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

**VERY SUBSTANTIAL DISPOSAL
IN RELATION TO
DISPOSAL OF THE ENTIRE INTEREST IN
PLEASING IDEAL LIMITED**

THE DISPOSAL

The Board is pleased to announce that on 24 August 2018, the Vendor, an indirect wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser and the Guarantor, a direct wholly owned subsidiary of the Company, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase (a) the entire issued share capital in the Target Company (i.e. the Sale Share); and (b) the shareholder loan owing by the Target Company to the Vendor as at the Completion Date (i.e. the Sale Loan), at the aggregate consideration of HK\$1,253,000,000 (subject to adjustment) subject to the terms of the Sale and Purchase Agreement.

Upon Completion, each member of the Target Group will cease to be a subsidiary of the Group and their financial results will no longer be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio for the Company in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, no Shareholder has a material interest in the Disposal which is different from other Shareholders and accordingly, no Shareholder is required to abstain from voting in respect of the ordinary resolution to approve the Disposal at the EGM.

A circular containing, among other things, information relating to the Disposal and the notice convening the EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 26 October 2018 in order to allow for more time to prepare the information for inclusion in the circular.

Completion of the Disposal is conditional upon the satisfaction of the conditions set out in the section headed “The Sale and Purchase Agreement – Conditions precedent” in this announcement, including the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder by the Shareholders at the EGM. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the shares of the Company.

THE DISPOSAL

Reference is made to the announcement of the Company dated 31 July 2018 in relation to, among other things, the Group being approached by a third party with an interest in acquiring the Group’s entire interest in the Target Company.

The Board is pleased to announce that on 24 August 2018, the Vendor, an indirect wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser and the Guarantor, a direct wholly owned subsidiary of the Company, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase (a) the entire issued share capital in the Target Company (i.e. the Sale Share); and (b) the shareholder loan owing by the Target Company to the Vendor as at the Completion Date (i.e. the Sale Loan), at the aggregate consideration of HK\$1,253,000,000 (subject to adjustment) subject to the terms of the Sale and Purchase Agreement. The principal terms of the Sale and Purchase Agreement are set out below.

The Sale and Purchase Agreement

Date

24 August 2018

Parties

- (a) Vendor : the Vendor, an indirect wholly owned subsidiary of the Company, as the vendor
- (b) Purchaser : the Purchaser
- (c) Guarantor : the Guarantor, a direct wholly owned subsidiary of the Company, as Vendor’s guarantor

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

Subject Matter

The Sale Share, representing the entire issued share capital of the Target Company, and the Sale Loan owing by the Target Company to the Vendor. The Target Company indirectly holds 100% legal and beneficial ownership of the Property through the Subsidiary. The Property is sold on an “as-is” basis free from encumbrances other than the subsidiary leases and tenancies as of the date of the Sale and Purchase Agreement (“**Encumbrance(s)**”).

Conditions precedent

Completion is conditional upon the following conditions being satisfied (or, in the case of the conditions set out in paragraphs (a) to (h) below, waived by the Purchaser) on or before the Completion Date:

- (a) the Vendor being the sole legal and beneficial owner of the entire issued share capital of the Target Company free from all Encumbrances;
- (b) the Target Company being the sole legal and beneficial owner of the entire issued share capital of the Subsidiary free from all Encumbrances;
- (c) the Subsidiary being the sole legal and beneficial owner of the Property;
- (d) the Subsidiary being able to show and give 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), provided that, upon execution of the Sale and Purchase Agreement, the Purchaser shall be deemed to have accepted the title to the Property up to and including the date of the Sale and Purchase Agreement, and this Condition (d) shall be deemed to have been satisfied to the extent of such acceptance of title;
- (e) the Property being free from any Encumbrance;
- (f) there being no outstanding breach of any of the fundamental warranties at Completion;
- (g) there being no material difference between the audited accounts of the Subsidiary to be delivered by the Vendor to the Purchaser at Completion and the draft provided on signing of the Sale and Purchase Agreement;
- (h) there being no order received by the Vendor and/or the Target Group in respect of the resumption of the Property by any government authority under any applicable laws; and
- (i) the transactions contemplated under the Sale and Purchase Agreement being transacted in accordance with the requirements under the Listing Rules to the extent they apply to such transactions.

If any of the Conditions has not been fulfilled (or, waived (excluding the Condition set out in paragraph (i) above which cannot be waived) by the Purchaser in writing) on or before the Completion Date, the Sale and Purchase Agreement shall terminate in accordance with the Sale and Purchase Agreement.

