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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 896)

DISCLOSEABLE TRANSACTION DISPOSAL

THE DISPOSAL

The Board is pleased to announce that on 3 May 2022, the Vendor (an indirect wholly-owned subsidiary of the Company), the Vendor's Guarantor (a direct wholly-owned subsidiary of the Company) and the Purchaser entered into the SPA, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing the entire issued share capital in the Target Company, at the aggregate consideration of HK\$211,308,442.13 (subject to adjustment) subject to the terms of the SPA.

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.

As at the date of the SPA, the Target Company is a special purpose vehicle that directly holds 100% legal and beneficial ownership of the Property, namely (i) workshops 1 to 23 on the fourth floor (including the flat roofs of workshops 5 and 6) of Block A of the Building; and (ii) car parking spaces V49 and V55 on the second floor of the Building.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio for the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under the Listing Rules.

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The SPA

The principal terms of the SPA are summarised as follows:

Date

3 May 2022

Parties

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

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 Shares, representing the entire issued share capital in the Target Company prior to Completion.

The parties shall not be obliged to complete the sale and purchase of any of the Sale Shares unless the sale and purchase of all the Sale Shares are completed simultaneously.

As at the date of the SPA, the Target Company is a special purpose vehicle that directly holds 100% legal and beneficial ownership of the Property, namely (i) workshops 1 to 23 on the fourth floor (including the flat roofs of workshops 5 and 6) of Block A of the Building; and (ii) car parking spaces V49 and V55 on the second floor of the Building.

The Property is sold on an "as-is where-is" basis free from encumbrances, save for the Tenancies.

Consideration

The Consideration payable under the SPA is HK\$211,308,442.13, representing the sum of the agreed property value of HK\$205,000,000 and the amount of net asset value of the Target Company derived from the unaudited management accounts of the Target Company as at 31 March 2022 (excluding principally the value of the Property and deferred tax liabilities), subject to be adjusted as described in the paragraph headed "Adjustment to the Consideration".

The Consideration shall be paid by the Purchaser in the following manner:

- (a) a deposit in the sum of HK\$20,500,000, equivalent to 10% of the agreed property value of the Property (the "Deposit"), shall be payable to the Vendor in the following manner:
 - (i) HK\$8,000,000 shall be payable upon execution of the SPA; and
 - (ii) HK\$12,500,000 shall be payable on 4 May 2022; and

- (b) the balance of the Consideration, after deducting the Deposit, shall be payable to the Vendor (or as the Vendor may direct) at Completion.

Adjustment to the Consideration

The Consideration shall be adjusted by adding the amount of adjusted net asset value (which principally excludes the value of the Property and deferred tax liabilities) of the Target Company, or if it is a net deficit, adjustment shall be by way of deducting such amount from the Consideration.

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 certain conditions precedent being satisfied (or waived by the Purchaser) on or before the Completion Date, including:

- (a) the Target Company being able to show 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) and show that the Property is free from encumbrances, save for the Tenancies;
- (b) certain warranties by the Vendor remaining true, accurate and not misleading in all material respects on the Completion Date; and
- (c) the transactions contemplated under the SPA being transacted in accordance with the requirements under the Listing Rules (to the extent applicable).

If any of the conditions precedent set out above has not been satisfied or, in respect of conditions precedent (a) and (b) set out above, waived by the Purchaser (as the case may be) on or before the Completion Date, the Purchaser shall be entitled to terminate the SPA by notice to the Vendor, unless the parties otherwise agree in writing, and the Vendor shall return the Deposit 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 Vendor's Guarantor guarantees to the Purchaser the performance of the Vendor's obligations under the SPA and to pay, on demand, any sum which the Vendor fails to pay to the Purchaser in accordance with the SPA.

INFORMATION ON THE TARGET COMPANY AND THE PROPERTY

The Target Company is a company incorporated under the laws of Hong Kong with limited liability and is a property holding company with the sole purpose of holding the Property as at the date of the SPA.

