

*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.*



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

**MAJOR TRANSACTION  
IN RELATION TO  
THE DISPOSAL OF THE ENTIRE INTEREST IN  
GREAT VIRTUE VENTURES LIMITED**

**THE DISPOSAL**

The Board is pleased to announce that on 30 July 2021, the Vendor (an indirect wholly-owned subsidiary of the Company), the Purchaser and the Guarantor (a direct wholly-owned subsidiary of the Company) entered into the Preliminary Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase (a) the entire issued share capital in the Target Company (i.e. the Sale Share); and (b) the loan owing by the Target Company to the Vendor as at Completion (i.e. the Sale Loan), at the aggregate consideration of HK\$628,000,000 (subject to adjustment) subject to the terms of the Preliminary Agreement.

Upon Completion, the Company will cease to have any interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial statements of the Group.

**LISTING RULES IMPLICATIONS**

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

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, no Shareholder has any material interest in the Disposal and is required to abstain from voting if the Company is to convene an extraordinary general meeting for the approval of the Disposal. The Company will obtain written approval for the Disposal in accordance with Rule 14.44 of the Listing Rules from a closely allied group of Shareholders comprising CCM Trust (Cayman) Limited and its subsidiaries and LBJ Regents (PTC) Limited (formerly known as LBJ Regents Limited), which are beneficially interested in 487,702,041 and 67,829,571 shares in the Company respectively, representing in total 50.25% of the entire issued share capital of the Company as at the date of this announcement. As such, no extraordinary general meeting will be convened for the purpose of approving the Disposal.

Pursuant to Rule 14.41(a) of the Listing Rules, the Company is required to despatch a circular containing, among other information, further details of the Preliminary Agreement and the Disposal, to the Shareholders within 15 business days after the publication of this announcement, which is on or before 20 August 2021. As it is expected that the parties will enter into the Formal Agreement on or before 14 September 2021, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules for the circular to be despatched on or before 18 October 2021 so as to include any additional information in relation to the Disposal arising from the Formal Agreement. The Company will make further announcement after the waiver from the Stock Exchange has been obtained or when the Formal Agreement has been entered into, and the expected despatch date of the circular has been confirmed.

## **THE DISPOSAL**

The Board is pleased to announce that on 30 July 2021, the Vendor (an indirect wholly-owned subsidiary of the Company), the Purchaser and the Guarantor (a direct wholly-owned subsidiary of the Company) entered into the Preliminary Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase (a) the entire issued share capital in the Target Company (i.e. the Sale Share); and (b) the loan owing by the Target Company to the Vendor as at Completion (i.e. the Sale Loan), at the aggregate consideration of HK\$628,000,000 (subject to adjustment) subject to the terms of the Preliminary Agreement.

### **The Preliminary Agreement**

The principal terms of the Preliminary Agreement are summarised as follows:

#### ***Date***

30 July 2021

#### ***Parties***

- (i) the Vendor, an indirect wholly-owned subsidiary of the Company, as the vendor
- (ii) the Purchaser, as the purchaser
- (iii) the Guarantor, a direct wholly-owned subsidiary of the Company, as the Vendor's guarantor

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

#### ***Subject Matter***

The Sale Share, representing the entire issued share capital in the Target Company, and the Sale Loan, representing the loan owing by the Target Company to the Vendor as at Completion. The Target Company directly holds 100% legal and beneficial ownership of the Property. The Property is sold on an "as-is" basis free from encumbrances save for the Bank Loan Securities which will be released on Completion, the Existing Tenancies, further details of which are set out below in this announcement, and the Future Tenancies (if any).

The parties shall not be obliged to complete the sale and purchase of the Sale Share or the assignment of the Sale Loan unless the sale and purchase of the Sale Share and the assignment of the Sale Loan are completed simultaneously.

