

*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.*



## **HANNY HOLDINGS LIMITED**

**錦興集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 275)**

### **VERY SUBSTANTIAL ACQUISITION AND RESUMPTION OF TRADING**

#### **THE ACQUISITION**

On 25 May 2012 (after trading hours of the Stock Exchange), the Purchaser entered into the Agreement with the Vendor regarding the Acquisition. Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire for and the Vendor has conditionally agreed to dispose of the Sale Shares and the Sale Loan at the cash Consideration of HK\$850 million.

Upon Completion, the Company will be ultimately beneficially interested in the entire issued share capital of the Target Company, which is the sole shareholder of the Project Company. As at the date of this announcement, the principal assets of the Project Company are the Properties, being the Land and the Premises comprising the Hotel and the Clubhouse.

Upon Completion, the Management Agreement (the form and substance of which shall be to the satisfaction of the Purchaser) shall be duly executed by Zhaoqing Hongtong in relation to the management and operations of the Premises by Zhaoqing Hongtong for a period of three years at the annual rental fee of HK\$50 million payable to the Project Company.

#### **IMPLICATIONS UNDER THE LISTING RULES**

Since one of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Acquisition (including the entering into of the Management Agreement) is more than 100%, the Acquisition (including the entering into of the Management Agreement) constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the ordinary resolution(s) in respect of the Agreement and the transactions contemplated thereunder (including but not limited to the entering into of the Management Agreement). To the best knowledge, information and belief of the Directors having made reasonable enquiries, as at the date of this announcement, the Vendor and his associates do not hold any Shares. As no Shareholder has material interest in the Agreement, no Shareholder will be required to abstain from voting at the SGM in respect of the ordinary resolution(s) relating to the Agreement and the transactions contemplated thereunder.

**GENERAL**

A circular containing, among other things, (i) further details of the Acquisition and the transactions contemplated thereunder; (ii) the audited financial information on the Target Group; (iii) the Valuation Report; and (iv) a notice convening the SGM, will be despatched to the Shareholders on or before 31 July 2012 in view of the expected time required for preparation of the aforesaid information.

**RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on 28 May 2012 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 7 June 2012.

The Board is pleased to announce that on 25 May 2012 (after trading hours of the Stock Exchange), the Purchaser entered into the Agreement with the Vendor regarding the Acquisition. Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire for and the Vendor has conditionally agreed to dispose of the Sale Shares and the Sale Loan at the Consideration of HK\$850 million.

Upon Completion, the Company will be ultimately beneficially interested in the entire issued share capital of the Target Company.

**THE AGREEMENT**

Set out below are the principal terms of the Agreement:

**Date:**

25 May 2012

**Parties involved:**

*Purchaser*

The Purchaser, an indirect wholly-owned subsidiary of the Company.

### *Vendor*

Mr. Hong Shunyao (洪舜堯), being the sole shareholder and director of the Target Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Vendor and his associates are Independent Third Parties; (ii) the Vendor and his associates did not hold any Shares or other convertible securities in the Company as at the date of the Agreement; and (iii) there was no previous transaction or business relationship between the Company and the Vendor or his associates which would result in aggregation under Rule 14.22 of the Listing Rules.

### **Assets to be acquired:**

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire for and the Vendor has conditionally agreed to dispose of the Sale Shares and the Sale Loan at the Consideration. The Sale Shares represent the entire issued share capital of the Target Company. The Sale Loan represents the entire amount of the shareholder's loan owing by the Target Company to the Vendor on the Completion Date. Such amount of shareholder's loan, which will be subject to change, amounts to approximately HK\$182.4 million as at the date of this announcement.

The shareholding structure of the Target Group is included under the section headed "Shareholding charts" of this announcement. Detailed information on the Target Group is included under the section headed "Information on the Target Group" of this announcement.

