

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



興勝創建控股有限公司

HANISON CONSTRUCTION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 896)

DISCLOSEABLE TRANSACTION – FORMATION OF JOINT VENTURE

AND

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

SHAREHOLDERS DEED

The Board is pleased to announce that on 25 February 2017, Honour Gain, the JV Partner and the Target entered into the Shareholders Deed, pursuant to which the parties agreed on the terms for the formation of the Target and the management of the Target Companies and the Project.

LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Subscription and the transactions contemplated under the Shareholders Deed (including the Total Capital Commitment and all indemnities given under the Shareholders Deed) 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 25 February 2017, Honour Gain, the JV Partner and the Target entered into the Shareholders Deed, pursuant to which the parties agreed on the terms for the formation of the Target and the management of the Target Companies and the Project.

SHAREHOLDERS DEED

Date

25 February 2017

Parties

- (a) the Target
- (b) Honour Gain
- (c) the JV Partner

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Target, the JV Partner and their respective ultimate beneficial owner are Independent Third Parties.

As at the date of this announcement, the Company indirectly owns 50% equity interest in the Target through Honour Gain, and the JV Partner owns 50% interest in the Target as a result of the Subscription. The total issued share capital of the Target is US\$2 divided into 2 shares of US\$1 each.

Subject matter

The JV Partner, Honour Gain 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, funding default, fund raising, management of the Project, transact of major decisions, distribution, restriction on transfer of shares in the Target, non-completion of the Acquisition and events of default.

Capital commitment

The Total Capital Commitment which each of Honour Gain and the JV Partner is obliged to provide to the Target under the Shareholders Deed shall not exceed the Maximum Commitment Amount. Each of Honour Gain and the JV Partner shall contribute its Total Capital Commitment by way of the Subscription and providing an unsecured shareholder's loan to the Target for the purpose of (a) settling the outstanding purchase price for the Acquisition within the time limit provided under the Acquisition Agreement; and (b) providing other funding needs of the Target Companies as contemplated in the Business Plan provided that the Total Capital Commitment shall in no event exceed the Maximum Commitment Amount. Unless otherwise agreed between Honour Gain and the JV Partner, such unsecured shareholder's loan to be provided to the Target shall be interest free.

Apart from the Total Capital Commitment, each of Honour Gain and the JV Partner shall indemnify the other against all losses which may be suffered as a result of certain events as described in the sections headed "Funding default" and "Non-completion of the Acquisition" below. The Total Capital Commitment to be contributed by each of the shareholders of the Target and all indemnity payments which each shareholder of the Target is obliged to pay to the other shareholder under the Shareholders Deed, shall in aggregate be subject to the Cap.

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.

Funding default

In case that any Fund Defaulting Shareholder fails to provide any funding which it is obliged to provide under the Shareholders Deed (i.e. any part of the Total Capital Commitment which is within the Maximum Commitment Amount), the other non-defaulting shareholder of the Target is entitled (but not obliged) to advance to the Target the amount of the portion of the shareholder loans which should have been advanced by the Fund Defaulting Shareholder ("**Shortfall Loan**"), and in such case, the Fund Defaulting Shareholder shall pay to the non-defaulting shareholder of the Target a fee calculated on the outstanding principal of the Shortfall Loan at the interest rate as prescribed in the Shareholders Deed (the "**Fee**").

At any time after the advance of the Shortfall Loan, the non-defaulting shareholder of the Target may require the Fund Defaulting Shareholder to acquire and accept the assignment of the Shortfall Loan from the non-defaulting shareholder of the Target at the consideration in the total sum of (i) the outstanding principal of the Shortfall Loan and all unpaid interest payable by the Target which has accrued thereon (if any); and (ii) a sum equal to all unpaid Fee.

Upon the occurrence of any funding default made by the Fund Defaulting Shareholder, the management right of the Fund Defaulting Shareholder shall be suspended for such period as prescribed in the Shareholders Deed.

