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Ngai Shun Holdings Limited

毅信控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01246)

**MAJOR AND CONNECTED TRANSACTION IN RELATION TO
THE DISPOSAL OF 49% OF THE ISSUED SHARE CAPITAL OF
PEARL SWIRLS LIMITED**

THE AGREEMENT

On 5 February 2016 (after trading hours), the Company as the vendor entered into the Agreement with the Purchaser, pursuant to which the Company conditionally agreed to dispose of and the Purchaser conditionally agreed to purchase 49% of the issued share capital of Pearl Swirls, at a total consideration of HK\$73,883,694.94, which will be offset by part of the Loan owing to the Purchaser by the Company.

LISTING RULES IMPLICATIONS

As more than one of the applicable percentage ratios in respect of the Disposal as calculated under Rule 14.07 of the Listing Rules exceed 25% but are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Both Dr. Wong and Mr. Lam were the Directors of the Company in the last 12 months preceding the date of the Agreement and hence are connected persons of the Company pursuant to the Listing Rules. As the Purchaser is owned as to 50% by Dr. Wong and the remaining 50% by Mr. Lam, the Purchaser therefore is an associate of Dr. Wong and Mr. Lam and is a connected person of the Company under the Listing Rules. The Disposal also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An EGM will be convened and held for the Independent Shareholders to approve the Agreement and the transactions contemplated thereunder. The Purchaser and its associates (including Fabulous Business Limited, the substantial Shareholder of the Company as at the date of this announcement and is interested in 2,650,000,000 Shares, representing approximately 10.64% of the total issued share capital of the Company) are required to abstain from voting on the relevant resolution to approve the Agreement and the transactions contemplated thereunder at the EGM. Save as disclosed above, to the best knowledge, information and belief of the Directors and having made reasonable enquiries, no other Shareholder is involved in or interested in the Disposal which is required to abstain from voting on the relevant resolution(s) to approve the Disposal at the EGM.

GENERAL

A circular containing, among other things, (i) further details of the Agreement and the Disposal; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Agreement and the Disposal; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the Disposal; and (iv) a notice of the EGM, will be despatched to the Shareholders on or before 2 March 2016 in accordance with the relevant requirements of the Listing Rules.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders regarding the Agreement and the Disposal. An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders on whether the terms of the Agreement and the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote, after taking into account the recommendation of the independent financial adviser.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment (or, as the case may be, waiver) of the conditions precedent under the Agreement. The Disposal may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

On 5 February 2016 (after trading hours), the Company as the vendor entered into the Agreement with the Purchaser, pursuant to which the Company conditionally agreed to dispose of and the Purchaser conditionally agreed to purchase 49% of the issued share capital of Pearl Swirls, at a total consideration of HK\$73,883,694.94, which will be offset by part of the Loan owing to the Purchaser by the Company. The principal terms and conditions of the Agreement are summarised below:

THE AGREEMENT

Date: 5 February 2016

Parties: (a) the Company, as the vendor; and
(b) the Purchaser, as the purchaser.

Both Dr. Wong and Mr. Lam were the Directors of the Company in the last 12 months preceding the date of the Agreement and hence are connected persons of the Company pursuant to the Listing Rules. As the Purchaser is owned as to 50% by Dr. Wong and the remaining 50% by Mr. Lam, the Purchaser therefore is an associate of Dr. Wong and Mr. Lam and is a connected person of the Company.

Subject matter: The Company conditionally agreed to dispose of and the Purchaser conditionally agreed to acquire the Sale Shares, being 49% of the issued share capital of Pearl Swirls.

Consideration: The consideration for the Sale Shares shall be HK\$73,883,694.94 which will be offset by part of the Loan owing to the Purchaser by the Company.

The consideration was determined after arm's length negotiations between the Company and the Purchaser taking into account the net asset value of Ngai Shun Construction.

Conditions precedent: Completion shall be conditional upon the satisfaction of the following conditions:

- (i) the warranties provided by the Company remaining true and accurate in all respects and not misleading in any respect as at Completion;
- (ii) Pearl Swirls allotting and issuing 99 shares to the Company;
- (iii) the Independent Shareholders approving the Agreement and all the transactions contemplated under the Agreement;
- (iv) all consents, approvals, permits, or authorisations (as the case may be) that are necessary pursuant to applicable laws, regulations or rules for the execution, implementation and Completion of the Agreement having been obtained, and all such consents, approvals, permits and authorisations not having been revoked or withdrawn; and

- (v) all consents or approvals that are necessary pursuant to the implementation and Completion of the Agreement having been obtained from the Stock Exchange, and such consents or approvals not having been revoked or withdrawn.

