



# 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)

## ANNOUNCEMENT MAJOR TRANSACTION DISPOSAL OF HANISON ECO SERVICES LIMITED AND RESUMPTION OF TRADING

The Directors announce that on 20 October 2006, the Company and its wholly-owned subsidiary Media Group, entered into the Agreement with the Purchaser whereby the Purchaser agreed to purchase and Media Group agreed to sell to the Purchaser of the Sale Shares and Sale Loan at a cash consideration of HK\$180,000,000 (subject to adjustment(s)) and the Company agreed to guarantee the performance and obligations of Media Group under the Agreement. If the transaction is completed, the Group is expected to realize a profit on disposal of approximately HK\$48.3 million.

The Sale Shares represent the entire issued share capital of Hanison Eco, being the Group's entire interest therein immediately prior to Completion. Hanison Eco will cease to be accounted for as a subsidiary of the Company immediately upon Completion.

Under the terms of the Agreement, the Group shall be entitled to receive approximately HK\$180 million. This estimate exceeds 25% but is less than 75% of consideration ratio as defined in Rule 14.07 of the Listing Rules. Accordingly, the Agreement constitutes a major transaction (disposal) for the Company under Rule 14.06(3) of the Listing Rules and approval from shareholders of the Company is required to be obtained under the Listing Rules.

Great Wisdom and Novantenor, being the closely allied group of shareholders of the Company (holding approximately 66.63% of its issued share capital in aggregate), and not having any interest in the transaction that is different from any other shareholders of the Company, have given their written approval to the Agreement on 18 October 2006 and 22 September 2006 respectively. Since no shareholder of the Company is required to abstain from voting on the resolution to approve the Agreement, the Company will not hold a physical shareholders' meeting to approve the transaction pursuant to Rule 14.44 of the Listing Rules.

A circular containing details of the Agreement will be dispatched to shareholders of the Company as soon as practicable after the publication of this announcement in accordance with the Listing Rules.

### THE AGREEMENT

#### Date:

20 October 2006

#### Parties:

The Vendor: Media Group, a wholly-owned subsidiary of the Company  
The Vendor's guarantor: the Company  
The Purchaser: a property holding company of an international investment house, an Independent Third Party

To the best of the Director's knowledge, information and belief and having made reasonable enquiry, each of the Purchaser, its ultimate beneficial owners and their respective associates is an Independent Third Party of the Company and its connected persons as defined in the Listing Rules. The Company acquainted with the Purchaser through a property agent.

#### Subject matter of the Disposal

The entire issued share capital of Hanison Eco which was beneficially owned by Media Group as at the date of the Agreement, representing its entire interest in the capital of Hanison Eco. The major asset held by Hanison Eco is the Property, held by the Group as an investment property. Approximately 98% of the units of the Property have been leased out and are subject to tenancies. The Property is sold subject to and with the benefit of the tenancies.

The Property is an investment property held by Hanison Eco with a gross floor area of approximately 173,624 sq. ft. registered in the Land Registry as Sha Tin Town Lot No.27 under the name of Health Plus Centre, for industrial use.

The latest balance of the Sale Loan is HK\$36,569,736 as at 31 August 2006.

#### Completion

Completion will be held on 8 December 2006 or any other date as agreed.

#### Consideration and payment terms

The consideration of HK\$180,000,000 (subject to adjustment(s)) was agreed after arm's length negotiation between Media Group and the Purchaser by reference to the recent market value of comparable properties provided by independent valuers.

The consideration shall be payable in cash as follows:

- a deposit of HK\$18,000,000 was paid by the Purchaser to Media Group's solicitor as stakeholders upon signing of the Agreement;
- upon Completion, a sum of HK\$162,000,000 as the balance of the consideration shall be paid by the Purchaser to Media Group or its nominees. There will be post completion adjustment arrangement of the consideration in the following manner:
  - if the unaudited management account of Hanison Eco as at the date of Completion shows net current assets, the Purchaser shall pay to Media Group an additional amount equal to the net current asset value;
  - if the unaudited management account of Hanison Eco as at the date of Completion shows net current liabilities, Media Group shall repay to the Purchaser an amount equal to the net current liability value.

The Directors do not expect the said adjustment to be significant.