In addition, the Fund Defaulting Shareholder shall fully indemnify the non-defaulting shareholder of the Target against all losses which may be suffered by it as a result of the Fund Defaulting Shareholder's failure to provide any funding which the shareholder concerned is obliged to provide in accordance with the Shareholders Deed.

Fund raising

To fund part of the cost for the Acquisition, it is the intention of the shareholders of the Target that the Seller Loan will be obtained before or upon the completion of the Acquisition and the Initial Loan will subsequently be obtained before or upon the full repayment of the Seller Loan. No shareholder of the Target is required to (a) assume any obligation or responsibility in respect of the payment obligation of the Seller Loan and/or the Initial Loan; or (b) provide any security, guarantee, indemnity, support, or comfort in respect of the payment obligation of the Seller Loan and/or the Initial Loan.

In addition, apart from the contributions of the Total Capital Commitment by each of the shareholders of the Target which is within the Maximum Commitment Amount, funding needs of the Target Companies in excess of their own cash and arising from any payment obligation of any member of the Target Companies which is contemplated by the Business Plan shall be met to the extent available, by way of external borrowings or financings from banks, financial institutions or such other third parties acceptable to both shareholders of the Target (including the Seller Loan and/or the Initial Loan). No shareholder of the Target is required to (a) assume any obligation or responsibility in respect of the payment obligation of such external borrowing or financings; or (b) provide any security, guarantee, indemnity, support or comfort in respect of the payment obligation of such external borrowing or financings.

If there is any funding need of the Target Companies arising from payment obligation of any member of the Target Companies (a) in relation to the maintaining of interest reserve(s) or payment of interest or commitment fee under any external borrowings or financings (“**Extra Interest Reserve or Interest**”); or (b) in relation to those items which is contemplated by and within the monetary amount budgeted in the Business Plan (“**Extra Operation Amount**”), but the shareholders of the Target are not obliged to provide such additional funding as required by the Target under the Shareholders Deed because they are in excess of the Maximum Commitment Amount, in such a case, save to the extent such additional funding needs on the Extra Interest Reserve or Interest and/or the Extra Operation Amount can be financed by external borrowing or financings, any one of the shareholders of the Target are entitled (but not obliged) to provide additional funding in excess of the Maximum Commitment Amount for enabling the Target Companies concerned to meet the additional funding needs on the Extra Interest Reserve or Interest and/or the Extra Operation Amount by way of providing a shareholder’s loan to the Target (“**Interests Reserve Shareholder Loan**”). The Extra Interest Reserve or Interest and the Extra Operation Amount may be caused by any cost factors which include those that could not be reasonably anticipated by the JV Partner and Honour Gain at the time when the Business Plan is prepared. For example, the increase of interest rate to a level over the projected interest rate used for the calculation of the interest reserve and/or interest payable for the Seller Loan and/or the Initial Loan under the Business Plan.

If any one of Honour Gain or the JV Partner has provided to the Target an Interests Reserve Shareholder Loan in excess of the amount (“**Excess**”) arrived at by multiplying its Shareholding Ratio with the total amount of such additional funding required (“**Pro-rata Portion**”), the other shareholder of the Target who fails to provide the Interests Reserve Shareholder Loan up to its Pro-rata Portion shall pay to the other funding shareholder of the Target a fee calculated on the outstanding principal for such part of the Interests Reserve Shareholder Loan which is in excess of its Pro-rata Portion at the interest rate as prescribed in the Shareholders Deed. In addition, if any one of Honour Gain or the JV Partner has provided the Interests Reserve Shareholder Loan up to its Pro-rata Portion, the management right of the other non-funding shareholder of the Target shall be suspended for such period as prescribed in the Shareholders Deed.