### **The Consideration:**

Pursuant to the Agreement, the Consideration of HK\$850 million (the consideration for the Sale Loan shall be the face value of the Sale Loan on a dollar-for-dollar basis but not more than the Consideration and the balance thereof shall be the consideration for the Sale Shares) shall be settled in the following manner:

- (a) as to HK\$250 million payable in cash on or prior to the signing of the Agreement as deposit (the "**1st Deposit**");
- (b) as to HK\$100 million payable in cash upon satisfaction by the Purchaser of the due diligence review of the Target Group as further deposit (the "**2nd Deposit**", together with the 1st Deposit, the "**Deposit**");
- (c) as to HK\$440 million payable in cash to the Vendor upon Completion in such manner as may be agreed by the Purchaser; and
- (d) payment of the remaining balance of HK\$60 million in cash (the "**Remaining Consideration**") to the Project Company as directed by the Vendor as follows:
  - upon completion of different stages of construction and renovation of the Premises, the Project Company shall provide a written request of all costs (the "**Costs**") payable to the constructor(s) in relation to the construction,

development and renovation of the Premises following the descriptions as set out in the Agreement (the “**Request Amount**”) with full details of the construction and renovation work done;

- after receiving such written request, the Purchaser shall arrange its professional and officers to the Premises for inspection of the construction and renovation work done; and
- the Purchaser shall pay the Request Amount to the Project Company upon satisfaction of the inspection of the construction and renovation work done.

Payment by the Purchaser to the Project Company in accordance with the above stipulation shall constitute complete and absolute discharge of the Purchaser of its obligations to pay the Remaining Consideration. In the event that the aggregate of the Request Amount is less than HK\$60 million (the “**Balance**”), the Purchaser shall pay the Balance to the Vendor within three Business Days upon satisfaction of the inspection of all construction and renovation work done. The Vendor undertakes that he shall be responsible for any outstanding Costs exceeding the amount of HK\$60 million and shall reimburse equivalent amount to the Purchaser or the Project Company within three Business Days upon written request.

The entire Consideration will be satisfied by the internal resources of the Group and/or bank borrowings.

#### *Basis of the Consideration*

The Consideration was determined between the Purchaser and the Vendor after arm’s length negotiations and are on normal commercial terms, taking into account (i) the preliminary Valuation of approximately RMB760.9 million (equivalent to approximately HK\$935.91 million); (ii) the total estimated amount of the Sale Loan; (iii) the expected cost of approximately HK\$60 million to complete the construction of the Premises; and (iv) the future prospects of the hotel industry in 肇慶高新區 (Dawang Hi-tech District, Zhaoqing City, Guangdong Province, the PRC\*).

The preliminary Valuation was arrived at based on the market comparison approach. Details of the Valuation Report will be set out in the circular to be despatched to the Shareholders.

Having considered that (i) the Acquisition is in line with the business strategy of the Company and would provide an opportunity for the Group to broaden its income base by gaining access to the hotel industry, and thereby enhancing the Group’s future financial performance and profitability; and (ii) the Consideration (net of the amount of the Sale Loan as well as the maximum amount of payment of the Costs of HK\$60 million for the Request Amount) is expected to be at a discount to the preliminary Valuation, the Board (including the independent non-executive Directors) considers that the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

**Conditions precedent:**

Completion is conditional upon the following conditions being fulfilled or waived:

- (i) the passing of relevant resolution(s) by the Shareholders at the SGM to approve the Agreement and the transactions contemplated thereunder;
- (ii) the Purchaser being solely and absolutely satisfied with the results of the due diligence review of the Target Group;
- (iii) the warranties under the Agreement remaining true and accurate and not misleading in any respect as at Completion as if repeated at Completion and at all times between the date of the Agreement and the Completion;
- (iv) the Purchaser having obtained a legal opinion issued by a firm of lawyers qualified to practise laws in the PRC in such form and substance to the satisfaction of the Purchaser covering such matters in relation to the transactions contemplated under the Agreement, including but not limited to (i) the valid existence of the Project Company; (ii) the legality and validity of the licences and permits of the Project Company and the business carried on by it; (iii) the legality of the title of the Properties owned by the Target Group; (iv) the Vendor's capacity in entering into the Agreement and the performance of his obligation hereunder; and (v) any charges or pledges on any of the Properties have been fully released and discharged; and
- (v) all other necessary consent from third parties (including governmental or official or regulatory authorities) and all other necessary consents and approvals required pursuant to any legal or regulatory requirement in respect of the sale and purchase of the Sale Shares and (if applicable) the assignment of the Sale Loan having been obtained.

