Chat Yu

Dr. Zhang Wei

Executive Directors

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

Mr. Tai Sai Ho (*General Manager*)

Mr. Chow Ka Fung

Independent Non-executive Directors

Mr. Chan Pak Joe

Dr. Lau Tze Yiu, Peter

Dr. Sun Tai Lun