Set out below is a summary of certain financial information of the Target Company for each of the financial years ended 31 March 2021 and 31 March 2022:

	For the year ended 31 March	
	2021	2022
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	<i>approximately</i>	<i>approximately</i>
	<i>(audited)</i>	<i>(unaudited)</i>
Net profit before taxation and extraordinary items	71,168	1,902
Net profit after taxation and extraordinary items	74,385	1,681

The unaudited net asset value of the Target Company as at 31 March 2022 was approximately HK\$151,382,000.

The Property comprises (i) workshops 1 to 23 on the fourth floor (including the flat roofs of workshops 5 and 6) of Block A of the Building; and (ii) car parking spaces V49 and V55 on the second floor of the Building. The Property is an industrial property with a total saleable area of approximately 28,050 square feet. For the portion of the Property which is for leasing purpose, it is held as an investment property of the Group, while for the portion of the Property which is used by the Group for storage, it is held as a property, plant and equipment of the Group.

INFORMATION ON 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. It is an indirect wholly-owned subsidiary of the Company and a direct wholly-owned subsidiary of the Vendor's Guarantor.

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

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated under the laws of Bermuda with limited liability and is principally engaged in investment holding. It is ultimately beneficially owned by private real estate funds managed by affiliates of Brookfield Asset Management Inc., a company incorporated in Canada with limited liability and principally engaged in asset management, the shares of which are listed on the Toronto Stock Exchange (stock code: BAM.A) and the New York Stock Exchange (stock code: BAM).

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 Disposal 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 consider that the Disposal, the terms of the SPA 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

The Property was leased out partially and has generated an annual rental income of approximately HK\$3,180,000 and HK\$3,485,000, respectively, for the financial years ended 31 March 2021 and 31 March 2022. Upon Completion, the Group will lose rental income from the Disposal, which will have a negative effect on the earnings of the Group but will reduce expenses incurred in respect of the Target Company.

Upon Completion, the Group expects to recognise a gain from the Disposal of approximately HK\$66,184,000 (being the difference of the agreed property value of the Property and the Group's unaudited book value of the Property as at 31 March 2022) before costs and expenses relating to the Disposal in the financial year ending 31 March 2023. The actual gain to be recorded by the Company is subject to audit and may be different from the estimated amount.

The 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 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Building”	Shatin Industrial Centre, Nos. 5-7 Yuen Shun Circuit, Shatin, New Territories, Hong Kong
“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 SPA

“Completion Date”	the date of Completion, being 13 May 2022 or such other date as the Vendor and the Purchaser may agree in writing
“connected persons”, “percentage ratio” and “subsidiary(ies)”	each has the meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration in the amount of HK\$211,308,442.13 (subject to adjustment) payable by the Purchaser in respect of the Disposal
“Deposit”	has the meaning as defined in the section headed “The Disposal – The SPA – Consideration”
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the SPA
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	workshops 1 to 23 on the fourth floor (including the flat roofs of workshops 5 and 6) of Block A of the Building and car parking spaces V49 and V55 on the second floor of the Building
“Purchaser”	Apatite Hong Kong Storage II Holdings Limited, a company incorporated under the laws of Bermuda with limited liability
“Sale Shares”	two ordinary shares in the Target Company, representing the entire issued share capital of the Target Company held by the Vendor prior to Completion
“Shareholders”	holders of the ordinary shares of HK\$0.1 each in the share capital of the Company
“SPA”	the sale and purchase agreement dated 3 May 2022 entered into among the Vendor, the Vendor’s Guarantor and the Purchaser in relation to the Disposal

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Emwell Limited (興偉有限公司), a company incorporated under the laws of Hong Kong with limited liability and a direct wholly-owned subsidiary of the Vendor prior to Completion
“Tenancies”	the existing tenancy agreement in respect of the workshops 1-11 and portion of workshop 23 on the fourth floor of Block A of the Building and the existing licence agreement in respect of car parking space V49 on the second floor of the Building
“Vendor”	Giant Dragon Ventures Limited (宏龍創投有限公司), a limited company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Vendor’s 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
“%”	per cent

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

Hong Kong, 3 May 2022

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

Non-executive Chairman

Mr. Cha Mou Daid, Johnson

Non-executive Director

Dr. Lam Chat Yu

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