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

**DISCLOSEABLE TRANSACTION  
AND  
FINANCIAL ASSISTANCE AND  
GUARANTEES TO AFFILIATED COMPANIES**

**DEEMED DISPOSAL AND SHAREHOLDERS DEED**

The Board is pleased to announce that on 2 October 2018 (after trading hours), (i) the JV Partner subscribed the Subscription Shares, representing 50% issued share capital of the Target (which is an indirect wholly-owned subsidiary of the Company immediately before the Completion) as enlarged by the allotment and issue of the Subscription Shares; (ii) FHL, the JV Partner and the Target entered into the Shareholders Deed, pursuant to which the parties agreed on the management of the Target Companies and the Project; and (iii) FHL, the JV Partner and the Target entered into the Shareholder Loan Agreement, pursuant to which FHL and the JV Partner have advanced and shall continue to advance shareholder loans to the Target for the purposes of lending to the Intermediate Holding Company B to satisfy its payment obligations for purchase of the Project Company and working capital of the Target Companies.

**LISTING RULES IMPLICATIONS**

As certain of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Deemed Disposal and the transactions contemplated in the Shareholders Deed (including the Total Capital Commitment) exceed 5% but are less than 25%, the transactions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the aggregate amount covered by all the financial assistance provided by the Group to, and guarantees given by the Group for banking facilities granted to, the affiliated companies of the Company exceeds 8% of the assets ratio defined under Rule 14.07(1) of the Listing Rules. Accordingly, this announcement is also made pursuant to Rule 13.16 of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 2 October 2018 (after trading hours), (i) the JV Partner subscribed the Subscription Shares, representing 50% issued share capital of the Target (which is an indirect wholly-owned subsidiary of the Company immediately before the Completion) as enlarged by the allotment and issue of the Subscription Shares; (ii) FHL, the JV Partner and the Target entered into the Shareholders Deed, pursuant to which the parties agreed on the management of the Target Companies and the Project; and (iii) FHL, the JV Partner and the Target entered into the Shareholder Loan Agreement, pursuant to which FHL and the JV Partner have advanced and shall continue to advance shareholder loans to the Target for the purposes of lending to the Intermediate Holding Company B to satisfy its payment obligations for purchase of the Project Company and working capital of the Target Companies.

## **THE DEEMED DISPOSAL**

### **Date**

2 October 2018

### **Parties**

- (a) the Target (which is an indirect wholly-owned subsidiary of the Company immediately before the Completion)
- (b) FHL
- (c) the JV Partner

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the JV Partner and its respective ultimate beneficial owner are Independent Third Parties. Immediately prior to the Completion, the Target was wholly-owned by FHL. As at the date of this announcement and upon Completion, the Company indirectly owns 50% interest in the Target through FHL and the JV Partner owns 50% interest in the Target.

### **Subject of the Deemed Disposal**

The Subscription Shares subscribed by the JV Partner represent 50% of the total issued share capital of the Target as enlarged by the allotment and issue of the Subscription Shares.

### **Subscription Price**

The Subscription Price is US\$2 (equivalent to approximately HK\$15.6), which shall be paid by way of cash by the JV Partner to the Target upon Completion. The Subscription Price was determined after arm's length negotiation between the Target and the JV Partner, which represents the aggregate of the par value of the Subscription Shares.

No gain or loss is expected to be accrued to the Group as a result of the Deemed Disposal.

## **Completion**

Completion has taken place concurrently with the execution of the Shareholders Deed on 2 October 2018 but before the signing of the Acquisition Agreement on 2 October 2018.

## **SHAREHOLDERS DEED**

On 2 October 2018, FHL, the JV Partner and the Target entered into a Shareholders Deed on customary terms to govern their relationship as shareholders of the Target, the terms of which include, among other things, provisions relating to capital commitment, the management of the Project, transact of major decisions, distribution policy, further financing, restriction on transfer of shares in the Target and events of default.

