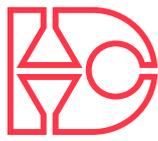


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興勝創建控股有限公司

HANISON CONSTRUCTION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 896)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
THE DISPOSAL OF 50% INTEREST IN
HONOUR ADVENT LIMITED**

THE DISPOSAL

The Board is pleased to announce that on 31 March 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 Sale and Purchase Agreement, pursuant to which (a) the Vendor agreed to sell and Purchaser agreed to purchase 50% of the issued share capital in the Target Company (i.e. the Sale Shares), the Target Company being a wholly-owned subsidiary of the Vendor prior to Completion, and (b) the Purchaser agreed to procure the repayment of 50% of the shareholder's loan(s) owing by the Target Company to the Vendor as at the Completion Date (save for the Special Loan) (i.e. the Shareholder's Loan), at the aggregate consideration of HK\$160,500,000 (subject to adjustment).

Completion took place on 31 March 2021. Upon Completion, each member of the Target Group was recorded and accounted for as a joint venture in the Company's financial statements and ceased to be a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As the highest percentage ratio for the Company in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

The joint venture arrangement in respect of the Target Company, being a single purpose vehicle to indirectly hold and develop the Property for sale, was, among other things, made on an arm's length basis on normal commercial terms and accordingly, the formation of joint venture is exempt from reporting, announcement and shareholders' approval requirements under Rule 14.04(1)(f) of the Listing Rules.

THE DISPOSAL

The Board is pleased to announce that on 31 March 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 Sale and Purchase Agreement, pursuant to which (a) the Vendor agreed to sell and Purchaser agreed to purchase 50% of the issued share capital in the Target Company (i.e. the Sale Shares), the Target Company being a wholly-owned subsidiary of the Vendor prior to Completion, and (b) the Purchaser agreed to procure the repayment of 50% of the shareholder's loan(s) owing by the Target Company to the Vendor as at the Completion Date (save for the Special Loan) (i.e. the Shareholder's Loan), at the aggregate consideration of HK\$160,500,000 (subject to adjustment).

The Sale and Purchase Agreement

Date

31 March 2021

Parties

- (i) the Vendor, an indirect wholly-owned subsidiary of the Company, as the vendor
- (ii) the Purchaser (acting by its general partner, AGR X Asia Member GP, L.L.C.), as the purchaser
- (iii) the Guarantor, a direct wholly-owned subsidiary of the Company, as the Vendor's guarantor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchaser and its investment manager and general partner is a third party independent of and not connected with the Company and its connected persons.

Subject Matter

The Sale Shares represent 50% of the issued share capital in the Target Company. The Target Company indirectly holds 100% legal and beneficial ownership of the Property. The Property shall be delivered on an "as-is where-is" basis.

The Purchaser also agreed to procure the repayment of the Shareholder's Loan, which is approximately HK\$74,800,000.

Consideration

The Consideration payable by the Purchaser under the Sale and Purchase Agreement is HK\$160,500,000 (subject to adjustment) and shall be apportioned as follows:

- (a) an amount equal to the face value of the Shareholder's Loan shall be applied for the repayment of the Shareholder's Loan; and
- (b) the remaining balance of the Consideration (after adjustment) shall be applied as cash consideration for the Sale Shares.

The Consideration has been/shall be paid in the following manner:

- (a) an aggregate sum equal to the Consideration minus a sum in respect of the adjustment of the Consideration in the amount of approximately HK\$62,628,774, representing 50% of the Net Asset Value (determined by reference to the unaudited pro forma completion accounts) plus a sum in the amount of approximately HK\$2,106,413, representing 50% of such amount of all professional fees already paid in respect of the development of the Property as agreed between the Vendor and the Purchaser, has been paid by the Purchaser to the Vendor upon Completion; and
- (b) a sum in respect of the final adjustment of the Consideration as determined according to the following formula shall be paid by the Purchaser or the Vendor (as the case may be) within 15 business days after agreement or determination of the Completion Accounts:
 - (i) there shall be added to the Consideration the amount (if any) by which 50% of the Net Asset Value (determined by reference to the Completion Accounts) is more than 50% of the Net Asset Value (determined by reference to the unaudited pro forma completion accounts); or
 - (ii) there shall be deducted from the Consideration the amount (if any) by which 50% of the Net Asset Value (determined by reference to the Completion Accounts) is less than 50% of the Net Asset Value (determined by reference to the unaudited pro forma completion accounts).

The Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser, having considered the market value of the comparable properties nearby.

Guarantee

The Guarantor has agreed to guarantee the performance and observance by the Vendor of its obligations, commitments and warranties under the Sale and Purchase Agreement.

Completion

Completion took place on 31 March 2021. Upon Completion, each member of the Target Group was recorded and accounted for as a joint venture in the Company's financial statements and ceased to be a subsidiary of the Company.

SHAREHOLDERS' ARRANGEMENTS

Pursuant to the Sale and Purchase Agreement, the Vendor, the Purchaser and the Target Company have also entered into a shareholders' deed with respect to the Target Group on 31 March 2021.

The shareholders' deed

Board composition

The board of directors of the Target Company shall comprise a maximum of four directors and each of the Vendor and the Purchaser shall nominate two directors. The right to appoint the chairman of the board of directors of the Target Company shall vest in the Vendor and the Purchaser in alternate years, with such right vesting in the Purchaser for the first year. The chairman shall not be entitled to a second or casting vote in board meeting.

The principal roles of the board of directors of the Target Company are making decisions relating to the business of the Target Group and all other matters of the Target Company. All board resolutions of the Target Company shall be passed by a simple majority, save for resolutions related to certain reserved matters as set out in the shareholders' deed (including any change in the nature or scope of the business of the Target Group, and where any member of the Target Group proposes to enter into any transactions which are not on an arm's length basis) which shall be unanimously approved.

Funding

The Target Company will finance its operation by way of external financings and/or unsecured shareholders' loan(s) provided by the Purchaser and the Vendor on a pro-rata and interest-free basis.

Restrictions on transfer and exit option

Unless otherwise provided in the shareholders' deed, each party shall be subject to certain transfer restrictions (including a right of first offer, tag-along right and drag-along right) in a proposed transfer of its equity interests in the Target Company.

In the event of the occurrence of any events of default, including material breach, liquidation and/or insolvency events, and a change in control of any shareholder of the Target Company, the defaulting shareholder shall be deemed to have irrevocably offered to sell all of its shares in and shareholder's loan provided to the Target Company to the non-defaulting shareholder.

Upon 100% of the disposal of the residential units of the Property, the Purchaser shall be entitled to sell to the Vendor, and the Vendor is obliged to buy, all of the Purchaser's shares in the Target Company based on the net asset value of the Target Group at the time of sale.

Other arrangements

A subsidiary of the Target Group shall enter into services deeds with certain indirect wholly-owned subsidiaries of the Company, pursuant to which the Target Group shall engage these subsidiaries to provide project management services, marketing management services, property management services and management contractor services in respect of the development project of the Property.

INFORMATION OF THE TARGET GROUP AND THE PROPERTY

The Target Company was established in February 2021 and is the holding company (through a chain of wholly-owned subsidiaries) of the Project Company, which in turn is the registered owner of the Property, and is solely engaged in the holding and development of the Property for sale. The Property is currently a parcel of development land located at No. 57A, Nga Tsin Wai Road, Kowloon, Hong Kong with a site area of 8,092 square feet. As at the date of this announcement, the Project Company is seeking certain modification to the government lease in respect of the Property to increase the development intensity ("**Lease Modification**"). The maximum gross floor area allowed after the Lease Modification will be 2,255 square metres. The related costs arising from the Lease Modification shall be payable by the Target Company to be financed by shareholders' loan or additional equity contribution by the shareholders.

