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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 IN RELATION TO THE ACQUISITIONS

THE ACQUISITIONS

The Board is pleased to announce that on 28 December 2016 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendors and the Guarantor in relation to the Acquisitions, pursuant to which (i) the Vendors have conditionally agreed to sell Sale Shares A (representing the entire issued and paid up share capital of Target Company A); and (ii) S. Sundar has conditionally agreed to sell Sale Shares B (representing the entire issued and paid up share capital of Target Company B), and the Purchaser has conditionally agreed to make such purchases at the aggregate consideration of HK\$341,380,001, subject to upward or downward adjustments for the Net Current Asset Value as at Completion Date as described under the paragraphs headed “The Sale and Purchase Agreement – Initial adjustment to the Consideration” and the “The Sale and Purchase Agreement – Further adjustment to the Consideration” below.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Acquisitions exceeds 5% but less than 25%, the Acquisitions constitute a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

THE ACQUISITIONS

Reference is made to the announcement of the Company dated 11 November 2016 regarding the MOU entered into by the Purchaser, the Vendors and the Guarantor in relation to, among others, the Acquisitions.

As disclosed in the MOU Announcement, the Purchaser, the Vendors and the Guarantor entered into the MOU in relation to the possible acquisition of the Sale Shares and the Shareholder Loans. As the Shareholder Loans will be repaid or waived on or before the Completion Date, the Purchaser entered into the Sale and Purchase Agreement with the Vendors and the Guarantor in relation to the acquisitions of the Sale Shares only.

The Board is pleased to announce that on 28 December 2016 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendors and the Guarantor in relation to the Acquisitions, pursuant to which (i) the Vendors have conditionally agreed to sell Sale Shares A (representing the entire issued and paid up share capital of Target Company A); and (ii) S. Sundar has conditionally agreed to sell Sale Shares B (representing the entire issued and paid up share capital of Target Company B), and the Purchaser has conditionally agreed to make such purchases at the aggregate consideration of HK\$341,380,001, subject to upward or downward adjustments for the Net Current Asset Value as at Completion Date as described under the paragraphs headed “The Sale and Purchase Agreement – Initial adjustment to the Consideration” and the “The Sale and Purchase Agreement – Further adjustment to the Consideration” below.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are summarised as follows:

Date

28 December 2016

Parties

- (a) Great Practice Limited, an indirect wholly-owned subsidiary of the Company, being the Purchaser
- (b) S. Sundar, being one of the Vendors
- (c) Baffin Investments Limited, being one of the Vendors
- (d) Mutual Corporation Limited, being one of the Vendors
- (e) Agile Industries Limited, being one of the Vendors
- (f) JAMP (Overseas) Investments Ltd., being one of the Vendors
- (g) Hind Hotels and Properties Limited, being the Guarantor

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of the Vendors, the Guarantor and their respective ultimate beneficial owner is a third party independent of the Company and the connected persons of the Company.

Subject Matter

The Sale Shares A represents the entire issued and paid up share capital of Target Company A and the Sale Shares B represents the entire issued and paid up share capital of Target Company B.

Target Company A, which is a company wholly-owned by the Vendors, is an investment holding company with the sole purpose of holding the legal and beneficial interest of all shares in the HK SPV. HK SPV is a property holding company with the sole purpose of holding the legal and beneficial interest of the Property situated at No. 256 Tung Chau Street, Sham Shui Po, Kowloon (New Kowloon Inland Lot No. 329), together with all rights and benefits, as well as assets related to the ongoing operation of the Property.

Target Company B, which is a company wholly-owned by S. Sundar, is an investment holding company with the sole purpose of holding the legal and beneficial interest of all shares in the Licence Holder. The Licence Holder is an investment holding company with the sole purpose of holding the Licence.

Consideration

The Consideration shall comprise of (i) the consideration for the Acquisition A in the sum of HK\$341,380,000; and (ii) the consideration for the Acquisition B in the sum of HK\$1, subject to upward or downward adjustments for the Net Current Asset Value as at Completion Date as set out below.