Consideration

The Consideration payable under the Sale and Purchase Agreement is HK\$1,253,000,000, subject to be adjusted as described in paragraphs (c) and (d) below, shall be apportioned as follows:

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

The Consideration has and shall be paid in the following manner:

- (a) a sum of HK\$62,650,000, being the earnest money (the “**Earnest Money**”), was paid to the Vendor’s solicitors as stakeholders prior to the signing of the Sale and Purchase Agreement;
- (b) a sum of HK\$62,650,000, being the further deposit (together with the Earnest Money, the “**Deposits**”), was paid to the Vendor’s solicitors as stakeholders on the date of the Sale and Purchase Agreement;
- (c) 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 an amount equal to the Net Asset Value as shown in the unaudited proforma completion accounts made up to the Completion Date if it is a positive figure; or
 - (ii) there shall be deducted from the Consideration an amount equal to the Net Asset Value as shown in such unaudited proforma completion accounts if it is a negative figure;
- (d) an amount 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 ten (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 the Net Asset Value (determined by reference to the Completion Accounts) is more than 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 the Net Asset Value (determined by reference to the Completion Accounts) is less than the Net Asset Value (determined by reference to the unaudited proforma completion accounts).

The Consideration was arrived at following arm’s length negotiations with the Vendor having regard to the price of comparable units in nearby locations.

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

Guarantee

The Guarantor has agreed to guarantee the performance and observance by the Vendor of its obligations, commitments and warranties under the Sale and Purchase Agreement.

Completion

Completion shall take place on 15 November 2018 or such other date as the Vendor and the Purchaser may agree in writing.

INFORMATION ON THE TARGET GROUP AND THE PROPERTY

The Target Company is a company incorporated in the BVI with limited liability and is a direct wholly owned subsidiary of the Vendor engaged in holding the Subsidiary.

The Subsidiary is a company incorporated in Hong Kong with limited liability and is a direct wholly owned subsidiary of the Target Company established for the sole purpose of holding the Property. The Subsidiary is the sole legal and beneficial owner of the Property.

The Property constitutes the entire block of building named “Mee Wah Factory Building” located at No.19 Sam Chuk Street and No.1 Tsat Po Street, Kowloon, Hong Kong acquired by the Subsidiary in July 2018 at a total cost of HK\$922,250,000 (covering both the acquisition consideration and the related stamp duty).

Financial information of the Target Group

Set out below is a summary of the unaudited consolidated financial information of the Target Group for the period from the date of its incorporation on 16 March 2018 to 31 July 2018:

	For the period from 16 March 2018 (Date of its incorporation) to 31 July 2018 HK\$'000 (Unaudited)
Net profit before taxation and extraordinary items	33
Net profit after taxation and extraordinary items	33

The unaudited consolidated net asset value of the Target Group as at 31 July 2018 was approximately HK\$33,000.

Upon Completion, each member of the Target Group will cease to be a subsidiary of the Group and their financial results will no longer be consolidated into the financial statements of the Group.

INFORMATION ON THE COMPANY, THE VENDOR AND THE GUARANTOR

The principal business activity of the Company is investment holding. Its subsidiaries are principally engaged in construction, interior and renovation works, supply and installation of building materials, property investment, property development, provision of property agency and management services and sale of health products.

The Vendor is an investment holding company incorporated in the BVI with limited liability and is an indirect wholly owned subsidiary of the Company and a direct wholly owned subsidiary of the Guarantor.

The Guarantor is an investment holding company incorporated in the BVI with limited liability and is a direct wholly owned subsidiary of the Company.

INFORMATION ON THE PURCHASER

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

REASONS AND BENEFITS OF THE DISPOSAL

The Directors undertake strategic reviews of the Group's assets from time to time with a view to maximising returns to the Shareholders. The Directors consider that the current market presents a good opportunity for the Group to unlock the value of the Property. Accordingly, the Directors believe that the Disposal will enable the Group to reallocate capital into future investment opportunities and pursue other growth opportunities.

The Directors (including the independent non-executive Directors) believe that the terms of the Disposal are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

FINANCIAL IMPACT ON THE GROUP AND USE OF PROCEEDS

The Property is an industrial property held by the Group for properties under development for sale purpose.

