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

**(1) MAJOR TRANSACTION  
IN RELATION TO  
DISPOSAL OF 50% INTEREST IN  
GALLANT ELITE ENTERPRISES LIMITED  
AND  
(2) DISCLOSEABLE TRANSACTION IN RELATION TO  
FORMATION OF JOINT VENTURE  
AND  
(3) MAJOR TRANSACTION IN RELATION TO  
GRANT OF THE PUT OPTION**

**THE DISPOSAL AND JV FORMATION**

The Board is pleased to announce that on 21 February 2018, 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); and (b) the Purchaser agreed to procure the repayment of 50% of the shareholder loan owing by the Target Company to the Vendor as at the Completion Date (i.e. the Shareholder Loan), at the aggregate consideration of HK\$800,000,000 (subject to adjustment). Upon Completion, each Target Group companies will cease to be a subsidiary of the Company and a joint venture will be formed between the Vendor and the Purchaser on a 50:50 basis pursuant to the Shareholders Deed.

**THE PUT OPTION**

Pursuant to the Shareholders Deed to be signed on Completion, the Vendor shall grant to the Purchaser the Put Option, pursuant to which the Purchaser is entitled to sell back the Sale Share and any shareholder loan made available by the Purchaser and for the time being outstanding or due owing from the Target Company (i.e. the Put Interests) to the Vendor at its discretion, at an exercise price with reference to 90% of the then market value of the Property and consolidated net asset value of the Target Group to be agreed between the Vendor and the Purchaser, subject to the cap of HK\$1,300,000,000.

**LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio for the Company in respect of the Disposal is 25% or more but is less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio for the Company in respect of the JV Formation is 5% or more but is less than 25%, the JV Formation 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 the cap of HK\$1,300,000,000, is 25% or more but is less than 100%, the grant of the Put Option constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company has obtained the written approval for the Disposal and the grant of the Put Option in accordance with Rule 14.44 of the Listing Rules from a closely allied group of shareholders comprising CCM Trust (Cayman) Limited and its subsidiaries and LBJ Regents Limited which are beneficially interested in 487,702,041 and 61,022,931 shares in the Company respectively, representing in total 52.45% of the entire issued share capital of the Company as at the date of this announcement. To the best of knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder of the Company has any material interest in the Disposal and the grant of the Put Option and is required to abstain from voting if the Company is to convene an extraordinary general meeting for the approval of the Disposal and the grant of the Put Option. As a result, no extraordinary general meeting will be convened to consider the Disposal and the grant of the Put Option.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular, containing among other things, details of the Transactions is required to be despatched to the shareholders of the Company within 15 business days after the publication of this announcement, which shall be on or before 14 March 2018. As additional time is required by the Company to prepare the information for the inclusion in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules. Subject to granting of such waiver by the Stock Exchange, the circular is expected to be despatched to the Shareholders on or before 27 March 2018. Further announcement(s) will be made by the Company as and when appropriate.

**Completion is subject to the fulfillment of various condition precedents and therefore the Transactions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

## **THE DISPOSAL**

The Board is pleased to announce that on 21 February 2018, 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) and (b) the Purchaser agreed to procure the repayment of 50% of the shareholder loan owing by the Target Company to the Vendor as at the Completion Date (i.e. the Shareholder Loan), at the aggregate consideration of HK\$800,000,000 (subject to adjustment).

## **The Sale and Purchase Agreement**

### ***Date***

21 February 2018

### ***Parties***

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

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Purchaser and its ultimate owners are third parties independent of and not connected with the Company and its connected persons.

### ***Subject Matter***

The Sale Share, representing 50% of the issued share capital in the Target Company. The Target Company, which through its wholly owned subsidiaries, indirectly holds 100% legal and beneficial ownership of the Property. The Property is sold on an “as is” basis.

The Purchaser also agreed to procure the repayment of the Shareholder Loan, which is estimated to be approximately HK\$28,000,000.

### ***Conditions Precedent***

Completion is conditional upon, among other matters, the following conditions precedent being satisfied (or, in the case of the conditions set out in paragraphs (a) to (e) and (g) waived by the Purchaser) on or before the Completion Date:

- (a) the Target Group having:–
  - (i) repaid in full a loan owing by the Target Group to a third party bank, being the chargee in relation to the existing encumbrance over the Property;
  - (ii) completed drawdown of a financing of not less than HK\$960,000,000 from bank(s) to be obtained by the Target Group (the “**Senior Financing**”); and
  - (iii) completed distribution, advance and/or repayment of the drawdown amount of the Senior Financing to the Vendor for the partial repayment of the shareholders’ loan owing by the Target Company to the Vendor before Completion.

