



# 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 DISPOSAL OF SHARES AND ASSIGNMENT OF LOANS

The Directors announce that on 4 October 2006, Media Group (a wholly owned subsidiary of the Company) and Chevalier entered into a transaction with Max Pine to dispose of the share interests in Fairwide and Berville and the loans due from Fairwide and Berville to Media Group and Chevalier at an aggregate Consideration of HK\$91,412,310. The transaction was executed by means of the Share Sale and Purchase Agreement and the Undertaking regarding the Loan Assignment. The transaction will be completed subject to, inter alia, a satisfactory due diligence by Max Pine. If the transaction is completed, the Group is expected to record an unaudited estimated gain on Disposal of approximately HK\$30,000,000.

Pursuant to the Share Sale and Purchase Agreement, subject to the fulfillment of the Conditions Precedent, Media Group and Chevalier shall sell the Sale Shares, which represent the entire issued share capital of Fairwide (which wholly owns Kee Hing) and Berville (which wholly owns Kee Sing), for a consideration of HK\$60,000,000, to Max Pine. Kee Hing owns the land use right for the Kee Hing Lot and Kee Sing owns the land use right for the Kee Sing Lot. The Sale Shares represent all the interests of Media Group and Chevalier in Fairwide and Berville. Media Group and Chevalier will not have any interest in Fairwide and Berville after completion. In addition, Max Pine, Media Group and Chevalier have irrevocably undertaken to execute the Loan Assignment regarding the assignment of the Shareholders' Loans from Media Group and Chevalier to Max Pine at a consideration of HK\$31,412,310.

The 50% share of the Consideration receivable by Media Group under the Share Sale and Purchase Agreement and the Loan Assignment amounts to HK\$45,706,155 and represents approximately 17.78% of the total market capitalisation of the Company calculated on the basis of the average closing price of the Company's shares stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of the Share Sale and Purchase Agreement. The market capitalisation of the Company was approximately HK\$257.1 million. Accordingly, the Disposal constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

A circular containing details of the Disposal will be despatched to shareholders of the Company as soon as practicable.

### I. INTRODUCTION

The Directors announce that on 4 October 2006, Media Group (a wholly owned subsidiary of the Company) and Chevalier entered into a transaction with Max Pine to dispose of the share interests in Fairwide and Berville and the loans due from Fairwide and Berville to Media Group and Chevalier at an aggregate Consideration of HK\$91,412,310. The transaction was executed by means of the Share Sale and Purchase Agreement and the Undertaking regarding the Loan Assignment. The transaction will be completed subject to, inter alia, a satisfactory due diligence by Max Pine. If the transaction is completed, the Group is expected to record an unaudited estimated gain on Disposal of approximately HK\$30,000,000.

At the request of Max Pine, the aggregate consideration of HK\$91,412,310 for the Disposal has been split into the consideration for the purchase of the Sale Shares of HK\$60,000,000 and the consideration for the assignment of the Shareholders' Loans of HK\$31,412,310.

The principal terms and conditions of the Share Sale and Purchase Agreement and the Undertaking are set out below:—

#### A. THE SHARE SALE AND PURCHASE AGREEMENT

##### Date:

4 October 2006

##### Parties:

- (1) Vendors : (i) Media Group (ii) Chevalier  
(2) Purchaser : Max Pine

To the best of the Directors' knowledge, information and belief and having made reasonable enquiry, Max Pine and its ultimate beneficial owners are third parties independent of and are not connected with the Company and its connected persons. Max Pine is principally engaged in investment holding.

Chevalier is a third party independent of and is not connected with the Company and its connected persons, except that it is a joint venture partner of the Company in Fairwide and Berville.

##### Shares to be disposed of:

Both Fairwide and Berville are owned by Media Group and Chevalier on a 50:50 basis. Pursuant to the Share Sale and Purchase Agreement, Max Pine has agreed to purchase and Media Group and Chevalier have agreed to sell the Sale Shares in the share capital of Fairwide and Berville, i.e. two issued ordinary shares of par value HK\$1.00 in each of Fairwide and Berville, which represent their entire issued share capital, at a consideration of HK\$60,000,000. The selling price is HK\$15,000,000 per share. The consideration is shared by Media Group and Chevalier on a 50:50 basis and will be paid in cash in accordance with the time schedule set out in the section headed "Aggregate consideration for the Disposal and payment terms" below.

Fairwide and Berville directly own 100% share interests of Kee Hing and Kee Sing respectively. The land use right for the Kee Hing Lot is owned by Kee Hing and the land use right for the Kee Sing Lot is owned by Kee Sing. According to a valuation carried out on the Kee Hing Lot and the Kee Sing Lot on 31 March 2006 by an independent property valuer, the value of the two land lots was approximately HK\$47,000,000.