As at 31 July 2018, the unaudited carrying value of the Property was approximately HK\$922,250,000. The Disposal is expected to enable the Company to record gain of approximately HK\$330,750,000 before costs and expenses for the financial year ending 31 March 2019 (subject to audit and may be different from the expected amount) being the premium of the Consideration for the Disposal over the unaudited carrying value of the Property as at 31 July 2018 in the accounts of the Vendor.

The Company intends to use approximately 44% of the net sale proceeds from the Disposal for repayment of bank loans and the balance as general working capital for the Group's operation in each of construction and construction related businesses, and in property investment business, and for future investment should such opportunities arise. The Company has not identified any new investment opportunities as at the date of this announcement.

The actual gain or loss arising from the Disposal shall be determined based on the Net Asset Value of the Target Group and the amount of the Sale Loan as at the Completion Date, and also the amount of expenses actually incurred incidental to the Disposal which may be different from the above.

The above estimation is subject to review by the auditors of the Group. The actual financial impact to the Group arising from the Disposal to be recorded in the Group's consolidated accounts will be recalculated based on the Net Asset Value of the Target Group as at the date to which Completion Accounts are drawn up.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio for the Company in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, no Shareholder has a material interest in the Disposal which is different from other Shareholders and accordingly, no Shareholder is required to abstain from voting in respect of the ordinary resolution to approve the Disposal at the EGM.

A circular containing, among other things, further details of the Disposal and the notice convening the EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 26 October 2018 in order to allow for more time to prepare the information for inclusion in the circular.

Completion of the Disposal is conditional upon the satisfaction of the conditions set out in the section headed “The Sale and Purchase Agreement – Conditions precedent” in this announcement, including the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder by the Shareholders at the EGM. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors are therefore 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:

“1st Property”	all that piece or parcel of ground registered in the Land Registry as Section A of New Kowloon Inland Lot No. 4410 together with the messuages erections and buildings thereon now known as No.1 Tsat Po Street, Kowloon, Hong Kong
“2nd Property”	all that piece or parcel of ground registered in the Land Registry as the Remaining Portion of New Kowloon Inland Lot No. 4410 together with the messuages erections and buildings thereon now known as No.19 Sam Chuk Street, Kowloon, Hong Kong
“Board”	the board of Directors
“Business Day”	a day other than a Saturday or Sunday or general holidays under the General Holidays Ordinance (Cap. 149 of the Laws of Hong Kong), on which banks are open in Hong Kong to the general public for business, 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.
“BVI”	the British Virgin Islands
“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”	15 November 2018 or such other date as the Vendor and the Purchaser may agree in writing on which Completion takes place
“Conditions”	the conditions precedent to Completion
“connected person”	has the meaning as ascribed under the Listing Rules
“Consideration”	the consideration of HK\$1,253,000,000 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 Sale Loan to the Vendor pursuant to the Sale and Purchase Agreement
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approve, among other things, the Disposal on the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Guarantor”	Hanison Construction Holdings (BVI) Limited, a limited company incorporated in the BVI and a direct wholly owned subsidiary of the Company
“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
“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, intangible assets (if any), 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 Sale Loan and deferred tax liabilities) as at Completion as shown in the unaudited proforma completion accounts or the Completion Accounts (as the case may be)
“Property”	collectively the 1st Property and the 2nd Property, together constituting the entire block of building known as “Mee Wah Factory Building”
“Purchaser”	SPK MW Limited, a company incorporated in the BVI with limited liability

“Sale and Purchase Agreement”	the sale and purchase agreement dated 24 August 2018 entered into between the Vendor, the Purchaser and the Guarantor in respect of the Disposal
“Sale Share”	one (1) ordinary share in the Target Company representing the entire issued share capital in the Target Company held by the Vendor
“Sale Loan”	the loan owing by the Target Company to the Vendor as at the Completion Date to be shown in the unaudited proforma completion accounts, which is unsecured and interest free
“Shareholders”	holders of the ordinary shares of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	Superb Leading Limited (煌卓有限公司), a company incorporated in Hong Kong with limited liability, a direct wholly owned subsidiary of the Target Company and the sole legal and beneficial owner of the Property
“Target Company”	Pleasing Ideal Limited (熙悦有限公司), a company incorporated in the BVI with limited liability and a direct wholly owned subsidiary of the Vendor
“Target Group”	collectively the Target Company and the Subsidiary
“Vendor”	Flair Forward Limited (賦邁有限公司), a company incorporated in the BVI with limited liability and an indirect wholly owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 24 August 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