Where a member of the Target Companies has any funding need arising from payment obligation of any member of the Target Companies which exceeds the monetary amount budgeted in the Business Plan as agreed at the time when the Shareholders Deed is signed or funding need which is not contemplated in the Business Plan (“**Outside Budget Amount**”), the shareholders of the Target are entitled (but not obliged) to provide funding for enabling the Target Companies concerned to meet the Outside Budget Amount by way of a shareholder’s loan at such interest rate as agreed by the shareholders of the Target under the Shareholders Deed. Even if a particular shareholder of the Target has provided funding for enabling the Target Companies concerned to meet the Outside Budget Amount by way of a shareholder’s loan in excess of the amount arrived at by multiplying its Shareholding Ratio with the total amount of such additional fund required, no fee or interest is payable to the other funding shareholder of the Target, and no management right of the non-funding shareholder of the Target will be suspended in such circumstance.

If Honour Gain decides to increase its Total Capital Commitment in excess of the Maximum Commitment Amount at the time when there is any additional funding needs on the Extra Interest Reserve or Interest and/or the Extra Operation Amount and/or Outside Budget Amount, the Company will make further announcement as and when appropriate and comply with the relevant requirements under the Listing Rules.

Management of the Project

Project Committee

A project committee of the Project Company will be formed to handle certain matters in relation to the Project. The maximum number of members of the project committee of the Project Company shall be four, of which each of the JV Partner and Honour Gain is entitled to appoint and remove one member for every 25% of all issued shares in the Target held by it.

Board of directors

The maximum number of directors for each of the Target and the Intermediate Holding Company shall be five, of which each of the JV Partner and Honour Gain is entitled to appoint and remove one director for every 25% of all issued shares in the Target held by it. In addition, if all of the shareholders of the Target agree, they may jointly appoint one director of each of the Target and the Intermediate Holding Company.

The maximum number of directors for the Project Company shall be four, of which each of the JV Partner and Honour Gain is entitled to appoint and remove one director for every 25% of all issued shares in the Target held by it.

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

All resolution of the board of directors of each of the Target Companies (save in the case when, among others, the matter considered is a major decision which require the affirmative votes from both of the JV Partner and Honour Gain (or all of those directors as nominated by each of them)) shall be passed by a simple majority vote which comprises at least one director appointed by the JV Partner and one director appointed by Honour Gain.

Conflicted Matter

For any matter which is a Conflicted Matter under the Shareholders Deed, the Conflicted Shareholder and the directors as nominated by the Conflicted Shareholder shall be abstained from voting. In addition, members of the project committee appointed by the Conflicted Shareholder shall not be entitled to participate in any decision making process of the project committee in respect of such Conflicted Matter.

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 external financing of any member of the Target Companies) that amount to major decisions require (a) the approval of both the JV Partner and Honour Gain (in respect of major decisions needed to be approved at shareholders' level under the laws of BVI); or (b) all directors of the Target, the Intermediate Holding Company 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 or the Project Company).

Distribution

Surplus cash of the Target, the Intermediate Holding Company and the Project Company shall be distributed to the shareholders of the Target for, among others, the payment of interest accrued on shareholder loan, repayment of the outstanding principal of shareholder loan and payment of dividends in the order of priority provided under the Shareholders Deed.

Restriction on transfer of shares in the Target

Restriction in general

No shareholder of the Target shall dispose of, assign and/or otherwise transfer or encumber any of its shares together with shareholder loan in the Target unless all requirements on the right of first offer and Co-Sale Right as contained in the Shareholders Deed are fully complied or as permitted under the Shareholders Deed.

No transfer of shares and shareholder loan in the Target is allowed before the submission of the relevant form in respect of the Renovation Works as required under the applicable law in Hong Kong.

Right of first offer and Co-Sale Right

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 (but not an obligation) 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 (but not obliged) 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 the other non-transferring shareholder does not exercise the right of first offer to acquire the shares and shareholder loan in the Target held by the transferring shareholder, the transferring shareholder shall, subject to the exercise of the Co-Sale Right by the other non-transferring shareholder, be entitled to sell its shares and shareholder loan in the Target in the manner and within a specified period as prescribed in the Shareholders Deed.