The audited net profit before and after tax and extraordinary items of Fairwide and Berville for the two financial years ended 31 March 2005 and 2006 were as follows:—

Name of company	Audited net profit before and after tax and extraordinary items for the year ended 31 March 2006	Audited net profit before and after tax and extraordinary items for the year ended 31 March 2005
Fairwide	HK\$10,131,107	HK\$941,292
Berville	HK\$9,374,652	HK\$889,207

##### Other terms of the Share Sale and Purchase Agreement:

The performance by Media Group and Chevalier of their respective obligations under the Share Sale and Purchase Agreement is irrevocably guaranteed by the Company and Chevalier International Holdings Limited.

In respect of this transaction, Media Group and Chevalier have given certain warranties, amongst which there is a guarantee for any undisclosed liabilities for one year from Completion Date.

Each party shall bear its own legal costs and other fees and expenses payable in connection with the sale and purchase of the Sale Shares.

The stamp duties payable on the transfer of the Sale Shares shall be borne by Media Group and Chevalier on the one hand and Max Pine on the other hand on a 50:50 basis.

##### Completion of the Share Sale and Purchase Agreement:

Completion is expected to take place on 31 October 2006 or on the 5th Business Day immediately after the fulfillment or waiver of all the Conditions Precedent (whichever is the later) or such other dates as may be agreed between the parties.

Completion of the Share Sale and Purchase Agreement is subject to and conditional on satisfaction of the following Conditions Precedent:

- (1) In respect of Max Pine, it shall endeavour to procure satisfaction of the conditions set out below:—
- (i) there being no material breach of the terms, conditions, representations, warranties and undertakings of the Share Sale and Purchase Agreement by Max Pine before completion of the Share Sale and Purchase Agreement (except for those previously disclosed);
- (ii) Max Pine has completed and was satisfied in a reasonable and fair manner with the results of the due diligence on Fairwide and Berville, with the scope of the due diligence exercise including Kee Hing and Kee Sing and the Kee Hing Lot and the Kee Sing Lot. The due diligence must be completed not later than 20 October 2006;

Condition (1)(i) above can be waived by Media Group and Chevalier.

- (2) In respect of Media Group and Chevalier, they shall endeavour to procure satisfaction of the conditions set out below:—

- (i) there being no material breach of the terms, conditions, representations, warranties and undertakings of the Share Sale and Purchase Agreement by Media Group and Chevalier before completion of the Share Sale and Purchase Agreement (except for those previously disclosed);
- (ii) in respect of Media Group only, the Company as the holding company of Media Group, has obtained a letter from the Stock Exchange confirming that it has no comment on this announcement and the circular to be dispatched to the shareholders of the Company relating to the Disposal.

The above condition (2)(i) can be waived by Max Pine.

- (3) On the date of signing the Share Sale and Purchase Agreement, Max Pine, Media Group and Chevalier shall execute an irrevocable undertaking to assign the Shareholders' Loans, the contents of which shall be accepted by Max Pine, Media Group and Chevalier.

#### B. THE UNDERTAKING REGARDING THE LOAN ASSIGNMENT

On 4 October 2006, Max Pine, Media Group and Chevalier executed an irrevocable undertaking whereby the parties undertake to execute the Loan Assignment relating to the assignment of the Shareholders' Loans from Media Group and Chevalier to Max Pine on completion of the Share Sale and Purchase Agreement at a consideration of HK\$31,412,310. The consideration is shared by Media Group and Chevalier on a 50:50 basis. Completion of the Share Sale and Purchase Agreement and the Loan Assignment shall be conditional upon the completion of each other.

The Shareholders' Loans comprise loans due from Fairwide to Media Group and Chevalier, and loans due from Berville to Media Group and Chevalier as at the Completion Date. The loans are due to each of Media Group and Chevalier on a 50:50 basis. The balance of the shareholders' loans from Media Group and Chevalier in the accounting books of Fairwide and Berville are approximately HK\$31.2 million and HK\$24.9 million respectively as at the date of the Share Sale and Purchase Agreement and is subject to fluctuation.