### **Capital commitment**

The Total Capital Commitment which each of FHL and the JV Partner is obliged to provide to the Target under the Shareholders Deed shall not exceed the Cap. The Total Capital Commitment shall include all monies paid by each shareholder of the Target for the subscription of shares in the Target held by it as at the date of Completion but shall be exclusive of any Allotment (as defined under the paragraph headed “Further financing” of this announcement) subscribed to by any shareholder of the Target if the relevant shareholder of the Target decides to accept the Offer (as defined under the paragraph headed “Further financing” of this announcement), any Shortfall Shareholder Loan advanced by the Complying Shareholder or any shortfall loan fee payable by the Defaulting Shareholder as described in the section headed “Further financing” below.

The amounts of the Total Capital Commitment and the Cap were determined after arm’s length negotiation between the parties to the Shareholders Deed with reference to the capital requirement of the Target and the projected costs required for the completion of the Project, and the parties’ intention on the exposure on the indemnities given.

### **Management of the Project**

The board of directors of the Target will form a project management and marketing committee to handle certain major decisions in relation to the management of the Project and its marketing. The maximum number of members of the project management and marketing committee shall be four, of which FHL is entitled to appoint and remove a maximum of two members and the JV Partner is entitled to appoint and remove two members.

The Project Company will appoint Hanison Estate Services Limited (“**HESL**”), an indirect wholly-owned subsidiary of the Company, as the estate manager for the Property pursuant to the terms of an estate management deed (the “**Estate Management Deed**”) to be agreed between and entered into by the Project Company and HESL. Further announcement(s) will be made by the Company upon the signing of the Estate Management Deed as and when appropriate in accordance with relevant requirements under the Listing Rules.

The maximum number of directors of the Target Companies shall be four, of which FHL is entitled to appoint and remove two directors and the JV Partner is entitled to appoint and remove two directors.

In the event that the shareholders’ equity interest in the Target varies after the date of the Shareholders Deed, the shareholders of the Target shall agree in good faith the new composition of the board of directors of the Target based on the principle that the composition of the board of directors of the Target should reflect the Equity Ratio of the shareholders in the Target.

The right to appoint the chairman of the Target Companies shall vest in the JV Partner and FHL in alternate years and the chairman shall not be entitled to a second or casting vote.

### **Transact of major decisions**

Certain agreed matters (which include, among others, the increase of share capital in any one of the Target Companies and the terms of obtaining any debt financing or loan arrangement or other shareholder financing of the Target Companies) that amount to a major decision require the approval of both FHL and the JV Partner (in respect of major decisions needed to be approved at shareholders' level under the laws of BVI) or all directors (including at least one director appointed by FHL and one director appointed by the JV Partner) of the Target, the Intermediate Holding Company A, the Intermediate Holding Company B or the Project Company (in respect of major decisions needed to be approved at the level of the board of directors of the Target, the Intermediate Holding Company A, the Intermediate Holding Company B or the Project Company).

### **Distribution policy**

Any dividend or other distribution in cash or in specie and whether out of revenue profits, capital profits or capital reserves made by any of the Target Companies shall be made in accordance with the articles of association of the relevant Target Companies (as applicable), all applicable laws and in accordance with the Shareholders Deed. The shareholders of the Target will take all actions commercially necessary to maximise distributions.

### **Further financing**

All further capital requirements of the Target exceeding the Target's own resources from time to time shall be met (i) first by way of external borrowings or financings to be sought from banks or financial institutions; and (ii) if it is unable to obtain financing from external lenders, by way of shareholder loans.

For any guarantees and/or security given in respect of any borrowings of any of the Target Companies from banks, financial institutions or other third parties, the liability of FHL and the JV Partner shall be apportioned in accordance with their shareholding in the Target when any of such guarantee or security is called upon and the shareholders of the Target shall account to and indemnify each other accordingly. As at the date of this announcement, apart from the Existing Loan, no loan has been obtained by any of the Target Companies. The Company will make further announcement and comply with the relevant requirements under the Listing Rules as and when appropriate upon the provision of any indemnity by the Group in respect of further financing to any of the Target Companies.