### ***Consideration***

The Consideration payable under the Preliminary Agreement is HK\$628,000,000, subject to adjustment as described in the paragraph headed “Adjustment to the Consideration” below, has been and shall be paid by the Purchaser in the following manner:

- (a) a sum of HK\$31,400,000, being the initial deposit (the “**Initial Deposit**”), has been paid to the Vendor’s solicitors as stakeholders upon signing of the Preliminary Agreement;
- (b) a sum of HK\$31,400,000, being the further deposit (the “**Further Deposit**”, together with the Initial Deposit, the “**Deposits**”), shall be paid to the Vendor’s solicitors as stakeholders on or before the Further Deposit Date; and
- (c) the balance of the Consideration (the “**Completion Payment**”), after deducting the Deposits and the Rent Free Period Payment, shall be settled at Completion in the following manner:
  - (i) a sum equal to the amount payable to fully release and discharge the Bank Loan Securities (if any) shall be paid directly to the relevant bank; and
  - (ii) the remaining balance of the Completion Payment shall be paid to the Vendor.

If the Further Deposit has not been paid on or before the Further Deposit Date, then unless otherwise agreed in writing between the parties, the Vendor may by notice terminate the Preliminary Agreement and the Initial Deposit shall be forfeited to the Vendor as liquidated damages.

### ***Adjustment to the Consideration***

The Consideration shall be adjusted such that there shall be added to the Consideration the amount (if any) by which the Net Asset Value is more than zero, or there shall be deducted from the Consideration the amount of Net Liabilities.

The Consideration was determined based on arm’s length negotiations between the Vendor and the Purchaser with reference to the prevailing market price of similar properties at similar locations and the prevailing rental yield as compared to the Property.

### ***Conditions Precedent***

Completion is conditional upon the following conditions precedent being satisfied (or waived by the Purchaser) on or before the Completion Date:

- (a) the Target Company being able to prove and give title to the Property in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong);

- (b) the Purchaser having undertaken its due diligence investigation on the Target Company and the Property and being satisfied with the due diligence results; and
- (c) the approval of the Disposal and the Preliminary Agreement by the Shareholders in the manner as required under the Listing Rules having been obtained.

If the Purchaser shows (or the Vendor has indicated in writing) on the Further Deposit Date, that the Company will be unable to satisfy the condition precedent set out in (a) above on or before the Completion Date, and/or if the condition precedent set out in (c) above has not been satisfied before the Further Deposit Date, unless the parties otherwise agree in writing, the Purchaser may on the Further Deposit Date terminate the Preliminary Agreement by way of written notice to the Vendor, and the Vendor shall procure the Vendor's solicitors to return the Deposits to the extent already paid by the Purchaser.

If any of the conditions precedent (a) to (c) set out above has not been satisfied, or waived by the Purchaser (as the case may be), on or before the Completion Date, either the Vendor or the Purchaser shall be entitled to terminate the Preliminary Agreement by notice to the other party, unless the parties otherwise agree in writing, and the Vendor shall procure the Vendor's solicitors to return all Deposits to the extent already paid by the Purchaser.

### ***Completion***

Completion shall take place on the Completion Date. Upon Completion, the Company will cease to have any interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial statements of the Group.

### ***Guarantee***

The Guarantor guarantees to the Purchaser the due observance and performance of the Vendor's obligations and undertakings under the Preliminary Agreement and to pay, on demand, any sum which the Vendor fails to pay to the Purchaser in accordance with the Preliminary Agreement.

### ***Formal Agreement***

The Vendor and the Purchaser shall use all reasonable endeavours to agree and enter into the Formal Agreement on or before the Further Deposit Date. In the event the parties fail to agree on the terms of the Formal Agreement, the Preliminary Agreement shall remain valid and in full force and effect.

## **INFORMATION OF THE TARGET COMPANY AND THE PROPERTY**

The Target Company is a company incorporated in the British Virgin Islands and is a property holding company with the sole purpose of holding the Property.

The Property constitutes the entire block of building located at No.1 Tai Yip Street, Kwun Tong, Kowloon, Hong Kong with a total gross floor area of 62,889 square feet. The Existing Tenancies will expire during the period between February 2022 and July 2023. The aggregate monthly rent of the Existing Tenancies is approximately HK\$967,000.