Pursuant to the Agreement, it is one of the conditions precedent that Completion is subject to the Purchaser being satisfied with the due diligence review of the assets, liabilities, operations and affairs of the Target Group. As at the date of this announcement, the Purchaser is in the process of conducting the due diligence review and no material adverse findings in relation to the Acquisition have been found.

The Purchaser may, at its absolute discretion, waive all or any of the conditions above (other than conditions (i) and (v) above, which cannot be waived in any circumstances) at any time by notice in writing to the Vendor. As it is in line with the common and normal practice of sale and purchase of shares and to provide flexibility to the Purchaser, the Purchaser considers conditions (ii), (iii) and (iv) shall be waivable by itself in its absolute discretion. The Board confirms that (a) the Company at present has no intention to waive any of such conditions; and (b) the Company will ensure that it would be fair and reasonable and in the interests of the Company and the Shareholders as a whole in the event that the Company decides to waive any of such conditions.

The Vendor and the Purchaser shall use their best endeavours to procure the fulfillment of the conditions precedent to the Agreement at or before 4:00 p.m. on the Long Stop Date unless waived by the Purchaser. If any of the conditions precedent to the Agreement has not been satisfied (or waived, as the case may be) on the Long Stop Date, the Vendor and the Purchaser shall not be bound to proceed with the sale and purchase of the Sale Shares and the assignment of the Sale Loan and the Agreement shall cease to be of any effect, and the Vendor shall refund the Deposit together with interest to the Purchaser in such manner as the Purchaser may direct in writing within three Business Days after written demand from the Purchaser. Thereafter, neither party shall have any obligations towards each other save for any antecedent breach of the Agreement.

### **Completion:**

Upon compliance with or fulfillment of (or waiver of, as the case may be) all conditions precedent, Completion shall take place at such place as the parties to the Agreement shall agree in writing at 4:00 p.m. on the Completion Date (or at such other time and place as the Purchaser may agree in writing).

### **Major specific warranties and undertakings:**

- (i) The Vendor represents, warrants and undertakes that as at Completion, save for the Sale Loan and the liabilities as set out in the Agreement, the total liabilities of the Target Group shall not exceed HK\$5 million.
- (ii) The Vendor represents, warrants and undertakes that as at Completion, there are no commitments of the Target Group in excess of RMB1 million (equivalent to approximately HK\$1.23 million) that have not been disclosed to the Purchaser.
- (iii) The Vendor undertakes that he shall provide the Purchaser the renovation specs or other requirements (the “**Renovation Specs**”) in relation to the renovation works to be carried out in the Premises as specified under the section headed “Reasons for the Acquisition” of this announcement, to the satisfaction of the Purchaser within five Business Days after signing of the Agreement.
- (iv) The Vendor undertakes to the Purchaser that he shall be liable for all costs, steps and procedures in relation to the construction, development and renovation of the Premises in accordance with the descriptions set out in the Renovation Specs to the satisfaction of the Purchaser.

### **The Management Agreement:**

Pursuant to the Agreement, upon Completion, the Vendor shall deliver or procure delivery to the Purchaser, amongst others, a management or lease contract (the form and substance of which shall be to the satisfaction of the Purchaser) (the “**Management Agreement**”) duly executed by Zhaoqing Hongtong in relation to the management and operations of the Premises. Zhaoqing Hongtong has currently designated certain senior management personnel, at the expenses of the Project Company, to manage the

Hotel and to oversee the construction of the Clubhouse. As such, it is expected that the entering into of the Management Agreement would ensure the smooth and effective operations of the Premises in the future. In light of also that the Management Agreement could guarantee a stable source of recurring income to the Group, the Directors are of the view that the Management Agreement is in the interests of the Company and the Shareholders as a whole.

The principal terms of the draft Management Agreement are as follows:

*Parties involved*

- (i) The Project Company
- (ii) Zhaoqing Hongtong. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Zhaoqing Hongtong, the principal activities of which are property development and management, is beneficially owned by the previous owner of the Target Company, who is an Independent Third Party who does not have any current and/or previous relationship with the Company.
- (iii) The Vendor
- (iv) The Purchaser

*Subject matter*

The Purchaser and the Project Company agreed to lease the Premises to Zhaoqing Hongtong for a fixed annual rental fee. During the term of the Management Agreement, Zhaoqing Hongtong is entitled to receive all of the revenue generated from the Premises and be responsible for all expenses, costs and taxes in relation to the management and operations of the Premises, such as utilities, hygiene, security, staff, repairs and maintenance expenses. Upon expiry of the Management Agreement, Zhaoqing Hongtong shall also reimburse the Project Company for any deterioration and damages (other than the normal wear and tear) to the Premises' buildings, decorations and facilities.