- (b) subject to the release of existing securities in relation to the encumbrance over the Property and the new securities as may be required for the Senior Financing,
  - (i) the entire issued share capital of each Target Group companies shall be free from all encumbrances;
  - (ii) the Target Group being able to show and give 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);
  - (iii) the Property being free from all encumbrances except those referred to in the materials and documents made available to the Purchaser in writing, public land search, certain existing tenancies and permitted new tenancies, and any notices and/or orders (if any) issued before Completion requiring the Target Group to alter or repair the Property;
- (c) there being no outstanding breach of any of the fundamental warranties given by the Vendor;
- (d) during the period up to immediately before Completion, no more than 25% total gross floor area of the Property is destroyed by a natural disaster, fire, explosion or other calamity and no such major part of the Property is condemned, closed or declared dangerous by the government authority, damaged, rendered inaccessible or subject to demolition order(s) or closure order(s);
- (e) certain partition within the Property having been demolished in a way that complies with the applicable relevant laws and requirements of Hong Kong;
- (f) the transactions contemplated under the Sale and Purchase Agreement having been obtained by way of written shareholders' approval in accordance with the Listing Rules; and
- (g) there being:
  - (i) other than the Shareholder Loan, no actual or potential liability on the part of the Target Group exceeding the amount of HK\$20,000,000 and which the Vendor is unable or unwilling to provide for in the Completion Accounts; and
  - (ii) no undischarged litigation or other legal proceedings in which the Target Group is involved with the aggregate claim amounts exceeding HK\$20,000,000 and which the Vendor is unable or unwilling to discharge after Completion.

### ***Consideration***

The Consideration payable by the Purchaser under the Sale and Purchase Agreement is HK\$800,000,000, subject to be adjusted as described in paragraphs (b) and (c) below, shall be apportioned as follows:

- (i) the consideration for the repayment of the Shareholder Loan shall be an amount equal to the face value of the entire sum of the Shareholder Loan as at the Completion Date; and
- (ii) the consideration for the transfer of the Sale Shares shall be the amount of the Consideration less the consideration for the repayment of the Shareholder Loan set out in paragraph (i) above.

The Consideration shall be paid in the following manner:

- (a) a sum of HK\$80,000,000, being the deposit, is payable to the Vendor's solicitors as stakeholders within five Business Days upon signing of the Sale and Purchase Agreement; and
- (b) the balance of the Consideration and a sum in respect of the adjustment of the Consideration as determined according to the following formula shall be paid to the Vendor or as the Vendor may direct and the deposit shall be applied as part payment of the Consideration upon Completion:
  - (i) there shall be added to the Consideration 50% of the Net Asset Value as shown in the unaudited proforma completion accounts if it is a positive figure; or
  - (ii) there shall be deducted from the Consideration 50% Net Asset Value as shown in the unaudited proforma completion accounts if it is a negative figure;
- (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 Asset Value (determined by reference to the Completion Accounts) is more than 50% of the Net Asset Value (determined by reference to the unaudited proforma completion accounts); or
  - (ii) there shall be deducted from the Consideration the amount (if any) by which 50% of the Net Asset Value (determined by reference to the Completion Accounts) is less than 50% of the Net Asset Value (determined by reference to the unaudited proforma completion accounts).

The Consideration was determined based on arm's length negotiations between the Vendor and the Purchaser with reference to 50% of the agreed value of the Property and all those fixtures and fittings affixed to the Property in the amount of HK\$1,600,000,000, having taken into account the offer price of comparable properties in nearby locations.

### ***Completion***

Completion shall take place on 28 March 2018 or any other date the Vendor and the Purchaser may agree in writing.

### ***Tax Indemnity against Revaluation Gain of the Property***

The Vendor agreed to indemnify the Purchaser against, among other matters, 50% of any tax liability of the Target Group attributable to any revaluation gain in respect of the Property (or in the case of a disposal of shares in the Target Group) which is unrealised at the Completion Date but which then become crystallised or realised after the Completion Date.

## **THE JV FORMATION**

Upon Completion, each Target Group companies will cease to be a subsidiary of the Company and a joint venture will be formed between the Vendor and the Purchaser on a 50:50 basis. The Vendor, the Purchaser and the Target Company will enter into the Shareholders Deed with respect to the Target Group at Completion.