The Consideration has been or shall be paid by the Purchaser in the following manners:

- (a) a sum of HK\$15,000,000 being the Initial Deposit has been paid to the Vendors' solicitors as stakeholders on 11 November 2016 upon signing of the MOU;
- (b) a sum of HK\$19,138,000.1, being the Further Deposit and part payment of the Consideration, has been paid to the Vendors' solicitors as stakeholders upon the signing of the Sale and Purchase Agreement; The Initial Deposit and the Further Deposit are equivalent to 10% of the Consideration; and
- (c) the Balance (as adjusted in accordance with the adjustment mechanism as described under the paragraphs headed "The Sale and Purchase Agreement – Initial adjustment to the Consideration") shall be paid to the Vendors upon Completion.

Initial adjustment to the Consideration

The Vendors shall procure the preparation of a Draft Completion Accounts as at the Completion Date and deliver the agreed Draft Completion Accounts to the Purchaser on the Completion Date. The Consideration shall accordingly be adjusted as follows:

- (a) upward if the Net Current Asset Value as set out in the Draft Completion Accounts is a positive figure, provided that such upward adjustment on the Consideration, together with the upward adjustment on the Consideration made under the paragraph headed "The Sale and Purchase Agreement – Further adjustment to the Consideration" below, shall in aggregate be subject to a cap of HK\$2,600,000; or
- (b) downward if the Net Current Asset Value as set out in the Draft Completion Accounts is a negative figure.

Further adjustment to the Consideration

After Completion, the Purchaser shall instruct the auditors to audit the Draft Completion Accounts and shall use all reasonable endeavours to ensure that the auditors will deliver to the Vendors and the Purchaser within 90 days after the Completion Date the audited Completion Accounts. If there is any difference in the Net Current Asset Value as calculated by reference to the Draft Completion Accounts and the audited Completion Accounts, the Consideration shall be further adjusted as follows:

- (a) upward based on the difference between the Net Current Asset Value as calculated by reference to the Draft Completion Accounts and the Net Current Asset Value as calculated by reference to the audited Completion Accounts if the Net Current Asset Value as calculated by reference to the Draft Completion Accounts is lower than the Net Current Asset Value as calculated by reference to the audited Completion Accounts, provided that any such further upward adjustment on the Consideration, together with the upward adjustment on the Consideration made under the paragraph headed “The Sale and Purchase Agreement – Initial adjustment to the Consideration” above, shall in aggregate be subject to a cap of HK\$2,600,000, and in such case, any shortfall shall be paid to the Vendors without interest and within 10 business days after the date of the finalised audited Completion Accounts; or
- (b) downward based on the difference between the Net Current Asset Value as calculated by reference to the Draft Completion Accounts and the Net Current Asset Value as calculated by reference to the audited Completion Accounts if the Net Current Asset Value as calculated by reference to the Draft Completion Accounts is greater than the Net Current Asset Value as calculated by reference to the audited Completion Accounts, and in such case, any excess paid on Completion by the Purchaser shall be returned to the Purchaser without interest and within 10 business days after the date of the finalised audited Completion Accounts.

The Consideration was determined and arrived after arm’s length negotiation between the Vendors and the Purchaser, having taken into account the offer prices of comparable properties in nearby locations. The Consideration will be fully funded by the internal resources of the Company.

Guarantee

The Guarantor, being a wholly-owned subsidiary of S. Sundar, agreed to guarantee unconditionally and irrevocably as primary obligor, the due observance and performance of S. Sundar’s agreements, obligations, commitments and undertakings contained in and in accordance with the Sale and Purchase Agreement.

Conditions Precedent

Completion is conditional upon the Conditions Precedent being fulfilled/satisfied or waived on or before the Long Stop Date. The Conditions Precedent include, amongst others, the following:

- (a) Target Company B being the effective owner of the Licence through the Licence Holder; all consents, approvals, waivers and clearances which are necessary in connection with the Licence having been obtained and being valid and effective;
- (b) All compliance requirements as may be required under the Listing Rules relating to the Sale and Purchase Agreement and the transactions contemplated thereunder having been duly complied with by the Company;