*Term*

Three years from the Completion Date unless a new management agreement is entered into between the Project Company and Zhaoqing Hongtong at least three months prior to the expiry of the Management Agreement.

*Payment of rental fee*

Zhaoqing Hongtong shall pay an annual rental fee of HK\$50 million to the Project Company during the term of the Management Agreement. The annual rental fee for the first year shall be payable by Zhaoqing Hongtong within three days prior to the date of signing of the Management Agreement.

As for payment of the annual rental fee for the second and third years, it shall be made by Zhaoqing Hongtong within ten days before the beginning of each of the respective year.

The annual rental fee of HK\$50 million, representing a return of approximately 5.9% per annum, was determined between the Group and the Vendor after arm's length negotiations with reference to the current property market condition. Given the aforesaid basis of determination of the annual rental fee, the Directors are of the view that the annual rental fee is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### *Termination*

During the term of the Management Agreement, the Project Company shall have the right to terminate the Management Agreement by giving a three-month advance notice to Zhaoqing Hongtong. However, the Vendor and Zhaoqing Hongtong cannot terminate the Management Agreement.

In the event of occurrence of the following events, the Project Company shall have the right to terminate the Management Agreement with immediate effect upon delivery of the relevant termination notice:

- (i) Zhaoqing Hongtong fails to pay the annual rental fee to the Project Company over 30 days after the respective stipulated period for payment of any of the first, second and third years' rental fee;
- (ii) Zhaoqing Hongtong violates the laws and regulations of the PRC regarding any rectification of the Premises for more than 30 days; or
- (iii) The Premises are unable to continue their business and operations for more than 30 days due to reasons caused by Zhaoqing Hongtong.

As at the date of this announcement, the Purchaser and the Vendor have agreed the above principal terms of the Management Agreement based on arm's length negotiations and the above principal terms of the Management Agreement will not be materially changed. The Vendor shall be responsible for liaison with Zhaoqing Hongtong in respect of the signing of the Management Agreement.

Although the entering into of the Management Agreement is not a condition precedent to the Agreement, in the event that the Vendor is unable to deliver the Management Agreement duly executed by Zhaoqing Hongtong in the form and substance to the satisfaction of the Purchaser, Completion will not take place. In addition, should there be any material changes to the above principal terms of the Management Agreement, the Company will make the relevant disclosure and seek the Shareholders' approval before Completion.



## **INFORMATION ON THE TARGET GROUP**

### **The Target Company**

The Target Company is an investment holding company incorporated in Hong Kong on 29 March 2006 with limited liability and was wholly-owned by the Vendor as at the date of the Agreement. As at the date of the Agreement, the Target Company owned 100% of the equity interest in the Project Company and it did not have other material assets or operation.

As advised by the Vendor's legal advisers, the Vendor has become the beneficial owner of all the shareholdings of the Target Company since May 2009.

### **The Project Company**

The Project Company is a wholly foreign-owned enterprise established in the PRC on 24 May 2006 and was wholly-owned by the Target Company as at the date of the Agreement. As at the date of the Agreement, the principal assets of the Project Company were the Properties, being the Land and the Premises.

The Premises comprise a 16-level building erected on the Land operating as the Hotel. The 16-level building has a construction area of approximately 34,221.48 sq.m. and it comprises restaurants, commercial center, multifunction rooms and a total of 276 guest rooms. Save for the final renovation work on the 12th to 16th floors, the construction of the main hotel building has been completed and the Hotel has commenced its trial operations and business in stages since 2010. After that, the Project Company has recorded increasing amount of turnover and its loss making position has also improved substantially.