As at the date of this announcement, the Intermediate Holding Company B intends to obtain the New Loan, under which, the JV Partner through the Guarantors will provide the Undertakings. Concurrently with the execution of the New Loan, Hanison Construction Holdings (BVI) Limited, a direct wholly-owned subsidiary of the Company shall execute the Counter Indemnity in favour of the Guarantors, pursuant to which subject to a maximum liability of HK\$125,000,000 (for all claims made before the release of the Guarantee) or HK\$65,000,000 which shall be inclusive of any amount which has been claimed by all or any one of the Guarantors under any one of the Undertakings (other than the Guarantee) before the release of the Guarantee (for all claims made after the release of the Guarantee), it will immediately upon demand indemnify the Guarantors in respect of 50% of their liability under each of the Undertakings.

In the event that the Guarantee shall be called upon prior to the release of the Guarantee and the liability of the Guarantors under the Guarantee exceeds HK\$250,000,000, all such liability of the Guarantors in excess of HK\$250,000,000 under the Guarantee (the “**Gap Amount**”) shall, subject to a maximum of HK\$361,000,000 be borne by the Target which shall pay to the Guarantors in aggregate the Gap Amount plus interest on the Gap Amount calculated at an agreed percentage figure per annum from the date of payment of the Gap Amount by the Guarantors to the date of actual repayment thereof by the Target calculated on a daily basis (the “**Relevant Amount**”). In order for the Target to generate funding to settle the Relevant Amount, the Target shall make an offer (the “**Offer**”) to allot new additional shares of the Target (for such number of additional shares of the Target which could generate the proceeds equivalent to the Relevant Amount) to both the JV Partner and FHL (allotted and subscribed on a pro rata basis); or the JV Partner only (if FHL chooses not to subscribe the new additional shares of the Target on a pro rata basis); or FHL only (if the JV Partner chooses not to subscribe for all the new additional shares of the Target on a pro rata basis) at a subscription price determined at an agreed discounted net asset value per each share of the Target as at the closing of the Acquisition Agreement (the “**Allotment**”). For the avoidance of doubt, each shareholder of the Target shall have no obligation to subscribe for additional shares of the Target under the Allotment unless it has accepted the Offer.

The above maximum liability of Hanison Construction Holdings (BVI) Limited in the sum of (i) HK\$125,000,000 (for all claims made before the release of the Guarantee) under the Counter Indemnity was determined between the parties to the Counter Indemnity with reference to the estimated amount of interest payment under the New Loan, the cost overrun in respect of the Project, the secured liabilities as referred to in the New Loan and the Gap Amount, while (ii) HK\$65,000,000 (for all claims made after the release of the Guarantee) under the Counter Indemnity was determined between the parties to the Counter Indemnity with reference to the estimated amount of interest payment under the New Loan and the cost overrun in respect of the Project. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, all counter-parties of the Counter Indemnity, who are the affiliates of the JV Partner, and their respective ultimate beneficial owners are Independent Third Parties prior to the Completion.

Upon a call by the board of directors and/or the shareholders of the Target for a shareholder loan, each of the shareholders of the Target has the obligation and agrees to advance, on a pro rata basis according to their respective shareholdings, such sum as may be required by the Target. If a shareholder of the Target (the “**Defaulting Shareholder**”) fails to advance its portion of the shareholder loans (the “**Shortfall Shareholder Loan**”) by the due date, the other shareholder of the Target (the “**Complying Shareholder**”) which has complied with its funding obligations shall have the right to (i) subscribe for additional shares in the Target in an amount equal to the Shortfall Shareholder Loan at an agreed discounted net asset value of the Target Companies; or (ii) advance to the Target the Shortfall Shareholder Loan and the Defaulting Shareholder shall pay a fee to the Complying Shareholder; or (iii) purchase from the Defaulting Shareholder a portion of the shareholder loan owed by the Target to the Defaulting Shareholder for a purchase consideration which is at an agreed discounted value to the face value of such portion of the shareholder loan and such discounted purchase consideration shall be equal to the amount of the Shortfall Shareholder Loan.

## **Restriction on transfer of shares in the Target**

Save as provided in the Shareholders Deed, no shareholder of the Target shall dispose of, assign and/or otherwise transfer any of its shares together with shareholder loan in the Target unless all requirements contained in the Shareholders Deed are fully complied with.