Set out below is a summary of certain unaudited consolidated financial information of Prime Success Global Limited, being the indirect holding company (through its direct wholly-owned subsidiary) of the Project Company as at 31 March 2019 and 31 March 2020 and a direct wholly-owned subsidiary of the Target Company since March 2021, and its subsidiaries (including the Project Company) for the two years ended 31 March 2019 and 31 March 2020:

	For the year ended	
	31 March	
	2019	2020
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Net loss before taxation and extraordinary items	(194)	(131)
Net loss after taxation and extraordinary items	(194)	(131)

The unaudited consolidated net liability value of Prime Success Global Limited and its subsidiaries (including the Project Company) as at 28 February 2021 was approximately HK\$672,000.

INFORMATION OF THE GROUP

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

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

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 limited partnership established in the British Virgin Islands, acting by its general partner, AGR X Asia Member GP, L.L.C, which is principally engaged in investment management, and managed by its investment manager, AG Real Estate Manager, Inc., which is principally engaged in investment management. The Purchaser is principally engaged in investment holding.

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 part of the value of the Target Group. Accordingly, the Directors believe that the Disposal will enable the Company to reallocate capital into future investment opportunities and pursue other opportunities and at the same time share 50% of the profit from the Target Group in the future.

The Directors (including the independent non-executive Directors) consider that the Disposal, the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are 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 disposal of approximately HK\$51,034,000 before costs and expenses relating to the Disposal in the second half of the financial year ending 31 March 2021. The actual gain on the Disposal 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 Company in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

The joint venture arrangement in respect of the Target Company, being a single purpose vehicle to indirectly hold and develop the Property for sale, was, among other things, made on an arm's length basis on normal commercial terms and accordingly, the formation of joint venture is exempt from reporting, announcement and shareholders' approval requirements under Rule 14.04(1)(f) of 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
“Company”	Hanison Construction Holdings Limited (stock code: 896), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Accounts”	the audited consolidated financial statements of the Target Group as at the Completion Date and the consolidated statement of comprehensive income of the Target Group for the period from 1 April 2020 to the Completion Date, prepared and audited in accordance with the terms of the Sale and Purchase Agreement
“Completion Date”	31 March 2021, being the date of the Sale and Purchase Agreement
“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\$160,500,000 (subject to adjustment) payable by the Purchaser in respect of the Disposal
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor and the repayment of the Shareholder’s Loan to the Vendor by the Target Company pursuant to the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Guarantor”	Hanison Construction Holdings (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability
“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
“Net Asset Value”	the adjusted consolidated net asset value of the Target Group as at Completion as shown in the unaudited pro forma completion accounts or the Completion Accounts (as the case may be)
“Project Company”	Fortune Shiner Development Limited, a company incorporated under the laws of Hong Kong and the sole registered and beneficial owner of the Property
“Property”	ALL THAT piece or parcel of ground registered in the Land Registry as NEW KOWLOON INLAND LOT NO.3764 together with the messuages erections and buildings thereon, now known as No. 57A, Nga Tsin Wai Road, Kowloon, Hong Kong
“Purchaser”	KLT Holdings (BVI) L.P., a limited partnership established in the British Virgin Islands
“Sale and Purchase Agreement”	the sale and purchase agreement dated 31 March 2021 entered into among the Vendor, the Purchaser and the Guarantor in respect of the Disposal
“Sale Shares”	50 issued shares in the Target Company, representing 50% of all the issued shares in the Target Company
“Shareholders”	holders of the ordinary shares of HK\$0.10 each in the share capital of the Company

“Shareholder’s Loan”	50% of all loans and other amounts owing by the Target Company to the Vendor as at the Completion Date (save for the Special Loan) on an unsecured, interest-free basis, 50% of such sum being approximately HK\$74,800,000
“Special Loan”	the loan in the amount of HK\$32,400,000 owing by the Target Company to the Vendor as at the Completion Date on an unsecured, interest-free basis, representing the outstanding set-off amount in respect of a proposed new bank loan to be granted to and an existing bank loan granted to Project Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Honour Advent Limited, a company incorporated in the British Virgin Islands with limited liability and indirectly holds 100% legal and beneficial ownership of the Property
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Prosper Jade Limited, a company incorporated in the British Virgin Islands with limited liability and the sole shareholder of the Target Company
“%”	per cent.

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

Hong Kong, 31 March 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