- (c) Target Company A and HK SPV 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) at least 7 business days before Completion Date;
- (d) The contents and figures set out in the Draft Completion Accounts are all agreed by the Vendors and the Purchaser;
- (e) All encumbrances in the Property, the Licence and the shares of the Target Group shall be released and/or discharged on or before Completion Date;
- (f) No material adverse change in the assets or position (financial, trading or otherwise) of the Target Group and/or the Property and/or the Licence (which shall be subject to Conditions Precedent (j) below) having occurred on or before the Completion Date;
- (g) The warranties given by the Vendors remaining true, accurate and not misleading in all respects on the date of the Sale and Purchase Agreement and at all times up to and including the Completion Date;
- (h) All other consents, approvals, waivers and clearances which are necessary (including from governmental or official authorities or board approval) in connection with the execution, delivery and performance of the Sale and Purchase Agreement and the consummation of the transactions as contemplated thereunder having been obtained;
- (i) No statute, regulation or decision which would prohibit, restrict or materially delay the execution, delivery or performance of the Sale and Purchase Agreement and/or the consummation of the transactions as contemplated thereunder;
- (j) The application for renewal of the Licence having been submitted to the Hotel and Guesthouse Accommodation Authority; and
- (k) All debts or loans owed by any member of the Target Group to any of the Vendors or the affiliates of the Vendors (or any of its subsidiaries) including the Shareholder Loans shall be forgiven or waived on or before the Completion Date.

The Purchaser may in its absolute discretion waive either in whole or in part at any time by notice in writing to the Vendors any of the Conditions Precedent (other than the Conditions Precedent (b) and (i) above).

If any of the Conditions Precedent has not been fulfilled/satisfied or waived on or before the Long Stop Date, and any of such outstanding Conditions Precedent, which has not been fulfilled/satisfied or waived (other than, among others, Conditions Precedent (c), (d) and (k) above), has a substantial adverse effect on the Purchaser in respect of the transaction contemplated in the Sale and Purchase Agreement or has a substantial adverse effect on the value of the Sale Shares or the Property, or has an effect of affecting the legality of the transaction contemplated in the Sale and Purchase Agreement, as determined by the Purchaser in a reasonable manner, the Sale and Purchase Agreement shall be terminated and the Vendors shall return the Initial Deposit and Further Deposit (together with interest thereon) to the Purchaser within 2 days from the Long Stop Date.

Completion

Subject to fulfilment/satisfaction and/or waiver (as the case may be) of the Conditions Precedent, Completion shall take place on 27 February 2017 or such other date as may be agreed between the parties in writing.

The parties agree that the sale and purchase of the Sale Shares A and the Sale Shares B together form an integral transaction and therefore are inter-conditional, i.e. completion of the Acquisition A and the Acquisition B shall be carried out simultaneously.

If the Vendors do not proceed to Completion on the Completion Date where all Conditions Precedent have been satisfied in full (or waived), the Vendors shall immediately arrange to return the Initial Deposit and the Further Deposit (together with interests thereon) to the Purchaser. In addition, the Purchaser may also claim for damages for the Vendors' breach of the Sale and Purchase Agreement and/or seek against the Vendors for specific performance of their obligations under the Sale and Purchase Agreement.

If the Purchaser does not proceed to Completion on the Completion Date where all Conditions Precedent have been satisfied in full (or waived), the Vendors may (i) retain the Initial Deposit and the Further Deposit and in addition claim for damages for the Purchaser's breach of the Sale and Purchase Agreement; and/or (ii) seek against the Purchaser for specific performance of its obligations under the Sale and Purchase Agreement.

If, on or before Completion, the Purchaser becomes aware that any of the warranties given by the Vendors in the Sale and Purchase Agreement was at the date of the Sale and Purchase Agreement, or has since become, untrue or misleading or that there is a breach of the warranties given by the Vendors, and such breach is, in each case material to the Acquisitions as a whole which could reasonably be expected to influence the decision of a purchaser for value of the Sale Shares and affect the value of the Target Group, and the Vendors and/or the Guarantor shall fail to remedy the breach (if such breach is capable of being remedied) before Completion, the Purchaser may by notice in writing to the Vendors:

- (i) elect to proceed to Completion, without prejudice to the right of the Purchaser to claim damages for breach of warranties given by the Vendors pursuant to the terms of the Sale and Purchase Agreement; or
- (ii) rescind the Sale and Purchase Agreement and the Vendors shall within 3 business days refund to the Purchaser all deposits and other moneys paid to the Vendors or Vendors' solicitors under the Sale and Purchase Agreement, including the Initial Deposit and the Further Deposit, without prejudice to the right of the Purchaser to claim damages for any breach prior to such rescission.