If any shareholder of the Target wishes to transfer its shares and shareholder loan in the Target, the transferring shareholder shall grant to the other non-transferring shareholder a right to purchase all of its shares and shareholder loan in the Target, and in such case, the other non-transferring shareholder shall then be entitled to exercise such right to purchase all of the shares and shareholder loan in the Target held by the transferring shareholder in accordance with the terms of the Shareholders Deed.

If FHL fails to accept the first right of offer granted by the JV Partner, FHL is subject to drag along rights which may be exercised by the JV Partner and in such case, FHL shall sell all of its shares and shareholder loan in the Target (or indirect sale of interests in the Project Company or sale of the Property) together with the JV Partner.

In addition, FHL is entitled to exercise the tag along rights when the JV Partner receives any offer to acquire all of its shares and shareholder loan in the Target (or indirect sale of interests in the Intermediate Holding Company A, Intermediate Holding Company B, Project Company or the sale of the Property). Completion of any transfer and assignment of the shares and shareholder loan in the Target (or indirect sale of interests in the Intermediate Holding Company A, Intermediate Holding Company B, Project Company or the sale of the Property) as a result of the exercise of the drag along rights which may be exercised by the JV Partner and/or acceptance of the tag along rights which FHL may exercise shall be subject to compliance with the laws of Hong Kong, BVI and the Listing Rules (as applicable). The Company will make further announcement and comply with the relevant requirements under the Listing Rules as and when appropriate.

## **Events of default**

Upon the occurrence of an event of default and upon the non-defaulting shareholder serving a notice to the defaulting shareholder stating that there has been an event of default, the defaulting shareholder shall be deemed to have made an irrevocable offer to the non-defaulting shareholder to sell all of the shares in the Target owned by the defaulting shareholder together with the shareholder's loans owed by the Target to the defaulting shareholder (such shares and loans are collectively referred to as the "**Shareholder's Interests**") to the non-defaulting shareholder or its designee at a discount of an agreed percentage figure to the fair market price of such Shareholder's Interests.

An event of default includes (a) a material breach of the terms of the Shareholders Deed; (b) certain insolvency events; or (c) the occurrence of any change of control of any shareholder of the Target.

Completion of any transfer and assignment of Shareholder's Interest upon the occurrence of an event of default shall be subject to compliance with the laws of Hong Kong, BVI and the Listing Rules (as applicable). The Company will make further announcement and comply with the relevant requirements under the Listing Rules as and when appropriate.

## **SHAREHOLDER LOAN AGREEMENT**

### **Date**

2 October 2018

### **Parties**

- (a) FHL (as the first lender)
- (b) the JV Partner (as the second lender)
- (c) the Target (as the borrower)

### **Principal terms of the Shareholder Loan Agreement**

Immediately before Completion, FHL is the legal and beneficial owner of the entire issued share capital of the Target and FHL has advanced an unsecured and interest free loan to the Target in the principal sum of HK\$36,603,072.40 (i.e. the Existing Loan). As at the date of this announcement and immediately after Completion, the JV Partner has advanced an unsecured and interest free loan to the Target in the principal sum of HK\$36,603,072.40 (the “**Second Loan**”).

FHL and the JV Partner have made and shall continue to make available to the Target a principal amount of HK\$370,000,000 (among which, HK\$185,000,000 shall be contributed by each of FHL and the JV Partner) or such greater amount as agreed amongst FHL, the JV Partner and the Target in writing, which was determined between FHL, the JV Partner and the Target with reference to the purchase price of the Property and working capital of the Target Companies. The aforesaid contribution of the shareholder loan to be made by FHL includes the principal amount of the Existing Loan and the aforesaid contribution of the shareholder loan to be made by the JV Partner includes the principal amount of the Second Loan. The loan advanced under the Shareholder Loan Agreement will be unsecured and with no interest. The Target may draw one or more loans upon providing prior written notice to FHL and the JV Partner specifying the amount of the loan requested and the manner (whether by cash advance or other immediately available funds) which the loan to be made available. FHL and the JV Partner will make such loans to the Target on a pro rata basis according to their shareholding in the Target.