If the other non-transferring shareholder exercises the right of first offer to acquire the shares and shareholder loan in the Target held by the transferring shareholder but subsequently fails to complete the purchase of the shares and the shareholder loan in the Target (other than due to any requirement under the Listing Rules), the transferring shareholder shall be entitled to sell its shares and shareholder loan in the Target in the manner and within a specified period as prescribed in the Shareholders Deed.

Completion of the transfer all of the shares and shareholder loan in the Target as a result of the exercise of the right of first offer shall be subject to the compliance of all requirements under the Listing Rules. If the non-transferring shareholder exercises the right of first offer to acquire the shares and shareholder loan in the Target held by the transferring shareholder, and completion of such sale and purchase of the shares and the shareholder loan in the Target does not take place due to any requirement under the Listing Rules, neither the transferring shareholder nor the non-transferring shareholder shall be bound to proceed with the transaction for the sale and purchase of the shares and the shareholder loan in the Target, but (a) if Honour Gain is the transferring shareholder, it shall not be entitled to sell its shares and shareholder loan in the Target to any third party unless it goes through the procedures on the right of first offer as prescribed under the Shareholders Deed again and (b) if the JV Partner is the transferring shareholder, it shall subject to the exercise of the Co-Sale Right by Honour Gain (only in the case when, among other matters, the non-completion of the sale and purchase of the shares and the shareholder loan in the Target from the JV Partner to Honour Gain is not due to any failure of the Company to take necessary steps for the compliance of the Listing Rules), be entitled to sell its shares and shareholder loan in the Target to any other third party in the manner and within a specified period as prescribed in the Shareholders Deed.

The Company will make further announcement as and when appropriate and comply with the relevant requirements under the Listing Rules upon the exercise of any right of first offer or Co-Sale Right given to or granted by Honour Gain (as the case may be).

Non-completion of the Acquisition

If (i) the Target does not proceed to completion of the Acquisition as a result of the requisite approval required under the Shareholders Deed not having been given by a shareholder of the Target or any director of any member of the Target Companies appointed by a shareholder of the Target (“**Non-Completing Shareholder**”), and (ii) the Seller is entitled to forfeit or retain amounts paid by the Target under the Acquisition Agreement (“**Forfeited Amount**”) and to terminate the Acquisition Agreement, then the Non-Completing Shareholder shall fully indemnify the other shareholder of the Target against all losses which it may suffer or incur as a result of the Target not completing the Acquisition.

Events of default

Upon the occurrence of an event of default and upon the non-defaulting shareholder serving a notice on the defaulting shareholder stating that there has been an event of default on the part of the defaulting shareholder, the Target shall, at the time when the default notice is served, make an Offer to the non-defaulting shareholder, and in such a case, the non-defaulting shareholder may choose to acquire (or designate another person to acquire) from the Target (a) all of the shares of the Intermediate Holding Company; and (b) all of the loans owing by the Intermediate Holding Company to the Target at a price equal to the fair market value of such shares and shareholder loan. All proceeds received by the Target shall then be distributed to both of the shareholders of the Target provided that the defaulting shareholder shall only be entitled to such a reduced amount of distribution as set out in the Shareholders Deed.

Also, the management right of the defaulting shareholder shall be suspended until the time when the event of default concerned is remedied or such other time when the non-defaulting shareholder may determine.

An event of default includes (i) a material breach of the terms of the Shareholders Deed by a shareholder of the Target; or (ii) the occurrence of certain insolvency events in relation to a shareholder of the Target.

Upon the occurrence of an event of default and service of the default notice, the Company will make further announcement as and when appropriate and comply with the relevant requirements under the Listing Rules.

PROJECT MANAGEMENT DEED

Upon completion of the Acquisition, the Project Company 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:

Parties

- (a) the Project Company (as the owner)
- (b) the Project Manager (as the project manager)

Subject Matter

The Project Company will appoint the Project Manager as an independent consultant, in the position of the project manager of the Project with effect from the date of the Project Management Deed to provide the project management services.