Pre-Completion undertakings

The Vendors have given certain customary pre-Completion undertakings in relation to the state of affairs of the Target Group for agreement of similar nature and size in the Sale and Purchase Agreement.

Post-Completion undertakings

The Purchaser agrees to change the name of the building on the Property after the Completion.

Costs

Each party shall pay its own costs and expenses in relation to the Sale and Purchase Agreement. The Purchaser agrees that it shall contribute to the Vendors' professional costs incurred in engaging professional advisers necessary to carry out the transactions under the Sale and Purchase Agreement which is agreed at HK\$700,000 and shall be payable upon Completion.

All stamp duty (if any) payable in respect of the transfer of the Sale Shares shall be borne by the Purchaser.

INFORMATION ON THE TARGET GROUP, THE PROPERTY AND THE LICENCE

Target Company A is an investment holding company with the sole purpose of holding the legal and beneficial interest of all shares in HK SPV. HK SPV is a property holding company with the sole purpose of holding the legal and beneficial interest of the Property situated at No. 256 Tung Chau Street, Sham Shui Po, Kowloon (New Kowloon Inland Lot No. 329).

Target Company B is an investment holding company with the sole purpose of holding the legal and beneficial interest of all shares in the Licence Holder. The Licence Holder is an investment holding company with the sole purpose of holding the Licence.

Set out below is the unaudited consolidated financial information of Target Company A and HK SPV for the years ended 31 December 2014 and 2015:

	For the year ended	
	31 December	
	2014	2015
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Net profit (loss) before taxation and extraordinary items	75,601	(16,111)
Net profit (loss) after taxation and extraordinary items	75,601	(16,505)

As Target Company B was incorporated in October 2016, no financial statement of Target Company B is available as at the date of this announcement.

Set out below is the unaudited financial information of the Licence Holder for the years ended 31 December 2014 and 2015:

	For the year ended	
	31 December	
	2014	2015
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Net profit (loss) before taxation and extraordinary items	(11)	(8)
Net profit (loss) after taxation and extraordinary items	(11)	(8)

The unaudited consolidated total asset value and the net asset value of Target Company A and HK SPV as at 30 September 2016 is approximately HK\$402,053,000 and HK\$200,645,000 respectively. The unaudited consolidated total asset value and the net liability value of the Target Company B and the Licence Holder as at 31 October 2016 is HK\$0 and approximately HK\$50,000 respectively. No property valuation was performed in respect of the Property.

Upon Completion, the Target Companies will become indirect wholly-owned subsidiaries of the Company. Accordingly, their financial results will be consolidated in the accounts of the Company.

INFORMATION ON THE COMPANY AND THE PURCHASER

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 Purchaser is an investment holding company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company.

INFORMATION ON THE VENDORS AND THE GUARANTOR

S. Sundar is a limited company incorporated in the Cayman Islands and its principal business activity is investments.

Baffin Investments Limited is a limited company incorporated in the British Virgin Islands and its principal business activity is investments.

Mutual Corporation Limited is a limited company incorporated in Hong Kong and its principal business activities are investments and trading.

Agile Industries Limited is a limited company incorporated in the British Virgin Islands and its principal business activity is investments.

JAMP (Overseas) Investments Ltd. is a limited company incorporated in Bahamas and its principal business activity is investments.

Hind Hotels and Properties Limited is a company incorporated in Hong Kong and its principal business activities are investments and hotel operation.

REASONS FOR THE ACQUISITIONS

The Directors undertake strategic reviews of the Company's assets from time to time with a view to maximising returns to the shareholders of the Company. The Directors consider that the Acquisitions are a valuable investment opportunity for the Company. Accordingly, the Directors believe that the Acquisitions will enable the Company to strengthen and enhance the property investment portfolio.