The Group expects that there will be net current liabilities of approximately HK\$3.4 million on the date of Completion comprising mainly of the rental and management fee deposits received from the tenants which are only refundable upon expiry of the tenancy agreements.

In view of the above, the Directors believe that the Company has good reason to expect that the consideration will not be increased and the possibility of classifying the transaction as a very substantial disposal is very low.

#### Conditions Precedent

The conditions precedent for Completion of the Agreement include, inter alia, the issue of the due diligence certificate by the Purchaser by the end of the due diligence period, which is expected to be completed on 20 November 2006.

#### Reasons for the Disposal and use of sale proceeds

The principal activity of Hanison Eco is property holding and the Disposal is made in view of improved property market conditions in Hong Kong. The Company considers it to be the right timing to dispose of the Property and realize a significant gain against its book value. The sale proceeds from the Disposal will be used as working capital of the Group.

#### Financial effect of the Disposal

The Company purchased the Property through Hanison Eco on 20 January 2004. The Property is for industrial use. The latest available valued amount of the Property is HK\$180 million. The net book value of the Property as at 31 August 2006 was approximately HK\$135 million.

The value of the Property is Savills Valuation and Professional Services Limited ("the Valuer"). To the best of the Director's knowledge, information and belief and having made reasonable enquiry, each of the Valuer and its ultimate beneficial owners is an Independent Third Party of the Company and its connected persons as defined in the Listing Rules.

Based on the audited accounts of Hanison Eco as at 31 March 2006, the net asset value was approximately HK\$52,702,000. Upon disposal, the Group expects to realize a profit on disposal of approximately HK\$48.3 million (after taking into account the post completion adjustment), which is computed with reference to the net asset value of Hanison Eco as at 31 August 2006, the Sale Loan and all relevant estimated expenses up to the date of Completion. With reference to the audited accounts of the Group for the year ended 31 March 2006, the investment properties of the Group will decrease by HK\$130 million and the Group's net current assets position will be improved.

According to the audited accounts of Hanison Eco for the two financial years ended 31 March 2005 and 31 March 2006, net profit before taxation and extraordinary items were approximately HK\$31,762,097 and HK\$31,529,637, respectively and net profit after taxation and extraordinary items were approximately HK\$26,203,918 and HK\$26,011,730, respectively. After the Disposal, the Group gives up monthly net rental income of approximately HK\$492,000.

#### GENERAL

The Sale Shares represent the entire issued share capital of Hanison Eco, being the Group's entire interest therein immediately prior to Completion. Hanison Eco will cease to be accounted for as a subsidiary of the Company immediately upon Completion.

The Directors (including the independent non-executive directors) are of the view that the Disposal is on normal commercial terms which are fair and reasonable and is in the interest of the Company and its shareholders as a whole.

In consideration of the entry of the Agreement by the Purchaser, the Company unconditionally and irrevocably guarantees to the Purchaser the performance and obligations of Media Group under this Agreement.

#### LISTING RULES IMPLICATIONS OF THE TRANSACTION

Under the terms of the Agreement, the Group shall be entitled to receive approximately HK\$180 million. This estimate exceeds 25% but is less than 75% of consideration ratio as defined in Rule 14.07 of the Listing Rules. Accordingly, the Agreement constitutes a major transaction (disposal) for the Company under Rule 14.06(3) of the Listing Rules and approval from shareholders of the Company is required to be obtained under the Listing Rules.

Great Wisdom and Novantenor, being the closely allied group of shareholders of the Company (holding approximately 66.63% of its issued share capital in aggregate), and not having any interest in the transaction that is different from any other shareholders of the Company, have given their written approval to the Agreement on 18 October 2006 and 22 September 2006 respectively. Since no shareholder of the Company is required to abstain from voting on the resolution to approve the Agreement, the Company will not hold a physical shareholders' meeting to approve the transaction pursuant to Rule 14.44 of the Listing Rules.

Great Wisdom and Novantenor constitute a "closely allied group of shareholders" for the purposes of Rules 14.44 and 14.45 of the Listing Rules on the following basis:

- Great Wisdom has remained a shareholder of the Company since its listing on the Stock Exchange on 10 January 2002 and Novantenor became a shareholder of the Company on 21 July 2004;
- Novantenor and HKRI would together be regarded as "acting in concert" for the purposes of the Hong Kong Code on Takeovers and Mergers;
- Novantenor holds shares in the Company as the trustee of certain discretionary trusts of which members of the Cha Family are among the discretionary objects;
- Novantenor holds approximately 33% of the issued share capital of HKRI as at the date hereof whilst Great Wisdom is a wholly owned subsidiary of HKRI; and
- Each of Great Wisdom and Novantenor has voted in similar pattern on shareholders' resolutions of the Company in the past other than routine resolutions at annual general meetings.