The Premises also comprise another building which has already been constructed but is still undergoing internal design and renovation, and will be developed into the Clubhouse which has a construction area of approximately 22,412 sq.m. with a range of facilities, including but not limited to a large scale ballroom, spa, nightclub and sauna center. It is expected that the renovation of both of the 12th to 16th floors of the main hotel building and the Clubhouse will be completed by the end of December 2012. Since the Hotel and the Clubhouse could only commence full operations after the aforesaid renovation is completed, the fixed administration overheads, such as depreciation charge, were/shall be borne by the existing operations. Thus, the loss making position of the Project Company is expected to persist in the short run until the commencement of full operations of the Premises.

As at the date of this announcement, the remaining parcel of the Land located at 肇慶高新區工業大街北面、肇慶宏通置業有限公司東面 (North of Gongye Street and east of Zhaoqing Hongtong Properties Limited, Dawang Hi-tech District, Zhaoqing City, Guangdong Province, the PRC\*), with an area of approximately 38,219.89 sq.m. is vacant. According to the PRC legal advisers to the Company, as at the date of this announcement, the 《土地使用權證》 (Land Use Rights Certificate\*) has been obtained. Upon obtaining the relevant 《建設用地規劃許可證》 (Construction Land Planning Permit\*), 《建設工程規劃許可證》 (Construction Project Planning Permit\*) and 《建

築工程施工許可證》(Construction Project Building Permit\*) before the construction of the vacant Land, the vacant Land can be developed into commercial properties. The PRC legal advisers to the Company also confirmed that there shall be no foreseeable legal obstacle in obtaining the aforesaid certificates and permits. Furthermore, save for certain administrative fees, no payment to the PRC government is required for the future development of the vacant Land. Upon Completion, the Company shall formulate the relevant construction and development plan based on the then business strategy of the Group and market condition.

### Financial information on the Target Group

The Target Group comprises the Target Company and the Project Company. Upon Completion, the Company will be effectively interested in the entire issued share capital of the Target Company. As a result, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Group upon Completion.

Set out below is a summary of the audited financial information on the Target Company for the two years ended 31 December 2011:

<b>Statement of income</b>	<b>For the year ended 31 December 2011</b>	<b>For the year ended 31 December 2010</b>
	<i>HK\$</i>	<i>HK\$</i>
Other revenue	3	6
Net loss before taxation	(87,217)	(57,847)
Net loss after taxation	(87,217)	(57,847)
	<b>As at</b>	<b>As at</b>
<b>Statement of financial position</b>	<b>31 December 2011</b>	<b>31 December 2010</b>
	<i>HK\$</i>	<i>HK\$</i>
Net assets	4,571,657	4,658,874

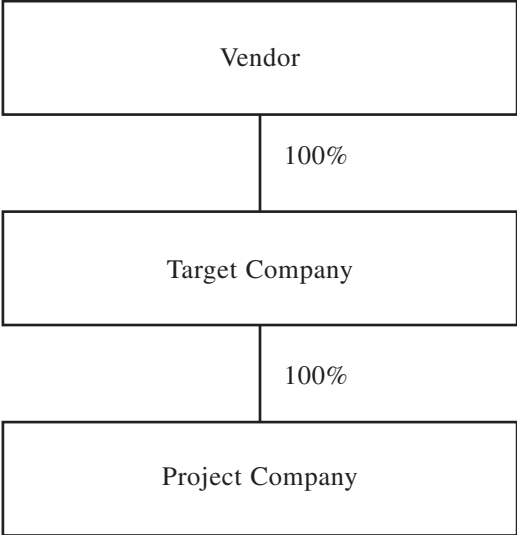
Set out below is a summary of the unaudited financial information on the Project Company for the two years ended 31 December 2011:

<b>Statement of income</b>	<b>For the year ended 31 December 2011</b>	<b>For the year ended 31 December 2010</b>
	<i>RMB</i>	<i>RMB</i>
Turnover	20,368,500	12,144,907
Net loss before taxation	(6,492,401)	(21,302,254)
Net loss after taxation	(6,492,401)	(21,302,254)
	<b>As at</b>	<b>As at</b>
<b>Statement of financial position</b>	<b>31 December 2011</b>	<b>31 December 2010</b>
	<i>RMB</i>	<i>RMB</i>
Net assets	9,169,275	15,537,017