Set out below is a summary of certain financial information of the Target Company for each of the financial years ended 31 March 2020 and 31 March 2021:

|   | <b>For the year ended 31 March</b> |                    |
|---|------------------------------------|--------------------|
|   | <b>2020</b>                        | <b>2021</b>        |
|   | <i>(HK\$'000)</i>                  | <i>(HK\$'000)</i>  |
|   | <i>(audited)</i>                   | <i>(unaudited)</i> |
| Net (loss)/profit before taxation and extraordinary items | (18,954)                           | 2,118              |
| Net (loss)/profit after taxation and extraordinary items  | (18,954)                           | 1,983              |

The unaudited net liability value of the Target Company as at 31 March 2021 was approximately HK\$16,977,000.

## **INFORMATION OF THE GROUP**

The Company is an investment holding company incorporated in the Cayman Islands, the securities of which are listed on the Stock Exchange. The principal business activities of the Group are construction, interior and renovation works, supply and installation of building materials, property investment, property development, provision of property agency and management services and sale of health products.

The Vendor is an investment holding company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company and a direct wholly-owned subsidiary of the Guarantor.

The Guarantor is an investment holding company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company.

## **INFORMATION OF THE PURCHASER**

The Purchaser is a company incorporated in the British Virgin Islands and is principally engaged in investment holding. It is ultimately beneficially owned by Lee Chun Kee, Charlie.

## **REASONS FOR THE DISPOSAL**

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

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

## **FINANCIAL IMPACT ON THE GROUP AND USE OF PROCEEDS**

Upon Completion, the Group expects to recognise a gain on change in fair value of investment properties of approximately HK\$106,193,000 before costs and expenses relating to the Disposal in the financial year ending 31 March 2022. The actual gain on the change in fair value of investment properties to be recorded by the Company is subject to audit and may be different from the estimated amount.

The net proceeds arising from the Disposal are expected to be used as general working capital and/or financing and possible property or business investments.

## **LISTING RULES IMPLICATIONS**

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

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, no Shareholder has any material interest in the Disposal and is required to abstain from voting if the Company is to convene an extraordinary general meeting for the approval of the Disposal. The Company will obtain written approval for the Disposal in accordance with Rule 14.44 of the Listing Rules from a closely allied group of Shareholders comprising CCM Trust (Cayman) Limited and its subsidiaries and LBJ Regents (PTC) Limited (formerly known as LBJ Regents Limited), which are beneficially interested in 487,702,041 and 67,829,571 shares in the Company respectively, representing in total 50.25% of the entire issued share capital of the Company as at the date of this announcement. CCM Trust (Cayman) Limited and LBJ Regents (PTC) Limited (formerly known as LBJ Regents Limited) hold shares in the Company as the trustees of certain but not identical discretionary trusts of which members of the Cha Family (comprising, inter alios, Mr. Cha Mou Daid, Johnson, being a Director) are among the discretionary objects. As such, no extraordinary general meeting will be convened for the purpose of approving the Disposal. The Company will make further announcement if written approval cannot be obtained and an extraordinary general meeting will be convened.

Pursuant to Rule 14.41(a) of the Listing Rules, the Company is required to despatch a circular containing, among other information, further details of the Preliminary Agreement and the Disposal, to the Shareholders within 15 business days after the publication of this announcement, which is on or before 20 August 2021. As it is expected that the parties will enter into the Formal Agreement on or before 14 September 2021, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules for the circular to be despatched on or before 18 October 2021 so as to include any additional information in relation to the Disposal arising from the Formal Agreement. The Company will make further announcement after the waiver from the Stock Exchange has been obtained or when the Formal Agreement has been entered into, and the expected despatch date of the circular has been confirmed.