A circular containing details of the Agreement will be dispatched to shareholders of the Company as soon as practicable after the publication of this announcement in accordance with the Listing Rules.

#### INFORMATION ON THE COMPANY, MEDIA GROUP AND THE PURCHASER

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. Media Group is wholly owned by the Company.

The Purchaser is a property holding company of an international investment house.

#### RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 23 October 2006 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 24 October 2006.

#### DEFINITIONS

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

"Agreement"	An agreement dated 20 October 2006 entered into between the Purchaser and Media Group in respect of the sale and purchase of the Sale Shares and Sale Loan
"associates"	has the meaning ascribed thereto in the Listing Rules
"Cha Family"	comprising, for this purpose, Dr. Cha Chi Ming, Ms. Wong May Lung, Madeline (being a daughter of Dr. Cha Chi Ming), Mr. Cha Mou Sing, Payson, Mr. Cha Mou Zing, Victor and Mr. Cha Mou Daid, Johnson (being the sons of Dr. Cha Chi Ming), Mr. Cha Yiu Chung, Benjamin (being a grandson of Dr. Cha Chi Ming) together with their respective associates, excluding, as the case may be, HKRI
"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
"Completion"	the completion of the sale and purchase of the Sale Shares and Sale Loan pursuant to the Agreement
"connected persons"	has the meaning ascribed thereto in the Listing Rules
"Director(s)"	the director(s) of the Company
"Disposal"	The sale of Sale Shares and Sale Loan by Media Group to the Purchaser pursuant to the terms and conditions of the Agreement
"Government"	The Government of Hong Kong
"Great Wisdom"	Great Wisdom Holdings Limited, a company incorporated in the British Virgin Islands, a controlling shareholder (as defined in the Listing Rules) with approximately 49% shareholding interest in the Company and a wholly owned subsidiary of HKRI
"Group"	the Company and its subsidiaries
"Hanison Eco"	Hanison Eco Services Limited, a company incorporated in Hong Kong with limited liability, which is wholly owned by Media Group immediately prior to Completion
"HKRI"	HKR International Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange and an indirect controlling shareholder of the Company as to 49% of the Company's issued share capital through its wholly owned subsidiary, Great Wisdom
"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
"Independent Third Party"	an independent third party not connected with any of the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates, as defined in the Listing Rules;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Media Group"	Media Group International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
"Novantenor"	Novantenor Limited, the trustee of certain discretionary trusts directly holding approximately 17.63% of the shares in the Company and of which members of the Cha Family are among the discretionary objects. As Novantenor Limited also holds approximately 33% shareholding interest in HKRI, it is deemed to be interested in the 49% shareholding interest in the Company held by HKRI under the Securities and Futures Ordinance
"Property"	the investment property held by Hanison Eco with a gross floor area of approximately 173,624 sq. ft. registered in the Land Registry as Sha Tin Town Lot No.27 under the name of Health Plus Centre, for industrial use.
"Purchaser"	a property holding company of an international investment house
"Sale Loan"	The loan outstanding from Hanison Eco to Media Group as at the date of Completion
"Sale Shares"	the 2 ordinary shares of HK\$1.00 each in the issued capital of Hanison Eco
"Shares"	the shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

On behalf of the Board of  
**Hanison Construction Holdings Limited**  
Wong Sue Toa, Stewart  
Managing Director

Hong Kong, 24 October 2006

As at the date of this announcement, the executive Directors of the company are Mr. Wong Sue Toa, Stewart, Mr. Tai Sai Ho, Dr. Lam Chat Yu and Mr. Shen Tai Hing; the non-executive Directors of the Company are Mr. Cha Mou Sing, Payson, Mr. Cha Mou Daid, Johnson and Mr. Cha Yiu Chung, Benjamin; and the independent non-executive Directors of the Company are Mr. Chan Pak Joe, Dr. Sun Tai Lun and Dr. Lau Tze Yiu, Peter.