Project Management Fee

The Project Company shall pay to the Project Manager the project management fee for the project management services performed, which shall, subject to an agreed maximum amount, be calculated at a fixed percentage of the actual costs of the Renovation Works.

Duties of the Project Manager

The Project Manager shall, among others, provide the following services:

- (a) to oversee the day-to-day project management work of the Project;
- (b) to consult with the Project Company to establish the Project scope, objectives, priorities, constraints, assumptions and strategies;
- (c) to keep the Project Company regularly informed of the status of the Project;
- (d) to advise the Project Company on the engagement of an independent accounting firm to conduct the annual auditing of the Project Company;
- (e) to advise the Project Company on insurance arrangements for the Project and the Property;
- (f) to receive applications for payment and accounts on behalf of the Project Company from all consultants, contractors and other persons involved in the carrying out of the Project;
- (g) to provide bookkeeping and accounting services and assistance; and
- (h) to arrange an external audit of the accounts for the Project.

MANAGEMENT CONTRACTOR DEED

Within 60 days after completion of the Acquisition (or such other date as may be agreed in writing by both shareholders of the Target), the Project Company and HCL shall enter into the Management Contractor Deed. The transaction under the Management Contractor Deed is a transaction of a revenue nature in the ordinary and usual course of business of the Company.

Parties

- (a) the Project Company (as the owner)
- (b) HCL (as the management contractor)

Subject Matter

The Project Company will appoint HCL as a management contractor to manage, monitor and ensure performance of the works subcontracts and coordinate performance with the direct contracts for the Renovation Works.

Management Fee

The Project Company shall pay to HCL the management fee, which shall, subject to an agreed maximum amount, be calculated at a fixed percentage of the actual amount incurred and paid for work subcontracts and direct contracts for the Renovation Works.

Duties of HCL

HCL shall, among others, provide the following services:

- (a) to produce and advise on/maintain a packaging strategy for the Renovation Works for approval by the Project Company;
- (b) to propose a list of qualified bidders for each work subcontract in accordance with the approved qualification requirements; and
- (c) to conduct a competitive tender process for each work subcontract.

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\$701,454,062 which represents approximately 15.9% 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
Pagson Development Limited	50%	Net sum of HK\$310,000,000 after deducting the amount for the Subscription (<i>Note 1</i>)	Nil	Internal resources of the Company
338 Apartment Holdings (BVI) Limited ("338 Apartment Holdings") and its subsidiary	40%	HK\$154,273,540 (<i>Note 2</i>)	Nil (<i>Note 2</i>)	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\$139,262,757 (<i>Note 3</i>)	RMB98,000,000 (equivalent to HK\$108,780,000)	Internal resources of the Company
AG Acquisition M (BVI) Limited ("AG Acquisition") and its subsidiaries	25%	HK\$97,917,765 (<i>Note 4</i>)	HK\$51,385,250	Internal resources of the Company

Notes:

- The Total Capital Commitment shall be contributed by the Group by way of Subscription and providing an unsecured shareholder's loan to the Target. The shareholder's loan to be provided to the Target shall be unsecured, non-interest bearing and have no fixed term of repayment.
- 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 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.
- The Group has pledged to a bank in Hong Kong cash deposits in the sum of HK\$139,262,757 (accrued at an interest rate of 0.91% per annum) for the period from 21 December 2016 to 21 December 2017 for securing the standby letter of credit issued to the bank in the PRC which granted a bank loan to Haining.

4. 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\$30,792,765 and are unsecured, non-interest bearing and repayable on demand. In addition, the Group agrees to provide guarantees or other securities in respect of bank loan to an indirect wholly-owned subsidiary of AG Acquisition. As at the date of this announcement, such guarantees amounted to HK\$67,125,000.

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

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.