## **PROJECT MANAGEMENT DEED**

Upon completion of the Acquisition, the Project Company, the JV Partner and the Project Manager shall enter into the Project Management Deed. The transaction under the Project Management Deed is a transaction of a revenue nature in the ordinary and usual course of business of the Company.

Major terms of the Project Management Deed are set out below:

### **Subject Matter**

The Project Company shall appoint the Project Manager as an independent contractor in the position of the general manager and the Marketing and Leasing Agent of the Property with effect from the Commencement Date.

## **Management Fee and Marketing Service Fee**

### ***The Project Company shall pay to the Project Manager***

- (a) the project management fee for project management services performed, which shall, subject to an agreed cap, be calculated at a fixed percentage of the renovation costs of the Property;
- (b) the fee for marketing and leasing services for the leasing of the Property, which shall be calculated at (i) monthly fee equivalent to a fixed percentage of the rental income of the Project Company from the leasing and operation of the Property; (ii) depending on the length of stay and the involvement of the Project Manager in negotiating the leases of the Property, an one-off fee equivalent to an agreed range of fixed percentage of the rental income for the leasing of the Property or the renewal of the lease of the Property; and
- (c) the reimbursement for out-of-pocket expenses incurred.

### **Duties of the Project Manager**

The Project Manager shall, inter alia, provide the following project management services:

- (a) to oversee the day-to-day project management work of the Project;
- (b) to keep the Project Company regularly informed of the status of the Project;
- (c) to advise the Project Company on the engagement of professional parties, including accounting firm for audit service, quantity surveyor as cost consultant and hiring of employees;
- (d) to advise the Project Company on insurance arrangements for the Project and the Property; and
- (e) to prepare as necessary property maintenance schedules.

The Project Manager shall, inter alia, provide the following marketing and lease services:

- (a) to implement and administer for the leasing of the Property;
- (b) to engage appropriate external leasing agents for leasing of the Property; and
- (c) to prepare the lease brochure and other marketing materials.

In performing the duties, the Project Manager may engage other sub-consultants or service providers and may sub-contract or delegate the project management services.

Upon any financing or refinancing by the Project Company, the Project Manager will take note of the provisions of the facility documents and, to the extent that it is within its legal capacity and power and practicable to do so, to procure compliance by the Project Company and/or the Project Manager.

## FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

As at the date of this announcement, the financial assistance to affiliated companies of the Company, and guarantees given for banking facilities granted to affiliated companies of the Company named in the first column in the table below, in aggregate amounts to HK\$1,295,554,746 which represents approximately 24.3% of the total assets of the Company. Details of such financial assistance and guarantees as required to be disclosed under Rule 13.16 of the Listing Rules are as follows:

Name of the affiliated companies	Company's equity interest in affiliated companies	Total amount of financial assistance given to, committed capital injection to and guarantees given for facilities granted to, affiliated companies	Amount of banking facilities utilised by affiliated companies which are guaranteed by the Company	Source of funding for the committed capital injection
Great Splendor Enterprises Limited and its subsidiaries	50%	HK\$310,000,020 (Note 1)	HK\$125,000,000	Internal resources of the Company
Victorious Troops Limited ("Victorious Troops") and its subsidiary	50%	HK\$550,000,000 (Note 2)	Nil	Internal resources of the Company
Gallant Elite Enterprises Limited ("Gallant Elite") and its subsidiaries	50%	HK\$146,145,735 (Note 3)	Nil	Internal resources of the Company
338 Apartment Holdings (BVI) Limited ("338 Apartment Holdings") and its subsidiary	40%	HK\$154,273,540 (Note 4)	Nil (Note 4)	Internal resources of the Company
Haining Jiafeng Real Estate Development Limited (海寧嘉豐房地產有限公司) ("Haining")	49%	HK\$110,926,200 (Note 5)	RMB98,000,000 (equivalent to HK\$110,926,200)	Internal resources of the Company
AG Acquisition M (BVI) Limited ("AG Acquisition") and its subsidiaries	25%	HK\$24,209,251 (Note 6)	Nil	Internal resources of the Company

