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## **GENVON GROUP LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2389)**

### **DISCLOSEABLE TRANSACTION INVOLVING THE PROPOSED DISPOSAL AND DISPOSAL OF SUBSIDIARY**

Reference is made to the announcement of Genvon Group Limited (the “Company”) dated 19 September 2012 in relation to the Resumption and Relocation Compensation Agreement (the “Announcement”). Capitalised terms used in this announcement shall have the same meanings as defined in the Announcement, unless otherwise defined herein.

The board of directors (the “**Board**”) of Genvon Group Limited (the “**Company**”) announces that on 16 April 2013, a wholly-owned subsidiary of the Company, Jiangsu Golden Harbour Enterprises Limited (“**Golden Harbour**”), entered into a cooperation agreement together with five supplementary agreements (the “**Cooperation Agreements**”) with 杭州百果園科技實業有限公司 (# Hangzhou Bai Guo Yuan Technology Industrial Limited) (“**Hangzhou BGY**”), whose holding company is principally engaged in manufacturing and trading of Power Tools business.

Pursuant to the key terms of the Cooperation Agreements,

- i) Hangzhou BGY will acquire certain non-current assets (including but not limited to plant and machineries, moulds and furniture and fixture) and inventories (the “**Disposal Assets**”) hold by Golden Harbour as at 31 May 2013 at a consideration of RMB10,000,000 and its carrying value respectively (the “**Proposed Disposal**”). A new company will be incorporated by Hangzhou BGY to continue the Power Tools business currently operated by Golden Harbour and Golden Harbour will invest 10% shareholding in the new company at a consideration of RMB4,000,000. Hangzhou BGY will transfer the Disposal Assets to this new company upon its incorporation; and
- ii) the Company will dispose of its entire equity interest in Genvon Marketing Co. Limited (正峰開發有限公司), a company engaged in the trading of Power Tools which sourced from Golden Harbour (the “**Disposed Subsidiary**”) to Hangzhou BGY, or its nominated company, at a consideration of HK\$1 before 1 September 2013 (the “**Disposal of Subsidiary**”).

## **FINANCIAL EFFECT OF THE PROPOSED DISPOSAL AND DISPOSAL OF SUBSIDIARY AND INTENDED USE OF THE PROCEEDS**

As the net carrying value and the net assets value of the Disposal Assets and the Disposed Subsidiary are yet to be finalized, the Company will make further announcement in relation to the Proposed Disposal and Disposal of Subsidiary pursuant to the requirements of the Listing Rules as and when appropriate.

After deduction of expenses directly attributable thereto, the Group intends to apply the net proceeds from the Proposed Disposal and the Disposal of Subsidiary towards the working capital of the Group.

## **REASONS OF ENTERING INTO THE COOPERATION AGREEMENTS**

Over the years, the Group has sought to expand its core business from manufacturing and sale of power tool into property development in China. With the fast growing economy and continuous urbanization in China, the Group's business of property development in China is now contributing to the majority of the profit attributable to the Shareholders.

In view of the above and reference is made to the announcement of the Company dated 19 September 2012 that Golden Harbour had entered into an Agreement with the Committee of Haian Economic and Technological Development Area (the "**Committee**") of which Golden Harbour has to surrender the PRC Property to the Committee. To follow the Company's plan to maintain a clear business focus on property development in China, it is a good opportunity for the Group to dispose the Disposal Assets at a fair and reasonable price and to discontinue the loss making Power Tools business.

The Directors consider that the terms of the Cooperation Agreements are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

To the best knowledge, information and belief of the Directors of the Company having made all reasonable enquiries, Hangzhou BGY is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

As the applicable percentage ratios as calculated under Chapter 14 of the Listing Rules in respect of the Proposed Disposal and the Disposal of Subsidiary (aggregated as a series of transactions) is more than 5% but less than 25%, the Cooperation Agreements constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

The Company will make further announcements to update the progress of the Proposed Disposal and the Disposal of Subsidiary as and when required in accordance with the relevant Listing Rules.

**Genvon Group Limited**  
**Wang Zheng Chun**  
*Chairman*

Hong Kong, 17 April 2013

#- The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).

*As at the date of this announcement, the Board comprises five Executive Directors, namely Mr Wang Zheng Chun, Mr Zheng Wei Chong, Mr Xu Wen Cong, Mr Cheung Man and Mr Liu Hoi Keung, and three Independent Non-Executive Directors, namely Mr Ang Siu Lun, Lawrence, Mr Ma Kwai Yuen and Mr Ho Hao Veng .*