Honour Gain is an investment holding company incorporated in BVI and an indirect wholly-owned subsidiary of the Company.

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.

HCL is incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. Its principal business is engaged in property construction and provision of management contractor 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 25 January 2017 and is an investment holding company with a total issued share capital of US\$2 divided into 2 shares. It is the intention of the JV Partner and Honour Gain that the Target will acquire the legal and beneficial interest of all issued shares in the Intermediate Holding Company pursuant to the terms of the Acquisition Agreement. Upon completion of the Acquisition, the Target, through the Intermediate Holding Company, will own the entire equity interest 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, save for the entering into of the Acquisition Agreement, the Target does not carry out any business.

The unaudited net asset value of the Target as at 31 January 2017 was US\$2.

The unaudited net profits before and after taxation and extraordinary items attributable to the Target for the period from 25 January 2017 (date of incorporation) to 31 January 2017 was nil.

REASONS FOR ENTERING INTO THE SHAREHOLDERS DEED

The Project involves, among others, carrying out the Renovation Works and managing, operating and marketing the Property. The Property is expected to comprise approximately 240,000 square feet of gross floor area and is currently vacant. Since the Group will provide the project management service under the Project Management Deed and the management contractor service on the Property under the Management Contractor Deed, the 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 Honour Gain under the Shareholders Deed has been/will be funded by internal resources of the Company. The Target is 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.

The Directors (including the independent non-executive Directors) believe that the terms of the Shareholders Deed are fair and reasonable under the current market conditions and in the interests of 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 Subscription and the transactions contemplated under the Shareholders Deed (including the Total Capital Commitment and all indemnities given under the Shareholders Deed) 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 Target of all issued shares in the Intermediate Holding Company
“Acquisition Agreement”	a sale and purchase agreement in relation to the Acquisition entered into between (a) the Target (as purchaser); and (b) the Seller (as vendor), after the signing of the Shareholders Deed on 25 February 2017
“Affiliate”	in respect of a person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with that person

“Board”	board of Directors
“Business Plan”	master business plan in respect of the Project as agreed between the shareholders of the Target at the time when the Shareholders Deed is signed and as may be varied from time to time with the prior approval of both of the shareholders of the Target
“BVI”	the British Virgin Islands
“Cap”	the maximum cap of HK\$310,000,000
“Co-Sale Right”	the right exercisable by any non-transferring shareholder at its discretion, to participate in the sale by requiring the transferring shareholder to procure the bona fide purchaser concerned to make an offer to the Target to purchase from the Target all of the issued shares of the Intermediate Holding Company and all of the shareholder loans owing by the Intermediate Holding Company to the Target
“Company”	Hanison Construction Holdings Limited (stock code: 896), a company with limited liability incorporated in the Cayman Islands and the issued Shares of which are listed on the main board of the Stock Exchange
“Conflicted Matter”	the matters classified as conflicted matter under the Shareholders Deed which involve any Target Companies on one hand and any shareholder of the Target and/or the Affiliate of such shareholder on the other hand
“Conflicted Shareholder”	for a particular Conflicted Matter, any shareholder of the Target and/or its Affiliate who are adverse parties to such Conflicted Matter
“connected person”	has the meaning as ascribed under the Listing Rules
“Directors”	directors of the Company
“Fund Defaulting Shareholder”	any shareholder of the Target who fails to provide any funding which it is obliged to provide under the Shareholders Deed (i.e. any part of the Total Capital Commitment which is within the Maximum Commitment Amount)
“Group”	the Company and its subsidiaries
“HCL”	Hanison Contractors Limited, a company with limited liability incorporated in Hong Kong, which is an indirect wholly-owned subsidiary of the Company