### Notes:

- FHL, being an indirect wholly-owned subsidiary of the Company, holds 2 shares of US\$1 each in the share capital of the Target. Further, the Group shall provide unsecured shareholder's loan to the Target for a sum up to HK\$185,000,000. The shareholder's loan to be provided to the Target shall be unsecured, non-interest bearing and have no fixed term of repayment. In addition, an indemnity (subject to a maximum liability of HK\$125,000,000 (for all claims made before the release of the Guarantee) or HK\$65,000,000 (for all claims made after the release of the Guarantee)) was provided by the Group to the Guarantors, who had provided a corporate guarantee as required under the New Loan for (i) securing the interest payment obligations; (ii) completion and cost overrun undertaking of the property development; and (iii) the full and punctual payment of the secured liabilities as referred to in the New Loan as and when the same shall be due and payable.
- The total capital commitment (whether by way of subscription of shares or provision of shareholder loan) shall be contributed by the Group in proportion to its equity interest in Victorious Troops. The shareholder's loan to be provided to Victorious Troops shall be unsecured, non-interest bearing and have no fixed term of repayment.

3. The total capital commitment shall be contributed by the Group in proportion to its equity interest in Gallant Elite by way of providing unsecured shareholder's loan to Gallant Elite. The shareholder's loan to be provided to Gallant Elite shall be unsecured, non-interest bearing and have no fixed term of repayment.
4. As per the Company's announcement dated 19 October 2016, the Group has advanced and shall continue to make available to 338 Apartment Holdings shareholder loans in the amount of HK\$92,273,540. The aforesaid shareholder loans are unsecured, non-interest bearing and repayable on demand. In addition, an indemnity (subject to a maximum liability of HK\$62,000,000) was provided by the Group to five limited partnerships which are affiliates of the majority shareholder of 338 Apartment Holdings, who had provided a corporate guarantee as required under the senior secured term loan facilities granted to the wholly-owned subsidiary of 338 Apartment Holdings for (i) securing the interest payment obligations; and (ii) completion and cost overrun undertaking of the property development. Such indemnity provided by the Group to such five limited partnerships is not given for securing the principal amount of the senior secured term loan facilities granted to the wholly-owned subsidiary of 338 Apartment Holdings, and accordingly, the amount of banking facilities utilised by the affiliated companies which are guaranteed by the Company is nil.
5. The Group has guaranteed to a bank in Hong Kong for securing the standby letter of credit of HK\$110,926,200 for the period from 12 December 2017 to 11 December 2018 issued by a bank in Hong Kong to a bank in PRC which granted a bank loan to Haining.
6. As per the Company's announcement dated 10 February 2014, the Group has advanced and shall continue to make available to AG Acquisition shareholder loans. As at the date of this announcement, such shareholder loans amounted to HK\$24,209,251 and are unsecured, non-interest bearing and repayable on demand.

The Company will continue to monitor the financial assistance to, and the guarantees given for banking facilities granted to, affiliated companies of the Company and will make further announcement and comply with the relevant requirements under the Listing Rules as and when appropriate.

## **INFORMATION ON 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.

FHL is an investment holding company incorporated in BVI and an indirect wholly-owned subsidiary of the Company. HESL is incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, its principal business is to provide estate management services. The Project Manager is incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, its principal business is to provide property and project management services.

## **INFORMATION ON THE JV PARTNER**

The principal business activity of the JV Partner is investment holding. The JV Partner, through the Target Companies, is principally engaged in the business of holding the Property.

## **INFORMATION ON THE TARGET COMPANIES**

The Target is incorporated on 29 May 2018 and is an investment holding company, which wholly-owns the Intermediate Holding Company A. The Intermediate Holding Company A holds the entire issued share of the Intermediate Holding Company B. It is the intention of FHL and the JV Partner that the Intermediate Holding Company B will acquire the entire issued shares of the Project Company pursuant to the Acquisition Agreement. Upon completion of the Acquisition, the Target through the Intermediate Holding Companies, will own the entire issued shares in the Project Company, which is the legal and beneficial owner of the Property.

The sole business of the Target Companies will be the implementation of the Project. As at the date of this announcement, the Target does not carry out any business.