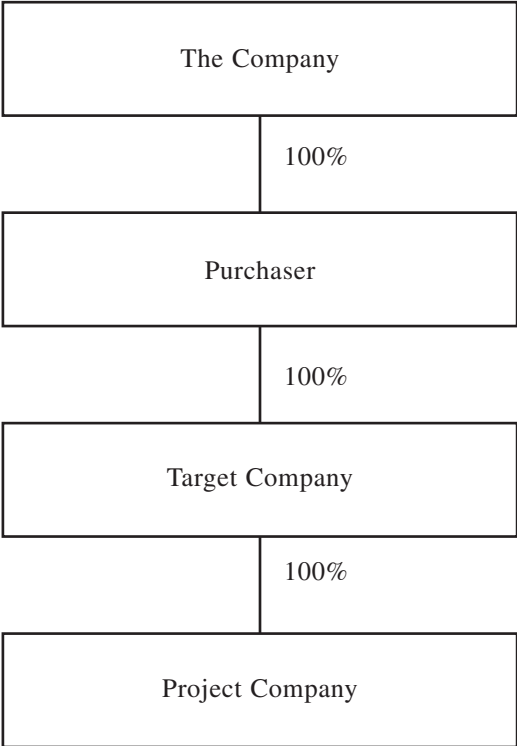
**SHAREHOLDING CHARTS**

The following charts show the shareholding structure of the Target Group (i) as at the date of the Agreement; and (ii) immediately upon Completion:

*Simplified shareholding structure as at the date of the Agreement*



*Simplified shareholding structure immediately upon Completion*



## **REASONS FOR THE ACQUISITION**

The Company is an investment holding company and the Group is principally engaged in trading of securities, industrial water supply business, property development and trading and other strategic investments.

In order to improve the overall financial performance of the Company, the Directors have continued to review its existing businesses and strived to improve the business operations and financial position of the Company by proactively seeking potential investment opportunities that could diversify its existing business portfolio and broaden its source of income, and enhance value to the Shareholders.

肇慶高新區 (Dawang Hi-tech District, Zhaoqing City, Guangdong Province, the PRC\*) is developing into a state level industrial and commercial area with six specialised industrial sub-districts under the planning of the Dawang Hi-tech District government. The Properties are located at the center of the six sub-districts of Dawang Hi-tech District and nearby the transportation hub, the government buildings and the Star Mall, being a one-stop shopping and entertainment center with an area of approximately 36,000 sq.m.. Furthermore, the Properties are located near to the famous tourist spots 七星巖 (Qixingyan\*) and 鼎湖山 (Dinghushan\*). Given the economic prospects and development potential of Dawang Hi-tech District, and the proximity of the Hotel with the other major facilities within the district, it is expected that the domestic demand for luxury hotel in Dawang Hi-tech District will increase in the future.

With the above being the case and having also considered the improving financial performance of the Project Company together with the future development of the Clubhouse, the Directors consider that the Acquisition represents a good investment opportunity for the Company and would generate stable source of recurring diversified income to the Group although the Project Company had been loss making in the past two financial years. Moreover, the Company may also enjoy the flexibility to develop the vacant Land into commercial properties based on the then business strategy of the Group and market condition. This is in line with the core business of the Group, being property development and trading.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Shareholders are concerned, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Since one of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Acquisition (including the entering into of the Management Agreement) is more than 100%, the Acquisition (including the entering into of the Management Agreement) constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the ordinary resolution(s) in respect of the Agreement and the transactions contemplated thereunder (including but not limited to the entering into of the Management Agreement). To the best knowledge, information and belief of the Directors having made reasonable enquiries, as at the date of this announcement, the Vendor and his associates do not hold any Shares. As no Shareholder has material interest in the Agreement, no Shareholder will be required to abstain from voting at the SGM in respect of the ordinary resolution(s) relating to the Agreement and the transactions contemplated thereunder.

## **GENERAL**

A circular containing, among other things, (i) further details of the Acquisition and the transactions contemplated thereunder; (ii) the audited financial information on the Target Group; (iii) the Valuation Report; and (iv) a notice convening the SGM, will be despatched to the Shareholders on or before 31 July 2012 in view of the expected time required for preparation of the aforesaid information.

