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HANNY HOLDINGS LIMITED

錦興集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 275)

DISCLOSEABLE TRANSACTION

THE DISPOSAL

On 30 September 2011, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement pursuant to which the Vendor agreed to dispose of, and the Purchaser agreed to acquire, the Sale Shares at the consideration of HK\$25,000,000. The Sale Shares represent the entire issued share capital of Shine Brilliant and Widecheer. Following Completion, the Disposal Group has ceased to be subsidiaries of the Company and the Group has ceased to carry out the sand mining business.

The proceeds from the Disposal, after deducting all relevant expenses, in the amount of approximately HK\$24.9 million will be used as general working capital of the Group. As a result of the Disposal, the Company is expected to record a gain of approximately HK\$3.2 million.

LISTING RULES IMPLICATIONS

The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 30 September 2011, the Vendor entered into the Agreement for disposal of the Sale Shares to the Purchaser. The principal terms of the Agreement are set out below.

THE AGREEMENT

Date

30 September 2011

Parties

Vendor: Group Dragon (B.V.I.) Limited, an indirect wholly-owned subsidiary of the Company

Purchaser: Mr. Chan Chung Chiu

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons.

Assets to be disposed of

Pursuant to the Agreement, the Vendor agreed to dispose of, and the Purchaser agreed to acquire, the Sale Shares at the Consideration free from all encumbrances together with all rights and benefits attaching thereto including all dividends and distributions declared, made or paid on or after the date of the Agreement. The Sale Shares represent the entire issued share capital of (i) Shine Brilliant; and (ii) Widecheer.

Consideration

The Consideration of HK\$25,000,000 was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the net assets attributable to owners of the Disposal Group and was paid in cash at Completion.

Completion

Completion took place immediately following the signing of the Agreement.

INFORMATION OF THE DISPOSAL GROUP

Shine Brilliant is a company incorporated in the British Virgin Islands with limited liability and was wholly-owned by the Vendor before Completion. The principal asset of Shine Brilliant is its 88% interest in a sand mining vessel. Widecheer is a company incorporated in the British Virgin Islands with limited liability and was wholly-owned by the Vendor before Completion. The principal asset of Widecheer is its 100% interests in two other sand mining vessels. The Disposal Group is principally engaged in sand mining business in the PRC. Following Completion, the Disposal Group has ceased to be subsidiaries of the Company and the Group has ceased to carry out the sand mining business.

According to the unaudited combined accounts of the Disposal Group, the Disposal Group recorded (i) net loss before taxation of approximately HK\$57.6 million and HK\$5.9 million for the year ended 31 March 2010 and 2011 respectively; and (ii) net loss after taxation of approximately HK\$43.4 million and HK\$4.0 million for the year ended 31 March 2010 and 2011 respectively. The unaudited net assets attributable to owners of the Disposal Group as at 30 June 2011 amounted to approximately HK\$21.8 million.

REASONS FOR THE DISPOSAL

The Company is an investment holding company and the Group is principally engaged in trading of securities, industrial water supply business, property development and trading and other strategic investments. It is the Group's business strategy to focus on its property development and investment business and the Group will utilise its resources towards this segment.

In view of the loss-making results of the Disposal Group over the past years, the Directors consider that the Disposal provides the Company with a good opportunity to realize its non-core investment in the sand mining business into cash. The proceeds from the Disposal, after deducting all relevant expenses, in the amount of approximately HK\$24.9 million will be used as general working capital of the Group.

As a result of the Disposal, the Company is expected to record a gain of approximately HK\$3.2 million, which is calculated based on the difference between the Consideration and the net assets attributable to owners of the Disposal Group as at 30 June 2011 in the amount of approximately HK\$21.8 million.

Based on the above, the Directors consider that the terms of the Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the agreement dated 30 September 2011 entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Company”	Hanny Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 275)
“Completion”	completion of the Disposal according to the terms of the Agreement

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$25,000,000 for the Disposal
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms of the Agreement
“Disposal Group”	Shine Brilliant and Widecheer
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	Mr. Chan Chung Chiu
“Sale Shares”	(i) the 1 issued share of par value US\$1.00 in the share capital of Shine Brilliant legally and beneficially owned by the Vendor before Completion and (ii) the 1 issued share of par value US\$1.00 in the share capital of Widecheer legally and beneficially owned by the Vendor before Completion
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Shine Brilliant”	Shine Brilliant Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by the Vendor before Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Group Dragon (B.V.I.) Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company

“Widecheer” Widecheer Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by the Vendor before Completion

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board
Hanny Holdings Limited
Dr. Yap, Allan
Chairman

Hong Kong, 30 September 2011

As at the date of this announcement, the Directors are as follows:

Executive Directors:

Dr. Yap, Allan
Mr. Heung Pik Lun, Edmond

Independent non-executive Directors:

Mr. Kwok Ka Lap, Alva
Mr. Poon Kwok Hing, Albert
Mr. Sin Chi Fai

* *For identification purpose only*