“Honour Gain”	Honour Gain Global Limited, a company with limited liability incorporated in BVI, which is an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	person(s) or company(ies) and their respectively ultimate beneficial owner(s) which, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected persons
“Initial Loan”	A term loan facility to be obtained by the Target from a financial institution in Hong Kong before or upon the full payment of the Seller Loan
“Intermediate Holding Company”	a company with limited liability incorporated in BVI, being an Independent Third Party, which holds the Property through the Project Company
“JV Partner”	a company with limited liability incorporated in the Cayman Islands which is an Independent Third Party
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Management Contractor Deed”	the management contractor deed to be entered into between the Project Company and HCL in relation to the appointment of management contractor for the Project
“Maximum Commitment Amount”	a maximum of HK\$280,000,000
“Offer”	a right to acquire by itself or any other designated person from the Target (a) all of the shares of the Intermediate Holding Company; and (b) all of the loans owing by the Intermediate Holding Company to the Target at a price equal to the fair market value of such shares and shareholder loan
“PRC”	the People’s Republic of China, which excludes Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Property”	ALL THAT piece or parcel of ground registered in the Land Registry as THE REMAINING PORTION OF LOT NO.303 IN DEMARCATION DISTRICT NO.444 TOGETHER with the messuages erections and buildings erected thereon known as “SUCCESS CENTRE (成功中心)”

“Project”	the project of (a) carrying out and completing the Acquisition; (b) carrying out, completing and rectifying defects in the Renovation Works; (c) managing, insuring and operating the Property whether before or after the completion of the Renovation Works; (d) marketing the Property for letting after the completion of the Renovation Works; (e) obtaining financing for the business of one or more of the Target Companies (including financing for the Acquisition and for the carrying out of the Renovation Works); and (f) all other activities related or incidental to any of the aforesaid
“Project Company”	a company with limited liability incorporated in Hong Kong, being an Independent Third Party, which holds the Property
“Project Management Deed”	the project management deed to be entered into between the Project Manager and the Project Company in relation to the appointment of project manager for the Project
“Project Manager”	Hanison Project Management Limited, a company with limited liability incorporated in Hong Kong, which is an indirect wholly-owned subsidiary of the Company
“Renovation Works”	all works which are carried or to be carried out for the purpose of renovating the Property and revitalizing the Property (being an industrial building) as permitted by the relevant government authorities in Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	a company with limited liability incorporated in BVI, being an Independent Third Party, which is the seller in the Acquisition Agreement
“Seller Loan”	a bridging loan to be advanced to the Target by a company which is an Independent Third Party before or upon the completion of the Acquisition as contemplated under the Acquisition Agreement
“Shares”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Shareholders Deed”	the shareholders deed entered into between the JV Partner, Honour Gain and the Target on 25 February 2017 in relation to the formation of the Target and the management of the Target Companies and the Project

“Shareholding Ratio”	in relation to a shareholder of the Target, the ratio borne by the total number of shares of the Target from time to time owned by a shareholder of the Target concerned to the total number of shares in the Target. For illustrative purpose only, as at the date of this announcement, the Shareholding Ratio of each of the JV Partner and Honour Gain in the Target is 50% respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 1 subscriber share of the Target by each of the JV Partner and Honour Gain at the subscription price of US\$1 for each subscriber share upon the incorporation of the Target
“Target”	Pagson Development Limited, a company with limited liability incorporated in BVI
“Target Companies”	the Target, the Intermediate Holding Company and the Project Company
“Total Capital Commitment”	the total amount of funding which each shareholder of the Target is obliged to provide to the Target under the Shareholders Deed (including the subscription price of US\$1 paid for the Subscription by each shareholder of the Target) in respect of any funding need of the Target Companies arising from any payment obligation of the Target Companies
“US\$”	United States Dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 25 February 2017

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

Non-executive chairman

Mr. Cha Mou Sing, Payson

Non-executive director

Mr. Cha Mou Daid, Johnson

Executive directors

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

Mr. Tai Sai Ho (*General Manager*)

Independent non-executive directors

Mr. Chan Pak Joe

Dr. Lau Tze Yiu, Peter

Dr. Sun Tai Lun