### II. AGGREGATE CONSIDERATION FOR THE DISPOSAL AND PAYMENT TERMS

The aggregate Consideration, comprising the consideration for the sale and purchase of the Sale Shares of HK\$60,000,000 and the consideration for the Loan Assignment of HK\$31,412,310, is HK\$91,412,310 in cash and payable in the following manner:

- (1) a deposit of HK\$18,282,462 in cash has been paid by Max Pine on the signing of the Share Sale and Purchase Agreement, out of which HK\$9,141,231 is held on escrow by the solicitor of Media Group and Chevalier, and HK\$9,141,231 is held on escrow by the solicitor of Max Pine. On fulfillment of the condition (1)(ii) above regarding the due diligence, the solicitors of all parties shall release the deposit to Media Group and Chevalier. If this condition is not reasonably and fairly satisfied, the solicitors shall refund the deposit to Max Pine;
- (2) a sum of HK\$72,129,848 shall be payable in cash on the Completion Date to Media Group and Chevalier;
- (3) the balance of the sum of HK\$1,000,000 shall be payable in cash on the Completion Date to Max Pine's solicitor and held on escrow, and shall be released to Media Group and Chevalier after Max Pine has confirmed that the registration procedures for the change of directors and legal representative of Kee Hing and Kee Sing have been carried out by Media Group and Chevalier.

The Consideration was arrived at after arm's length negotiations between the parties and on normal commercial terms taking into account the prevailing property market conditions in the PRC. The Directors (including the independent non-executive Directors) consider that the aggregate Consideration of HK\$91,412,310 is fair and reasonable so far as the shareholders of the Company as a whole are concerned.

As at 31 March 2006, the respective audited net liabilities of Fairwide and Berville were approximately HK\$6,131,111 and HK\$(1,868,939) and the audited total assets value of Berville and Fairwide was approximately HK\$47,483,000.

Although the Fairwide and Berville books show audited total assets value of approximately HK\$47,483,000 (the Group's 50% share = HK\$23,742,000), the book costs of investment in Fairwide and Berville in the Company's consolidated accounts at 31 March 2006 was approximately HK\$10.3 million. The Group purchased Fairwide and Berville in year 2003 for a consideration of HK\$10 million only. Together with the subsequent further costs paid, and the estimated future professional and legal fees, project and staff costs, the total estimated investment costs in Fairwide and Berville are expected to be approximately HK\$15.7 million. Upon completion of the transaction, the Group shall receive 50% share of the total consideration, i.e. HK\$45,706,155. After deducting the Group's estimated costs of approximately HK\$15.7 million, we expect to make a gain of approximately HK\$30 million from the completion of the Share Sale and Purchase Agreement and the Loan Assignment. Please note that the total investment costs are based on the cost at 31 March 2006 plus projected future costs which may be subject to change, and hence the estimated gain of HK\$30 million may also be subject to change.

### III. REASONS FOR THE DISPOSAL AND USE OF THE SALE PROCEEDS

In the Company's announcement dated 20 December 2005, it was announced that Kee Hing and Kee Sing entered into a joint development agreement in respect of the joint development of the Kee Hing Lot and the Kee Sing Lot. Pursuant to the joint development agreement, Kee Hing and Kee Sing will jointly develop the Kee Hing Lot and the Kee Sing Lot (which, when combined together, are in the ratio of 52:48 (the "Relevant Shares") respectively). The Relevant Shares are determined by reference to the respective land area and that all investment costs, expenses and income will be shared amongst the parties in the Relevant Shares. In addition, the Group has an obligation to fund approximately RMB101.5 million, representing 50% of the anticipated development costs for the Kee Hing Lot and the Kee Sing Lot. As at 31 August 2006, the accumulated costs of the joint development project in the books of Fairwide and Berville were approximately HK\$55.6 million.

Kee Hing and Kee Sing have started to carry out preliminary planning work for the development project. However, construction works on the Kee Hing Lot and the Kee Sing Lot have not yet commenced. Recently, Media Group and Chevalier have been approached by Max Pine offering to purchase the Kee Hing Lot and the Kee Sing Lot via the acquisition of Fairwide and Berville for a total consideration of HK\$91,412,310. Rather than holding the properties for a period of time for development, the outcome of which is subject to uncertainty, the Disposal readily generates an attractive return for the Group and will enable the Group to obtain immediate cash inflow. As a result of the Disposal, the Group is expected to record an unaudited estimated gain on disposal of approximately HK\$30,000,000. A feasibility study on the joint development project undertaken by the Group's property department has been presented to the Board for its consideration. The results of the feasibility study indicated that the profit from developing the project will be less than the profit to be derived from the Disposal. Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of the Disposal are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The sale proceeds from the Disposal will be applied as the Group's additional general working capital.

The Disposal only relates to the sale of the shares in Fairwide and Berville and loans to Fairwide and Berville. Media Group and Chevalier may continue with the development project if the Disposal cannot be completed. As such, before and up to completion, the joint development agreement will not be terminated. The Group has no knowledge as to whether Max Pine will terminate the joint development agreement after completion.

#### IV. INFORMATION ON THE COMPANY, CHEVALIER, BERVILLE AND FAIRWIDE

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

The principal business activity of Chevalier is investment holding.

Each of Berville and Fairwide is an associated company of the Company and the principal business activity of both of them is investment holding.