Completion:

Completion shall take place the Business Day immediately after all the conditions precedent have been fulfilled or waived, or such other date as the Company and the Purchaser shall agree in writing, provided that such date shall in no event be later than 30 March 2016 (or such other date as may be agreed amongst the Company and the Purchaser).

Upon Completion, the Company and the Purchaser will hold 51% and 49% of the issued share capital of Pearl Swirls respectively, and Pearl Swirls will remain to be a subsidiary of the Company.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and is owned as to 50% by Dr. Wong and the remaining 50% by Mr. Lam. To the best of the Directors' knowledge, the Purchaser is an investment holding company.

INFORMATION ON THE COMPANY

The Company, through its subsidiaries, is principally engaged in the foundation business, property and securities investment.

INFORMATION ON PEARL SWIRLS GROUP

Pearl Swirls is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. Pearl Swirls is a direct wholly-owned subsidiary of the Company.

Ngai Shun Construction is a company incorporated in Hong Kong with limited liability and is principally engaged in foundation business in Hong Kong as a foundation subcontractor. Ngai Shun Construction is a direct wholly-owned subsidiary of Pearl Swirls.

A summary of the unaudited financial information of Pearl Swirls Group for the two years ended 31 March 2014 and 31 March 2015 and for the nine months ended 31 December 2015 is set out below:

	For the years ended		For the
	31 March		nine months
	2014	2015	ended
	unaudited	unaudited	31 December
	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before tax	101,706	97,404	33,322
Profit after tax	85,500	81,418	27,864

As at 31 December 2015, Pearl Swirls Group had an unaudited consolidated net asset value of approximately HK\$150.76 million.

It was noted that the profit of Pearl Swirls Group had declined in 2015 as the major infrastructures in Hong Kong had completed their foundations and proceeded to building superstructure stage while new infrastructure projects had been postponed due to the slow approval progress of infrastructure projects by the Legislative Council of Hong Kong and the Finance Committee of the Legislative Council of Hong Kong. Due to the aforesaid reason, the Group expects that the foundation business in public sectors may decrease further. The escalation of labour costs continued as unions recently raised the standard salaries of steel bending, formwork, welding and concreting skilled labour significantly and will have an adverse impact on the profit margin of the Pearl Swirls Group.

FINANCIAL EFFECTS OF THE DISPOSAL ON THE GROUP

Upon Completion, the Company and the Purchaser will hold 51% and 49% of the issued share capital of Pearl Swirls respectively, and Pearl Swirls and Ngai Shun Construction will remain as subsidiaries of the Company and their financial results will continue to be consolidated into the Group's consolidated financial statements.

The consideration for the Disposal of HK\$73,883,694.94 will be offset by part of the Loan owing to the Purchaser by the Company and there will be no cash proceed received from the Disposal. The Company does not expect to recognise any material accounting gain or loss as a result of the Disposal, because the consideration was determined as a result of arm's length negotiations between the Company and the Purchaser taking into account the net asset value of Ngai Shun Construction as at 31 December 2015. The actual gain or loss on the Disposal may be different from the above and will be determined based on the financial position of the Company on the date of Completion and the review by the Company's auditors upon finalisation of the consolidated financial statements of the Group.

None of the Directors has any material interest in the Agreement and the Disposal and therefore, none of them has abstained from voting on the Board resolution(s) which approved the Agreement and the Disposal.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors are of the view the Disposal will benefit the Company by directly reducing its debts and interests and also improve the liquidity and overall financial position of the Company. Moreover, considered that the profit from foundation business engaged by Ngai Shun Construction is decreasing and also new infrastructure projects had been postponed due to the slow approval progress of infrastructure projects by the Legislative Council of Hong Kong and the Finance Committee of the Legislative Council of Hong Kong, the Directors expect the foundation business in public sectors may decrease further and therefore the Group intends to allocate more resources in developing the Group's property investment business and other potential business opportunities. The Group's property investment business represents the acquired property project located in a parcel of land situated on the western shores of 南湖 (Nanhu Lake[#]), Yueyang, Hunan province, the PRC, as disclosed in the circular of the Company dated 6 November 2015 and the completion of which took place on 24 November 2015. The Company is also looking for other potential acquisition opportunities to enhance the prospect of the Group. On 2 December 2015, the Company has entered into a framework agreement with Mr. Du Changqing, in relation to a proposed acquisition of the entire issued share capital of Super Generation Limited, so that the Company may tap into the tourism and

cultural market in the PRC through 桂林廣維文華旅遊文化產業有限公司 (Guilin Guangwei Wenhua Tourism and Culture Industry Company Limited[#]), a company incorporated in the PRC, which operates the famous and award winning show “印象•劉三姐 (Impression • Liu Sanjie[#])” in Yangshuo, Guangxi Province, the PRC, as disclosed in the announcement of the Company dated 2 December 2015.