**As Completion is subject to the fulfillment of a number of conditions precedent, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on 28 May 2012 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 7 June 2012.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“Acquisition”	the acquisition of the Sale Shares and the Sale Loan by the Purchaser from the Vendor pursuant to the terms and conditions set out in the Agreement
“Agreement”	the conditional sale and purchase agreement dated 25 May 2012 entered into between the Purchaser and the Vendor in relation to the Acquisition
“associate(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors

“Business Day(s)”	a day (other than a Saturday and days on which a typhoon signal No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general banking business
“BVI”	the British Virgin Islands
“Clubhouse”	the building erected on the Land to be operated as a clubhouse which is under renovation
“Company”	Hanny Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the main board of the Stock Exchange (Stock code: 275)
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Completion Date”	the fifth Business Days after the conditions precedent to the Agreement being fulfilled or waived (as the case may be) or such other date as the Purchaser may agree in writing and where the context otherwise requires, the date on which Completion takes place
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“Consideration”	the total consideration of HK\$850 million payable by the Purchaser to the Vendor for the Acquisition pursuant to the Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Hotel”	the hotel under the name 悅凱國際酒店 (Soogie International Hotel) operated on the Land
“Independent Third Party(ies)”	third party(ies) and their ultimate beneficial owner(s) which are independent of the Company and its connected persons
“Land”	(i) the parcel of land situated at 肇慶高新區工業大街北面、建設路西面 (North of Gongye Street and west of Jianshe Road, Dawang Hi-tech District, Zhaoqing City, Guangdong Province, the PRC*), with an area of 43,681.80 sq.m.; and (ii) the parcel of land situated at 肇慶高新區工業大街北面、肇慶宏通置業有限公司東面 (North of Gongye Street and east of Zhaoqing Hongtong Properties Limited, Dawang Hi-tech District, Zhaoqing City, Guangdong Province, the PRC*), with an area of 38,219.89 sq.m.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2013 (or such other date as may be agreed by the Purchaser)
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Premises”	comprising the Hotel and the Clubhouse
“Project Company”	肇慶宏通悅凱酒店有限公司 (Zhaoqing Hongtong Soogie Hotel Company Limited*), a wholly foreign-owned enterprise established in the PRC and is wholly-owned by the Target Company
“Properties”	the Land and the Premises
“Purchaser”	Hanny Investment Group Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC

“Sale Loan”	the entire amount of the shareholder’s loan owing by the Target Company to the Vendor on the Completion Date
“Sale Shares”	5,000,000 shares of HK\$1.00 each in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company as at the date of the Agreement
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Win Tong Holdings (International) Investment Limited (宏通集團(國際)投資有限公司), a company incorporated in Hong Kong with limited liability and is wholly-owned by the Vendor as at the date of the Agreement
“Target Group”	comprising the Target Company and the Project Company
“Valuation”	the market value of the Premises and the Land of approximately RMB760.9 million in aggregate as at 3 February 2012 as estimated by a qualified independent professional valuer
“Valuation Report”	the valuation report prepared by a qualified independent professional valuer regarding the Valuation
“Vendor”	Mr. Hong Shunyao (洪舜堯), an Independent Third Party



“Zhaoqing Hongtong”

肇慶宏通置業有限公司 (Zhaoqing Hongtong Properties Limited\*), a company established in the PRC which is beneficially owned by an Independent Third Party

“%”

per cent.

By order of the Board  
**HANNY HOLDINGS LIMITED**  
**Dr. Yap, Allan**  
*Chairman*

Hong Kong, 6 June 2012

*For the purpose of this announcement, all amounts denominated in RMB have been translated (for information only) into HK\$ using the exchange rates of RMB1: HK\$1.23. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.*

*If there is any inconsistency between the Chinese names of the PRC entities mentioned in this announcement and their English translations, the Chinese names shall prevail.*

*In the event of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*

*As at the date of this announcement, the Directors are as follows:*

*Executive Directors:*

Dr. Yap, Allan

Mr. Heung Pik Lun, Edmond

*Independent Non-executive Directors:*

Mr. Kwok Ka Lap, Alva

Mr. Poon Kwok Hing, Albert

Mr. Sin Chi Fai

*\* For identification purpose only*