Kee Hing is wholly owned by Fairwide and Kee Sing is wholly owned by Berville and each of their principal business activity is property development.

#### V. LISTING RULES IMPLICATIONS OF THE TRANSACTION

The 50% share of the Consideration receivable by Media Group under the Share Sale and Purchase Agreement and the Loan Assignment amounts to HK\$45,706,155 and represents approximately 17.78% of the total market capitalisation of the Company calculated on the basis of the average closing price of the Company's shares stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of the Share Sale and Purchase Agreement. The market capitalisation of the Company was approximately HK\$257.1 million. Accordingly, the Disposal constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

A circular containing details of the Disposal will be despatched to shareholders of the Company as soon as practicable.

#### VI. DEFINITIONS

In this announcement, the following terms and expressions (unless the context otherwise requires) shall have the following meanings:

"Berville"	Berville Investment Limited, a company incorporated in Hong Kong on 18 June 1992, which is owned as to 50% by Chevalier and 50% by Media Group
"Board"	The board of Directors of the Company
"Business Day"	a day in which banks are open for business in Hong Kong (excluding Saturdays and Sundays)
"Chevalier"	Chevalier (Development) Company Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of Chevalier International Holdings Limited
"Company"	Hanison Construction Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
"Completion Date"	31 October 2006 or on the 5th Business Day immediately after the fulfillment or waiver of all the Conditions Precedent (whichever is the later) or such later date as agreed between the parties
"Conditions Precedent"	The conditions set out in the section under the heading "Completion of the Share Sale and Purchase Agreement" to be fulfilled or waived by the parties before completion
"connected persons"	has the meaning ascribed thereto in the Listing Rules
"Consideration"	the aggregate consideration for the Disposal pursuant to the Share Sale and Purchase Agreement and the Loan Assignment being HK\$91,412,310
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Sale Shares pursuant to the terms of the Share Sale and Purchase Agreement and assignment of the Shareholders' Loans pursuant to the terms of the Loan Assignment
"Fairwide"	Fairwide Limited, a company incorporated in Hong Kong on 16 July 1991, which is owned as to 50% by Chevalier and 50% by Media Group
"Group"	the Company and its subsidiaries
"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
"Kee Hing"	東莞其興置業開發有限公司 Dongguan Kee Hing Real Estate Development Limited, a wholly foreign owned enterprise established in the PRC and a wholly owned subsidiary of Fairwide
"Kee Hing Lot"	Land and Resources Bureau Lot No. 1903130500001 (國土局宗地編號 1903130500001), with an area of 5,064.87 square metres in Dongguan city of Guangdong Province, PRC
"Kee Sing"	東莞其勝置業開發有限公司 Dongguan Keesing Real Estate Development Limited, a wholly foreign owned enterprise established in the PRC and a wholly owned subsidiary of Berville
"Kee Sing Lot"	Land and Resources Bureau Lot No. 1903130500008 (國土局宗地編號 1903130500008), with an area of 4,680.41 square metres in Dongguan city of Guangdong Province, PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan Assignment"	the assignment of the Shareholders' Loans to be executed between Media Group and Chevalier as the assignors and Max Pine as the assignee
"Max Pine"	Max Pine Limited, a company incorporated in Hong Kong
"Media Group"	Media Group International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
"PRC"	The People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	two issued ordinary shares of par value HK\$1.00 in each of Fairwide and Berville, representing their entire issued share capital
"Share Sale and Purchase Agreement"	the agreement for sale and purchase of the Sale Shares dated 4 October 2006, entered into between Media Group and Chevalier as the vendors and Max Pine as the purchaser relating to the Disposal
"Shareholders' Loans"	the loans due from Fairwide to Media Group and Chevalier, and the loans due from Berville to Media Group and Chevalier as at the Completion Date
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Undertaking"	The irrevocable undertaking dated 4 October 2006 and executed by Max Pine, Media Group and Chevalier undertaking to execute the Loan Assignment on completion of the Share Sale and Purchase Agreement at a consideration of HK\$31,412,310

On Behalf of the Board  
**Wong Sue Toa Stewart**  
Managing Director

Hong Kong, 4 October 2006

As at the date of this announcement, the executive directors of the Company are Mr. Wong Sue Toa, Stewart, Mr. Tai Sai Ho, Dr. Lam Chat Yu and Mr. Shen Tai Hing; the non-executive directors of the Company are Mr. Cha Mou Sing, Payson, Mr. Cha Mou Daid, Johnson and Mr. Cha Yiu Chung, Benjamin; and the independent non-executive directors of the Company are Mr. Chan Pak Joe, Dr. Sun Tai Lun and Dr. Lau Tze Yiu, Peter.