### **The Shareholders Deed**

#### ***Parties***

- (a) the Vendor, as a shareholder of the Target Company
- (b) the Purchaser, as a shareholder of the Target Company
- (c) the Target Company

#### ***Board Composition***

The board of directors of each Target Group companies shall comprise a maximum of four directors and each of the Vendor and the Purchaser shall nominate two directors. The right to appoint the chairman of the board of directors of each Target Group companies shall vest in the Vendor and the Purchaser in alternate years. The chairman shall not be entitled to a second or casting vote in board meeting.

#### ***Capital Commitment and Funding***

The total amount of funding which each of the Vendor and the Purchaser is obliged to provide to the Target Company shall not exceed a maximum of HK\$100,000,000.

#### ***Restriction on Transfer***

The Vendor undertakes not to transfer any of its interests in the shares of the Target Company as well as the shareholders loans owing by the Target Company to it until the earlier of the expiry of the Put Option Exercise Period or the assignment of the Property by the Target Group.

#### ***Other Arrangements***

Upon Completion, a subsidiary of the Target Group will enter into services deeds with certain indirect wholly owned subsidiaries of the Company, pursuant to which the Target Group shall engage these subsidiaries to provide project management service, marketing management services, property management services and management contractor services in respect of the development project of the Property.

## THE PUT OPTION

Pursuant to the terms of the Shareholders Deed, the Vendor shall grant to the Purchaser the Put Option, pursuant to which the Purchaser is entitled to, sell back the Sale Share and any shareholder loan made available by the Purchaser and for the time being outstanding or due owing from the Target Company (the “**Put Interests**”) to the Vendor at the Purchaser’s discretion, at an exercise price with reference to 90% of the then market value of the Property and consolidated net asset value of the Target Group to be agreed between the Vendor and the Purchaser, subject to the cap of HK\$1,300,000,000. If the Vendor and the Purchaser fail to agree on the fair market value of the Put Interests, such value shall be determined by the then auditors of the Target Group with reference to 90% of the then market value of the Property and consolidated net asset value of the Target Group.

The Put Option is exercisable by the Purchaser at any time during the period starting after (and exclusive of) the date falling the expiry of 27 months following the Completion Date and ending on (and inclusive of) the date falling the expiry of 30 months following the Completion Date (the “**Put Option Exercise Period**”). The Put Option is granted to the Purchaser at no cost to the Purchaser.

## INFORMATION OF THE TARGET GROUP AND THE PROPERTY

The Target Company is engaged in investment holding and is the ultimate holding company of the subsidiary which in turn is the sole owner of the Property. The Property is the property known as “PEAKCASTLE” situated at No. 476 Castle Peak Road, Kowloon, Hong Kong, a commercial property, with an aggregate gross floor area of approximately 145,394 square feet.

Set out below is a summary of the unaudited consolidated financial information of the Target Group for the years ended 31 March 2016 and 31 March 2017:

	<b>For the year ended 31 March</b>	
	<b>2016</b>	<b>2017</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Net profit before taxation and extraordinary items	86,722	121,526
Net profit after taxation and extraordinary items	87,694	122,057

The unaudited consolidated net asset value of the Target Group as at 31 December 2017 was approximately HK\$275,038,000.

Upon Completion, each Target Group companies will be recorded and accounted for as a joint venture in the Company’s financial statements and will cease to be a subsidiary of the Company.

## INFORMATION ON THE COMPANY

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.

## **INFORMATION ON THE PURCHASER**

The principal business activity of the Purchaser is investment holding. The Purchaser is a company incorporated in the Cayman Islands with limited liability.

## **REASONS FOR THE TRANSACTIONS**

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 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) are of the view that the terms of the Transactions are normal commercial terms and 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 change in fair value of investment properties of approximately HK\$288,829,000 before costs and expenses relating to the Disposal in the second half of the financial year ending 31 March 2018. Since the date of acquisition of the holding vehicle of the Property on 22 October 2015, the Group has recognised an accumulated gain on change in fair value of investment properties in respect of the Property of approximately HK\$283,219,000 up to 30 September 2017. The total estimated accumulated gain on change in fair value of investment properties in respect of the Property from 22 October 2015 to the Completion Date will be approximately HK\$572,048,000. 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 applicable percentage ratio for the Company in respect of the Disposal is 25% or more but is less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio for the Company in respect of the JV Formation is 5% or more but is less than 25%, the JV Formation 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 the cap of HK\$1,300,000,000, is 25% or more but is less than 100%, the grant of the Put Option constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.



