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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 ACQUISITION OF SALE SHARES AND THE ASSIGNMENT OF SALE LOAN

THE ACQUISITION

The Board is pleased to announce that on 8 August 2016 (after trading hours), the Purchaser, an indirect wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor in relation to the Acquisition, pursuant to which the Vendor has conditionally agreed to sell the Sale Shares (representing the entire issued and paid up share capital of the Target Company) and to assign the benefit of the Sale Loan and the Purchaser has conditionally agreed to make such purchase and take such assignment at the Initial Purchase Price of HK\$150,000,000 (subject to adjustment, if any).

LISTING RULES IMPLICATION

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Acquisition exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the announcement and notification requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE ACQUISITION

Reference is made to the announcement of the Company dated 10 June 2016 regarding the MOU entered into by the Purchaser and the Vendor in relation to the possible acquisition of the Sale Shares and the assignment of the Sale Loan.

The Board is pleased to announce that on 8 August 2016 (after trading hours), the Purchaser, an indirect wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor in relation to the Acquisition, pursuant to which the Vendor has conditionally agreed to sell the Sale Shares (representing the entire issued and paid up share capital of the Target Company) and to assign the benefit of the Sale Loan and the Purchaser has conditionally agreed to make such purchase and take such assignment of the Sale Loan at the Initial Purchase Price of HK\$150,000,000 (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 August 2016

Parties

- (a) Esteemed Virtue Limited, an indirect wholly owned subsidiary of the Company, being the Purchaser
- (b) Mr. Lai Shu Chi, a natural person, being the Vendor

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

Subject Matter

The Sale Shares represents the entire issued and paid up share capital of the Target Company and the Sale Loan represents all outstanding loans owing by the Target Company to the Vendor as at the Completion Date.

The Target Company, which is a company wholly owned by the Vendor, holds the piece of land located at No. 22 Yip Shing Street, Kwai Chung, New Territories, Hong Kong together with a 4-storey industrial building thereon now known as “PDC Tower”.

Consideration

The Consideration for the Acquisition shall be apportioned as follows:

- (a) the consideration for the assignment of the Sale Loan shall be the face value of the entire sum of the Sale Loan as at the Completion Date; and
- (b) the consideration for the transfer of the Sale Shares shall be the amount of the Consideration less the consideration for the assignment of the Sale Loan set out in sub-paragraph (a) above.

The Consideration for the Acquisition shall initially be HK\$150,000,000 (the “**Initial Purchase Price**”), subject to adjustment (if any) set out in sub-paragraph (e) below, which shall be paid in the following manner:

- (a) a sum of HK\$7,000,000, being the Initial Deposit and part payment of the Consideration, has been paid to the Vendor’s solicitors as stakeholders on 10 June 2016 upon signing of the MOU;
- (b) a sum of HK\$8,000,000 (which together with the Initial Deposit is equivalent to 10% of the Initial Purchase Price), being the Further Deposit and part payment of the Consideration, has been paid to the Vendor’s solicitors as stakeholders upon the signing of the Sale and Purchase Agreement on 8 August 2016;

- (c) a sum of HK\$2,000,000, being the stamp duty retention (the “**Stamp Duty Retention**”), shall be paid to the Vendor’s solicitors as stakeholders at Completion in accordance with the Sale and Purchase Agreement;
- (d) a sum of HK\$133,000,000, being the balance of the Initial Purchase Price after deducting the Deposits and the Stamp Duty Retention, shall be paid by the Purchaser upon Completion; and
- (e) a sum in respect of the 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) within 5 Business Days after agreement or determination of the Completion Accounts:
 - (i) there shall be added to the Initial Purchase Price the amount of the Net Current Asset Value to the extent it is a positive amount; or
 - (ii) there shall be deducted from the Initial Purchase Price the amount of the Net Current Asset Value to the extent it is a negative amount.

The Consideration was determined based on arm’s length negotiations between the Vendor and the Purchaser, having taken into account the offer prices of comparable properties in nearby location. Out of the Consideration, a sum equal to the principal amount of the Sale Loan outstanding as at the Completion Date shall be the consideration for the assignment of Sale Loan on a dollar for dollar basis. The Consideration is also subject to adjustment (if any) as set out in sub-paragraph (e) above.

The Consideration will be fully funded by the internal resources of the Company.

Conditions

Completion is conditional on the satisfaction of the following conditions on or before the Completion Date:

- (a) the Target Company is able to show a good title to the Property in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong);
- (b) the Vendor having satisfied the Purchaser:
 - (i) in respect of all requisitions raised by the Purchaser’s solicitors;
 - (ii) that the Target Company has good marketable title to the Property free from any encumbrance;
 - (iii) that the Target Company is the sole legal and beneficial owner of the Property; and
 - (iv) that the Vendor is the sole legal and beneficial owner of the Sale Shares free from any encumbrance;
- (c) no material adverse change having occurred before or on the Completion Date;
- (d) the warranties given by the Vendor in the Sale and Purchase Agreement remaining true, accurate and not misleading in all respects before and on the Completion Date; and

- (e) the sale and purchase contemplated under the Sale and Purchase Agreement shall be transacted in accordance with the requirements under the Listing Rules.

The Purchaser may at any time waive in writing any of the conditions set out in paragraphs (a) to (d).