## DEFINITIONS

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

|   |  |
|---|--|
| “Bank Loan”   | the loan owing by the Target Company to a bank   |
| “Bank Loan Securities”  | the existing security documents in relation to the Bank Loan entered into by the Target Company in favour of the relevant bank (including, among others, a mortgage over the Property)                   |
| “Board”   | the board of Directors   |
| “Company”   | Hanison Construction Holdings Limited (stock code: 896), 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 Disposal in accordance with the terms of the Preliminary Agreement   |
| “Completion Date”   | the date of Completion, being 1 December 2021 or such other date as the Vendor and Purchaser may agree in writing  |
| “Completion Payment”  | has the meaning as defined in the section headed “The Preliminary Agreement – Consideration”   |
| “connected persons”,<br>“percentage ratio” and<br>“subsidiary(ies)” | each has the meaning as ascribed to it under the Listing Rules   |
| “Consideration”   | the consideration in the amount of HK\$628,000,000 (subject to adjustment) payable by the Purchaser in respect of the Disposal   |
| “Deposits”  | has the meaning as defined in the section headed “The Preliminary Agreement – Consideration”   |
| “Directors”   | the directors of the Company   |
| “Disposal”  | the disposal of the Sale Share and the Sale Loan by the Vendor to the Purchaser pursuant to the Preliminary Agreement  |
| “Existing Tenancies”  | the leases, tenancy agreements and/or licence agreements in respect of the Property as at 20 July 2021   |
| “Formal Agreement”  | the formal agreement in relation to the Disposal to be entered into among the Vendor, the Purchaser and the Guarantor  |
| “Further Deposit Date”  | the date of payment of the Further Deposit, being 14 September 2021 or such other date as the Vendor and Purchaser may agree in writing  |

|   |  |
|---|--|
| “Further Deposit”                       | has the meaning as defined in the section headed “The Preliminary Agreement – Consideration”   |
| “Future Tenancies”                      | the leases, tenancy agreements or licence agreements in respect of the Property which may be entered into between the date of the Preliminary Agreement and Completion, subject to the Purchaser’s prior written consent   |
| “Group”                                 | the Company and its subsidiaries   |
| “Guarantor”                             | Hanison Construction Holdings (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company   |
| “HK\$”                                  | Hong Kong dollars, the lawful currency of Hong Kong  |
| “Hong Kong”                             | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “Initial Deposit”                       | has the meaning as defined in the section headed “The Preliminary Agreement – Consideration”   |
| “Listing Rules”                         | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Net Asset Value” and “Net Liabilities” | the total current assets of the Target Company (other than the Property) as at Completion minus total liabilities of the Target Company (other than the liabilities in respect of the Sale Loan) as at Completion; it being referred to as “Net Asset Value” if it is a positive figure, and “Net Liabilities” if it is a negative figure                                |
| “Preliminary Agreement”                 | the preliminary agreement dated 30 July 2021 entered into among the Vendor, the Purchaser and the Guarantor in relation to the Disposal  |
| “Property”                              | ALL THOSE pieces or parcels of grounds registered in the Land Registry as KWUN TONG INLAND LOT NO.567 and of and in the messuages erections and building thereon and as KWUN TONG INLAND LOT NO.568 and of and in the messuages erections and building thereon   |
| “Purchaser”                             | Horman Investment Ltd., a company incorporated in the British Virgin Islands with limited liability  |
| “Rent Free Period Payment”              | an aggregate amount equivalent to 50% of the monthly rent payable under the relevant tenancies in relation to the Property subsisting as at Completion and subject to rent-free periods falling after Completion, multiplied by the number of month(s) of such remaining rent-free periods in respect of such tenancies, being an aggregate of approximately HK\$257,000 |
| “Sale Loan”                             | the loan owing by the Target Company to the Vendor as at Completion  |

|                  |  |
|------------------|--|
| “Sale Share”     | one ordinary share of the Target Company, representing the entire issued share capital of the Target Company held by the Vendor  |
| “Shareholders”   | holders of the ordinary shares of HK\$0.1 each in the share capital of the Company   |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited  |
| “Target Company” | Great Virtue Ventures Limited (達德創投有限公司), a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Vendor prior to Completion |
| “Vendor”         | Golden Stream Ventures Limited (金川創投有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company                |
| “%”              | per cent   |

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

Hong Kong, 30 July 2021

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

***Non-executive Chairman***

Mr. Cha Mou Daid, Johnson

***Non-executive Directors***

Dr. Lam Chat Yu

Dr. Zhang Wei

***Executive Directors***

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

Mr. Tai Sai Ho (*General Manager*)

Mr. Chow Ka Fung

***Independent Non-executive Directors***

Mr. Chan Pak Joe

Dr. Lau Tze Yiu, Peter

Dr. Sun Tai Lun