The Company has obtained the written approval for the Disposal and the grant of the Put Option in accordance with Rule 14.44 of the Listing Rules from a closely allied group of shareholders comprising CCM Trust (Cayman) Limited and its subsidiaries and LBJ Regents Limited which are beneficially interested in 487,702,041 and 61,022,931 shares in the Company respectively, representing in total 52.45% of the entire issued share capital of the Company as at the date of this announcement. To the best of knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder of the Company has any material interest in the Disposal and the grant of the Put Option and is required to abstain from voting if the Company is to convene an extraordinary general meeting for the approval of the Disposal and the grant of the Put Option. As a result, no extraordinary general meeting will be convened to consider the Disposal and the grant of the Put Option.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular, containing among other things, details of the Transactions is required to be despatched to the shareholders of the Company within 15 business days after the publication of this announcement, which shall be on or before 14 March 2018. As additional time is required by the Company to prepare the information for the inclusion in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules. Subject to granting of such waiver by the Stock Exchange, the circular is expected to be despatched to the Shareholders on or before 27 March 2018. Further announcement(s) will be made by the Company as and when appropriate.

**Completion is subject to the fulfillment of the condition precedents and therefore the Transactions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

## DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day other than a Saturday or Sunday or general holidays, on which banks operating in Hong Kong, the British Virgin Islands and the Cayman Islands are open to the general public for business and dealings in inter-bank deposits and payments can take place, and on which no Typhoon Signal No.8 or above and black rain storm signal are hoisted in Hong Kong at any time between the hours of 9 a.m. and 5 p.m.
“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 Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Accounts”	the audited consolidated financial statements of the Target Company as at the Completion Date prepared and audited in accordance with the terms of the Sale and Purchase Agreement

“Completion Date”	28 March 2018 or such other date as the Vendor and the Purchaser may agree in writing on which Completion takes place
“connected person”	has the meaning as ascribed under the Listing Rules
“Consideration”	the consideration of HK\$800,000,000 subject to adjustment payable by the Purchaser in respect of the Disposal
“Directors”	the directors of the Company
“Disposal”	the conditional disposal of the Sale Share by the Vendor and the repayment of the Shareholder Loan to the Vendor pursuant to the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“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
“JV Formation”	the formation of joint venture, namely the Target Company, by the Vendor and the Purchaser on a 50:50 basis upon Completion pursuant to the Shareholders Deed
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Asset Value”	means (a) the total consolidated assets of the Target Group (other than the value of the Property, furniture and fixture, equipment and deferred tax assets); minus (b) the total consolidated liabilities of the Target Group (other than the liability in respect of any shareholder loan and deferred tax liabilities, but including the Senior Financing) as at Completion as shown in the unaudited proforma completion accounts or the Completion Accounts (as the case may be)
“Property”	the property known as “PEAKCASTLE” and is situated at No. 476 Castle Peak Road, Kowloon, Hong Kong
“Purchaser”	Hilux II Cayman Ltd., a company incorporated in the Cayman Islands with limited liability
“Put Interests”	has the meaning under the section headed “The Put Option” in this announcement
“Put Option”	the put option granted to the Purchaser to sell back the Put Interests to the Vendor in accordance with the terms of the Shareholders Deed
“Put Option Exercise Period”	has the meaning ascribed to it under the section headed “The Put Option” in this announcement

“Sale and Purchase Agreement”	the sale and purchase agreement dated 21 February 2018 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 in the Target Company held by the Vendor
“Senior Financing”	has the meaning ascribed to it under the section headed “The Disposal – The Sale and Purchase Agreement – Conditions Precedent” in this announcement
“Shareholder Loan”	50% of the face value of all loans and other amounts (whether principal, interest or otherwise) owing by the Target Company to the Vendor as at the Completion Date, which is estimated to be approximately HK\$28,000,000
“Shareholders”	holders of the ordinary shares of HK\$0.1 each in the share capital of the Company
“Shareholders Deed”	the shareholders deed to be entered into between the Vendor, the Purchaser and the Target Company in relation to the Target Group upon Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Gallant Elite Enterprises Limited, a company incorporated in British Virgin Islands with limited liability
“Target Group”	collectively the Target Company and its subsidiaries
“Transactions”	the Disposal, the JV Formation and the grant of the Put Option and the transactions contemplated thereby
“Vendor”	Hanison Construction Holdings (BVI) Limited, a company incorporated in 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, 21 February 2018

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

***Non-executive Chairman***

Mr. Cha Mou Sing, Payson

***Executive Directors***

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

Mr. Tai Sai Ho (*General Manager*)

Mr. Lo Kai Cheong

***Non-executive Director***

Mr. Cha Mou Daid, Johnson

***Independent Non-executive Directors***

Mr. Chan Pak Joe

Dr. Lau Tze Yiu, Peter

Dr. Sun Tai Lun