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CHINA HANYA GROUP HOLDINGS LIMITED

中國瀚亞集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8312)

DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY

The Board announces that on 11 December 2018, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Property at a consideration of HK\$4,200,000.

As the highest applicable percentage ratio as defined under the GEM Listing Rules in respect of the Disposal exceeds 5% but is lower than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements pursuant to Chapter 19 of the GEM Listing Rules.

THE DISPOSAL

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THE PROVISIONAL AGREEMENT

Date

11 December 2018

Parties

Vendor : Billion Shine Investment Limited, an indirect wholly-owned subsidiary of the Company

Purchaser : the Purchaser, who is a merchant

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party not connected with the Company and its connected persons.

Property

The Property is located at Workshop 16, 1st Floor, Wah Yiu Industrial Centre, 30-32 Au Pui Wan Street, Sha Tin, New Territories, Hong Kong with gross floor area of approximately 1,322 sq. ft. and is for non-residential use.

Sale and Purchase

Upon the Completion, the Property will be sold on an "as is" basis and with existing tenancy (if any).

Consideration

The Consideration for the Disposal is HK\$4,200,000, which was arrived at after arm's length negotiations between the Vendor and the Purchaser with reference to the prevailing property market in Hong Kong and the market price of the similar properties in the vicinity to the Property.

The Consideration will be settled in cash in the following manner:-

- (a) HK\$130,000 was paid by the Purchaser to the Vendor's solicitors as initial deposit upon signing of the Provisional Agreement;
- (b) HK\$290,000 will be paid by the Purchaser to the Vendor's solicitors as further deposit upon signing of the Formal Agreement on or before 24 December 2018; and
- (c) HK\$3,780,000 being the balance of the Consideration will be paid by the Purchaser to the Vendor's solicitors on Completion.

Completion

The Completion is expected to take place on or before 28 February 2019.

Agency fee

In consideration of the services rendered by a property agency company to the Vendor, the Vendor shall pay to the property agency company an agency fee of HK\$42,000 (representing 1% of the Consideration) on or before 28 February 2019. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, such property agency company and its ultimate beneficial owner(s) are Independent Third Parties.

INFORMATION OF THE PROPERTY

The Property is located at Workshop 16, 1st Floor, Wah Yiu Industrial Centre, 30-32 Au Pui Wan Street, Sha Tin, New Territories, Hong Kong with gross floor area of approximately 1,322 sq. ft.. As at 30 September 2018, the unaudited carrying value of the Property was approximately HK\$827,000.

The Property is currently leased by the Vendor to an Independent Third Party at a monthly rental of HK\$12,800 (exclusive of government rent and rates) and its tenancy will be expired on 30 November 2019. Pursuant to the Provisional Agreement, the Disposal shall be subject to the existing tenancy in respect of the Property.

For the years ended 30 September 2016 and 2017, rental income and net loss attributable to the Property were as follows:

	2017	2016
	<i>HK\$</i>	<i>HK\$</i>
Rental income	7,000	Nil
Net loss		
- before taxation	(26,000)	(20,000)
- after taxation	(26,000)	(20,000)

FINANCIAL EFFECT ON THE DISPOSAL AND USE OF PROCEEDS

The audited net book value of the Property as of 30 September 2017 was HK\$845,000 and classified as “Investment Property”. The expected gain before and after taxation from the Disposal are approximately HK\$3,270,000 and HK\$2,895,000, respectively. The expected gain on disposal is calculated by deducting the carry amount as of 30 September 2017 and other incidental cost regarding the Disposal from the Consideration. The net proceeds of approximately HK\$3,600,000 will be used as the Group’s general working capital.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange (Stock Code: 8312). The Group is principally engaged in distribution of apparel products and household products. The Vendor is an indirect wholly-owned subsidiary of the Company which is an investment holding company.

Given the prevailing property market conditions and the overall economy in Hong Kong, the Board is of the opinion that the Disposal represents a good opportunity to realise the Group’s investment and to enhance the liquidity of the Group.

The Directors consider that the Disposal (including the Consideration) is fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio as defined under the GEM Listing Rules in respect of the Disposals exceeds 5% but is lower than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements pursuant to Chapter 19 of the GEM Listing Rules.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares has been suspended since 9:00 a.m. on 10 December 2018 and will continue to be suspended until further notice.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	China Hanya Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Completion”	the completion of Disposal in accordance with the terms and conditions of the Provisional Agreement
“connected person”	has the meaning ascribed to it in the GEM Listing Rules
“Consideration”	the consideration payable by the Purchaser to the Vendor for the Disposal being HK\$4,200,000
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser
“Formal Agreement”	the formal agreement for the sale and purchase of the Property to be entered into between the Vendor and the Purchaser in respect of the sale and purchase of the Property
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the GEM Rules Governing the Listing of Securities on the Stock Exchange
“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
“Independent Third Party(ies)”	party(ies) who is/are third party(ies) independent of the Company and its connected persons

“Property”	Workshop 16, 1st Floor, Wah Yiu Industrial Centre, 30-32 Au Pui Wan Street, Sha Tin, New Territories, Hong Kong
“Provisional Agreement”	the provisional agreement for sale and purchase dated 11 December 2018 and entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
“Purchaser”	the purchaser of the Property under the Provisional Agreement, being an individual and an Independent Third Party
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Billion Shine Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

By Order of the Board
China Hanya Group Holdings Limited
Lu Zhuo
Chairman

Hong Kong, 11 December 2018

As at the date of this announcement, the Board comprises Ms. Lu Zhuo and Mr. Yun Liguo as executive Directors, Ms. Yang Haibi as non-executive Director, and Mr. Leung Ka Wo, Mr. Zhang Tianbao and Mr. Christopher Francisco as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website (www.hkgem.com) for at least 7 days from its date of its posting and on the Company’s website at www.chinahanya.com.hk.