Termination and refund of Deposits

If the Sale and Purchase Agreement is terminated:

- (a) at the election of the Purchaser (i) as a result of any conditions set out in the paragraph headed “The Sale and Purchase Agreement - Conditions” above not having been satisfied and/or waived on or before the Completion Date, or (ii) when the Vendor is unable or unwilling to comply with its relevant obligations under the Sale and Purchase Agreement to proceed to Completion, then the Vendor shall procure to be returned to the Purchaser all Deposits paid without any interest or cost and pay to the Purchaser an amount equivalent to the amount of the Deposits as liquidated damages; and
- (b) at the election of the Vendor when the Purchaser is unable or unwilling to comply with its relevant obligations under the Sale and Purchase Agreement to proceed to Completion, then the Deposits shall be forfeited to the Vendor without any interest or cost.

Specific performance

Neither the Vendor nor the Purchaser shall be precluded from obtaining an order for specific performance of the Sale and Purchase Agreement for any breach by the other party thereto.

Completion

Completion shall take place on or before 7 October 2016 or such date as the parties may agree in writing but in any event no later than 31 January 2017.

INFORMATION OF THE TARGET COMPANY AND THE PROPERTY

The Target Company is the sole legal and beneficial owner of the Property and its sole investment is the ownership of the Property. The Property is the piece of land located at No. 22 Yip Shing Street, Kwai Chung, New Territories, Hong Kong together with a 4-storey industrial building thereon now known as “PDC Tower”, with an aggregate gross floor area of approximately 21,188 square feet. As at the date of this announcement, the Property is vacant and will be delivered in vacant condition on Completion.

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

	Year ended 31 March	
	2015 HK\$'000	2016 HK\$'000
Net profit (loss) before taxation and extraordinary items	1,298	(306)
Net profit (loss) after taxation and extraordinary items	1,056	(306)

The audited net asset value of the Target Company as at 31 March 2016 is approximately HK\$6,761,000. No property valuation was performed in respect of the Property.

Upon Completion, the Target Company will become an indirect wholly owned subsidiary of the Company. Accordingly, its financial results will be consolidated in the accounts of the Company.

INFORMATION OF THE COMPANY

The Company and 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.

INFORMATION OF THE VENDOR

Mr. Lai Shu Chi is a natural person and the sole shareholder of the Target Company.

INFORMATION OF THE PURCHASER

The Purchaser is an investment holding company incorporated in the British Virgin Islands with limited liability and an indirect wholly owned subsidiary of the Company.

REASONS FOR THE ACQUISITION

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 Acquisition is a valuable investment opportunity for the Company. Accordingly, the Directors believe that the Acquisition will enable the Company to strengthen and enhance the property investment portfolio.

The Directors (including the independent non-executive Directors) consider that the Acquisition 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 Acquisition exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the announcement and notification requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares and the assignment of the Sale Loan by the Purchaser pursuant to the Sale and Purchase Agreement;
“Board”	the board of Directors;

“Business Day(s)”	a day other than a Saturday or Sunday, on which banks are open in Hong Kong and the British Virgin Islands to the general public for business;
“Company”	Hanison Construction Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange (stock code: 896);
“Completion”	completion of the Acquisition in accordance with the terms of the Sale and Purchase Agreement;
“Completion Accounts”	the audited accounts of the Target Company as at the Completion Date prepared and as agreed or determined by the Purchaser and the Vendor in accordance with the terms of the Sale and Purchase Agreement;
“Completion Date”	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;
“Consideration”	the initial consideration of HK\$150,000,000 payable by the Purchaser in respect of the Acquisition under the Sale and Purchase Agreement (subject to adjustment (if any) in accordance with the terms and conditions of the Sale and Purchase Agreement);
“Deposits”	collectively, the Initial Deposit and the Further Deposit;
“Director(s)”	the director(s) of the Company;
“Further Deposit”	a sum of HK\$8,000,000 paid by the Purchaser upon the signing of the Sale and Purchase Agreement on 8 August 2016;
“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\$7,000,000 paid by the Purchaser on 10 June 2016;
“Initial Purchase Price”	has the meaning ascribed to it under the paragraph headed “The Sale and Purchase Agreement - Consideration” in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“MOU”	the memorandum of understanding dated 10 June 2016 entered into between the Vendor and the Purchaser in respect of the Acquisition;
“Net Current Asset Value”	the total current assets of the Target Company (other than income tax repayable) minus the total current liabilities of the Target Company (other than the Sale Loan) to be determined with reference to the Completion Accounts;
“Property”	the piece of land located at No. 22 Yip Shing Street, Kwai Chung, New Territories, Hong Kong together with a 4-storey industrial building thereon now known as “PDC Tower”;
“Purchaser”	Esteemed Virtue Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly owned subsidiary of the Company;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 8 August 2016 entered into between the Purchaser and the Vendor in respect of the Acquisition;
“Sale Loan”	such amount equals to the face value of the entire sum of shareholder’s loan owing by the Target Company to the Vendor as at the Completion Date, which is unsecured and interest free;
“Sale Shares”	such number of ordinary shares in the Target Company representing the entire issued and paid up share capital of the Target Company, free from all liens, charges or encumbrances and with all rights attached thereto;
“Stamp Duty Retention”	has the meaning ascribed to it under the paragraph headed “The Sale and Purchase Agreement - Consideration” in this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Befit Limited, a company incorporated in Hong Kong with limited liability and the sole legal and beneficial owner of the Property;
“Vendor”	Mr. Lai Shu Chi, a natural person and the sole shareholder of the Target Company; and
“%”	per cent.

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

Hong Kong, 8 August 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