The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Acquisitions exceeds 5% but less than 25%, the Acquisitions constitute a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition A”	the acquisition of the Sale Shares A by the Purchaser pursuant to the Sale and Purchase Agreement
“Acquisition B”	the acquisition of the Sale Shares B by the Purchaser pursuant to the Sale and Purchase Agreement
“Acquisitions”	the Acquisition A and the Acquisition B
“Balance”	the remaining balance of the Consideration (subject to adjustment for the Net Current Asset Value as at Completion Date as described under the paragraphs headed “The Sale and Purchase Agreement – Initial adjustment to the Consideration”, if any) to be paid by the Purchaser to the Vendors upon Completion
“Board”	the board of Directors
“Company”	Hanison Construction Holdings Limited (stock code: 00896), a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisitions in accordance with the terms of the Sale and Purchase Agreement
“Completion Accounts”	the balance sheet and profit and loss accounts setting out the Net Current Asset Value as at the Completion Date (but immediately prior to Completion) to be prepared in accordance with the terms of the Sale and Purchase Agreement

“Completion Date”	the date on which Completion shall take place in accordance with the terms of the Sale and Purchase Agreement
“Conditions Precedent”	conditions precedent to the Completion
“connected persons”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	the initial consideration of HK\$341,380,001 for the Acquisitions, subject to upward or downward adjustments for the Net Current Asset Value as at Completion Date as described under the paragraphs headed “The Sale and Purchase Agreement – Initial adjustment to the Consideration” and the “The Sale and Purchase Agreement – Further adjustment to the Consideration”
“Director(s)”	the director(s) of the Company
“Draft Completion Accounts”	the draft Completion Accounts to be prepared and delivered on a pro forma basis 5 business days before the Completion Date and reviewed and agreed by the Purchaser in accordance with the terms of the Sale and Purchase Agreement
“Further Deposit”	a sum of HK\$19,138,000.1, being the Further Deposit and part payment of the Consideration
“Guarantor”	Hind Hotels and Properties Limited
“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
“HK SPV”	Westpac Limited, a limited company incorporated in Hong Kong
“Initial Deposit”	a sum of HK\$15,000,000 paid by the Purchaser to the Vendors’ solicitors as stakeholders on 11 November 2016
“Licence”	a licence in respect of the Property under the Hotel and Guesthouse Accommodation Ordinance (Cap.349 of the Laws of Hong Kong)
“Licence Holder”	Golden Years Limited, a limited company incorporated in Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	27 February 2017 (or such other date as the Purchaser and the Vendors may agree in writing)
“MOU”	the memorandum of understanding issued by the Purchaser and accepted by the Vendors and the Guarantor on 11 November 2016 in relation to the possible Acquisitions

“MOU Announcement”	the announcement of the Company dated 11 November 2016 in relation to the MOU
“Net Current Asset Value”	the aggregate amount of all current assets of each member of the Target Group less the aggregate of all current liabilities of each member of the Target Group as set out in the Completion Accounts
“Property”	the property located at No. 256 Tung Chau Street, Sham Shui Po, Kowloon (New Kowloon Inland Lot No. 329)
“Purchaser”	Great Practice Limited, a limited company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the formal sale and purchase agreement entered into between the Vendors, the Guarantor and the Purchaser in relation to the Acquisitions on 28 December 2016
“Sale Shares A”	such number of shares in Target Company A representing the entire issued and paid up share capital of Target Company A, free from encumbrances
“Sale Shares B”	such number of shares in Target Company B representing the entire issued and paid up share capital of Target Company B, free from encumbrances
“Sale Shares”	the Sale Shares A and the Sale Shares B
“Shareholder Loans”	the shareholder loans owing by the Target Companies or any of their subsidiaries to the Vendors
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S. Sundar”	S. Sundar and Sons Ltd, a limited company incorporated in the Cayman Islands
“Target Company A”	Honour Tower Holdings Limited, a limited company incorporated in the British Virgin Islands
“Target Company B”	Reliable Worldwide Limited, a limited company incorporated in the British Virgin Islands
“Target Companies”	Target Company A and Target Company B
“Target Group”	Target Company A, Target Company B, HK SPV and the Licence Holder

“Vendors” S. Sundar, Baffin Investments Limited, Mutual Corporation Limited, Agile Industries Limited and JAMP (Overseas) Investments Ltd.

“%” per cent

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

Hong Kong, 28 December 2016

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