The Directors (excluding the independent non-executive Directors who will express their opinion after taking into consideration the advice of the independent financial adviser to be appointed) consider that the terms of the Agreement are entered on normal commercial terms and are fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

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Both Dr. Wong and Mr. Lam were the Directors of the Company in the last 12 months preceding the date of the Agreement and hence are connected persons of the Company pursuant to the Listing Rules. As the Purchaser is owned as to 50% by Dr. Wong and the remaining 50% by Mr. Lam, the Purchaser therefore is an associate of Dr. Wong and Mr. Lam and is a connected person of the Company under the Listing Rules. The Disposal also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An EGM will be convened and held for the Independent Shareholders to approve the Agreement and the transactions contemplated thereunder. The Purchaser and its associates (including Fabulous Business Limited, the substantial Shareholder of the Company as at the date of this announcement and is interested in 2,650,000,000 Shares, representing approximately 10.64% of the total issued share capital of the Company) are required to abstain from voting on the relevant resolution to approve the Agreement and the transactions contemplated thereunder at the EGM. Save as disclosed above, to the best knowledge, information and belief of the Directors and having made reasonable enquiries, no other Shareholder is involved in or interested in the Disposal which is required to abstain from voting on the relevant resolution(s) to approve the Disposal at the EGM.

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An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders regarding the Agreement and the Disposal. An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders on whether the terms of the Agreement and the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote, taking into account the recommendation of the independent financial adviser.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment (or, as the case may be, waiver) of the conditions precedent under the Agreement. The Disposal may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

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

“Agreement”	the conditional sale and purchase agreement dated 5 February 2016 entered into between the Company and the Purchaser in relation to the disposal of the Sale Share by the Company
“Board”	the board of Directors
“Business Day(s)”	means a day other than a Saturday, Sunday or public holiday in Hong Kong
“Company”	Ngai Shun Holdings Limited, a company incorporated in the Cayman Islands and the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the terms of the Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the directors of the Company
“Disposal”	the sale of the Sale Shares by the Company to the Purchaser pursuant to the terms and conditions of the Agreement
“Dr. Wong”	Dr. Wong Sai Chung, a substantial Shareholder, who was also a Director in the last 12 months preceding the date of the Agreement
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the transactions as contemplated under the Agreement
“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 PRC
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Lam Chi Wai, Ms. Lau Mei Ying and Ms. Thadani Jyoti Ramesh, being all the independent non-executive Directors, formed to advise the Independent Shareholders in respect of the terms of the Agreement and the Disposal
“Independent Shareholders”	Shareholders other than Purchaser and its associates and those who are involved in or interested in the relevant resolution to be approved at the EGM
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the aggregate sum of HK\$125,554,547.50 which the Company is indebted to the Purchaser as at the date of the Agreement, pursuant to the loan agreement entered into between the Company (as the borrower) and the Purchaser (as the lender) on 3 March 2015 and the drawdown notice given by the Company to the Purchaser on 5 March 2015
“Mr. Lam”	Mr. Lam Wing Sum, a substantial Shareholder, who was also a Director in the last 12 months preceding the date of the Agreement
“Ngai Shun Construction”	Ngai Shun Construction & Drilling Company Limited, a company incorporated in Hong Kong with limited liability, which is a direct wholly-owned subsidiary of Pearl Swirls
“Pearl Swirls”	Pearl Swirls Limited, a company incorporated in the British Virgin Islands with limited liability, which is a direct wholly-owned subsidiary of the Company
“Pearl Swirls Group”	Pearl Swirls and Ngai Shun Construction
“PRC”	the People’s Republic of China
“Purchaser”	Excellent Speed Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned as to 50% by Dr. Wong and the remaining 50% by Mr. Lam
“Sale Shares”	49 ordinary shares of Pearl Swirls, representing 49% of the issued share capital of Pearl Swirls held by the Company immediately before the Completion
“Share(s)”	share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Shares

“Stock Exchange” the Stock Exchange of Hong Kong Limited

“%” per cent

The English names of the Chinese entitles are translation of their Chinese names and are included herein for identification purpose only.

By order of the Board
Ngai Shun Holdings Limited
Mock Wai Yin
Executive Director and Chairman

Hong Kong, 5 February 2016

As at the date of this announcement, the Company has (i) one executive Director, namely Mr. Mock Wai Yin; (ii) one non-executive Director, namely Mr. Chui Kwong Kau and (iii) three independent non-executive Directors, namely Mr. Lam Chi Wai, Ms. Lau Mei Ying and Ms. Thadani Jyoti Ramesh.

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.