The purchase price payable to the Seller under the Acquisition Agreement shall be an amount equal to the initial purchase price in the sum of HK\$730,000,000 which shall then be subject to upward or downward adjustments under the Acquisition Agreement. The indicative valuation of the Property as provided by an independent professional valuer to the Company is HK\$740,000,000 as at 21 September 2018. Immediately after completion of the Acquisition, the unaudited pro forma consolidated net tangible assets value (excluding shareholder's loan and deferred tax asset) of the Project Company is approximately HK\$740,614,854, which is determined with reference to the unaudited consolidated management accounts of the Project Company as at 30 June 2018 (on the assumption that the actual net current assets value (excluding shareholder's loan and deferred tax asset) as set out in the audited consolidated completion account of the Project Company as at the date of completion of the Acquisition will be equal to HK\$614,854) and after taking into account of the valuation above.

The unaudited consolidated net liability of the Target Companies as at 31 August 2018 was HK\$23,072.

The unaudited consolidated net loss before and after taxation and extraordinary items attributable to the Target for the period from 29 May 2018 (date of incorporation) to 31 August 2018 was HK\$23,088.

## **REASONS FOR THE DEEMED DISPOSAL, ENTERING INTO OF THE SHAREHOLDERS DEED AND SOURCE OF FUNDING**

The Directors undertake strategic review of the Company's assets from time to time with a view to maximise returns to the Shareholders, maintain a steady gearing ratio and reserve the funds for other investment opportunities.

The Project involves the renovations, management and marketing and leasing of the Property. The Property is expected to comprise approximately 41,705 square feet of gross floor area and is currently used as hotel/service apartments.

Since the Group will provide project management and marketing and leasing services on the Property, the Deemed Disposal and participation in the Project will enable the Group to fully utilise its expertise and resources for the master planning and properties investment.

The Total Capital Commitment to be contributed by FHL under the Shareholders Deed has been/will be funded by internal resources of the Company. After Completion, the Target will be recorded and qualified for accounting purposes as a joint venture of the Company and its financials are treated by equity accounting in the financial statements of the Group, and will cease to be a subsidiary of the Company.

The Directors (including the independent non-executive Directors) believe that the terms and conditions of the Deemed Disposal, the Shareholders Deed, the Shareholder Loan Agreement and the Counter Indemnity are fair and reasonable under the current market conditions and in the interests of the Group and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As certain of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Deemed Disposal and the transactions contemplated in the Shareholders Deed (including the Total Capital Commitment) exceed 5% but are less than 25%, the transactions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the aggregate amount covered by all the financial assistance provided by the Group to, and guarantees given by the Group for banking facilities granted to, the affiliated companies of the Company exceeds 8% of the assets ratio defined under Rule 14.07(1) of the Listing Rules. Accordingly, this announcement is also made pursuant to Rule 13.16 of the Listing Rules.

## **DEFINITIONS**

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

“Acquisition”	acquisition by the Intermediate Holding Company B of all issued shares in the Project Company
“Acquisition Agreement”	a sale and purchase agreement in relation to the Acquisition entered into between (a) the Intermediate Holding Company B (as purchaser); and (b) the Seller (as vendor), after the signing of the Shareholders Deed and the completion of the subscription of the Subscription Shares on 2 October 2018
“Board”	board of Directors
“BVI”	the British Virgin Islands
“Cap”	the maximum cap of HK\$310,000,020
“Commencement Date”	the date of the Project Management Deed
“Company”	Hanison Construction Holdings Limited (stock code: 896), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Deemed Disposal which occurs concurrently with the execution of the Shareholders Deed but before the signing of the Acquisition Agreement on 2 October 2018
“connected person”	has the meaning as ascribed under the Listing Rules

“Counter Indemnity”	the counter-indemnity to be executed by Hanison Construction Holdings (BVI) Limited in favour of the Guarantors concurrently with the execution of the New Loan
“Deemed Disposal”	allotment of the Subscription Shares occurs concurrently with the execution of the Shareholders Deed but before the signing of the Acquisition Agreement on 2 October 2018 which gives rise to a deemed disposal
“Directors”	directors of the Company
“Equity Ratio”	in relation to a shareholder, a fraction, the numerator of which is the total number of issued and paid up shares of the Target held by that shareholder at the time in question (excluding any premium paid on subscription) and the denominator of which is the total number of issued and paid up shares of the Target in issue at that time
“Existing Loan”	the existing loan owed by the Target to FHL in the aggregate principal amount of HK\$36,603,072.40
“FHL”	Fairview Harbour Limited, a company with limited liability incorporated in BVI, which is an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Guarantee”	the guarantee given by the Guarantors to certain financial institutions in Hong Kong for the full and punctual payment of the secured liabilities as referred to in the New Loan as and when the same shall be due and payable, which shall be released upon satisfaction of certain conditions subsequent as set out in the loan agreement of the New Loan
“Guarantors”	five limited partnerships which are all affiliates of the JV Partner
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	person(s) or company(ies) which, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Intermediate Holding Company A”	a company with limited liability incorporate in BVI, which holds the entire issued share of the Intermediate Holding Company B
“Intermediate Holding Company B”	a company with limited liability incorporate in BVI, which shall hold the entire issued shares of the Project Company

“Intermediate Holding Companies”	Intermediate Holding Company A and Intermediate Holding Company B
“JV Partner”	Acquisition N (BVI) L.P., a BVI limited partnership
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Marketing and Leasing Agent”	the Project Manager in its provision of the marketing and leasing services for the Property
“New Loan”	a senior secured term loan facility to be obtained by the Intermediate Holding Company B from certain financial institutions in Hong Kong
“Property”	whole of building known at the date hereof as “CHI 138” (formerly known as 137 and 138 Connaught Road West) at No.138 Connaught Road West, Hong Kong (operated as serviced apartments or hotel)
“Project”	the renovation, change of use, management and marketing and sale and leasing of the Property
“Project Company”	a company with limited liability incorporated in Hong Kong, which holds the Property
“Project Management Deed”	the project management deed to be entered into between the Project Manager, the JV Partner and the Project Company in relation to the appointment of project manager for the Project
“Project Manager”	Hanison Project Management Limited, a limited company incorporated in Hong Kong, which is an indirect wholly-owned subsidiary of the Company
“Seller”	the existing registered shareholder of the Project Company, being an Independent Third Party, which is the seller in the Acquisition Agreement
“Shares”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“Shareholders Deed”	the shareholders deed entered into between FHL, the JV Partner and the Target on 2 October 2018 in relation to the Target Companies and the Project
“Shareholder Loan Agreement”	the shareholder loan agreement entered into between FHL, the JV Partner and the Target on 2 October 2018 in relation to the shareholders’ loan advanced and/or to be advanced by FHL and the JV Partner to the Target
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription Price”	The subscription price for the subscription of the Subscription Shares payable by the JV Partner to the Target which shall also be regarded as consideration for the Deemed Disposal
“Subscription Shares”	2 shares of US\$1 each in the share capital of the Target
“Target”	Great Splendor Enterprises Limited, a company with limited liability incorporated in BVI
“Target Companies”	the Target, the Intermediate Holding Companies and the Project Company
“Total Capital Commitment”	the total amount of (a) funding which each shareholder of the Target is obliged to provide to the Target under the Shareholders Deed in respect of any funding need of the Target Companies arising from any payment obligation of the Target Companies; (b) all indemnity payments which each shareholder of the Target is obliged to pay to the other shareholder under the Shareholders Deed and/or the Counter Indemnity; and (c) the shareholder loan (up to HK\$185,000,000) to be made by a shareholder of the Target under the Shareholder Loan Agreement
“Undertakings”	the corporate guarantee for securing the interest payment obligations of the Intermediate Holding Company B under the New Loan, the undertaking to procure the completion of renovation work and fund any cost overrun in respect of the Project and the Guarantee
“US\$”	United States Dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 2 October 2018

*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*)

Mr. Lo Kai Cheong

***Independent Non-executive Directors***

Mr. Chan Pak Joe

Dr. Lau Tze Yiu, Peter

Dr. Sun Tai Lun