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## **ADDCHANCE HOLDINGS LIMITED**

**互益集團有限公司**

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

**(Stock Code: 3344)**

(the “Company”)

### **DISCLOSEABLE TRANSACTION: PROPOSED DISPOSAL OF PROPERTIES**

The Vendor (1) and the Purchaser entered into the Sale and Purchase Agreement (1) on 30 December 2008 for the sale and purchase of the Properties (1) at an aggregate consideration of US\$7,000,000 (equivalent to HK\$54,250,000) in cash.

The Vendor (2) and the Purchaser entered into the Sale and Purchase Agreement (2) on 30 December 2008 for the sale and purchase of the Properties (2) at an aggregate consideration of US\$3,000,000 (equivalent to HK\$23,250,000) in cash.

The proposed disposal of the Properties constituted a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules. A circular containing, among others, further information in respect of the discloseable transaction will be despatched to the shareholders of the Company as soon as practicable.

### **SALE AND PURCHASE AGREEMENT (1)**

**Date:**

30 December 2008

**Parties:**

Vendor: Addchance Limited, an indirect wholly-owned subsidiary of the Company

Purchaser: Ms. Pun Sok Kuan

The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party.

The Purchaser, when the Group had no acquaintance before, approached the sales department of the Group to negotiate on the terms of the sale and purchase of the Properties when the Properties were offered by the Group to the market for sale.

**Properties disposed of:**

The properties disposed of under the Sale and Purchase Agreement (1) comprise the Properties (1). The Properties (1) are currently occupied by the Group for warehouse and ancillary office uses. For the disposal of the Properties (1), the Directors confirm that there will be no material impact on the operations of the Group. As no rent has been received by the Group in respect of the Properties (1), no profit was recorded by the Group in respect of the Properties (1) for the two financial years preceding the subject transaction.

**Conditions precedent:**

Completion of the sale and purchase of the Properties (1) shall be conditional upon the following:

- (1) the Company having complied with all statutory requirements and such other requirements as may be imposed under the Listing Rules; and
- (2) completion of the sale and purchase of the Properties (2) having taken place in accordance with the Sale and Purchase Agreement (2) simultaneously.

In the event that condition (1) is not satisfied, the Vendor (1) shall have the option to:

- (a) terminate the Sale and Purchase Agreement (1) by way of 7 business days' written notice by the Vendor (1) to the Purchaser and the Vendor (1) shall then refund the deposit paid to the Purchaser without any compensation, costs or interest and the Vendor (1) and the Purchaser shall enter into a cancellation agreement to cancel the Sale and Purchase Agreement (1) and thereafter neither party shall have any claim for damages, specific performance or any other remedies whatsoever against the other party for such termination; or
- (b) postpone to such date (the "**Revised Completion Date**") as the Vendor (1) may reasonably see fit until the Vendor (1) is in a position to validly assign the Properties (1) to the Purchaser and the Revised Completion Date shall not in any event be later than 14 April 2009.

With respect to condition (2):

- (a) if the Purchaser fails or refuses (other than due to the failure or default of the Vendor (2)) to complete the sale and purchase of the Properties (2) in accordance with the Sale and Purchase Agreement (2), the Purchaser shall be deemed to have been in breach of the Sale and Purchase Agreement (1) and the Vendor (1) shall have the right to exercise all the rights of the Vendor (1) under the Sale and Purchase Agreement (1); or
- (b) if the Vendor (2) fails or refuses (other than due to the failure or default of the Purchaser) to complete the sale and purchase of the Properties (2) in accordance with the Sale and Purchase Agreement (2), the Sale and Purchase Agreement (1) shall be terminated at the option of the Vendor (1) by way of 7 business days' written notice from the Vendor (1) to the Purchaser in which event the Vendor (1) shall refund to the Purchaser the deposit paid under the Sale and Purchase Agreement (1) without any compensation, costs or interest and the Vendor (1) and the Purchaser shall enter into a cancellation agreement to cancel the Sale and Purchase Agreement (1) and thereafter neither party shall have any claim for damages, specific performance or any other remedies whatsoever against the other party for such termination.

**Payment terms:**

The aggregate consideration for the sale and purchase of the Properties (1) is US\$7,000,000 (equivalent to HK\$54,250,000) (the “**Consideration (1)**”) and is paid/payable by the Purchaser in the following manner:

- (1) a sum of US\$700,000 (equivalent to HK\$5,425,000), being the deposit and part payment of the Consideration (1), has already been paid by the Purchaser to the Vendor (1); and
- (2) a sum of US\$6,300,000 (equivalent to HK\$48,825,000), being the remaining balance of the Consideration (1), shall be paid by the Purchaser to the Vendor (1) in cash on Completion.

The Consideration (1) was arrived at after arm’s length negotiations with the Purchaser with reference to the value of the properties in the nearby area.

According to the management accounts of the Group as at 30 December 2008, the book value of the Properties (1) is approximately HK\$9,121,000. The Company has engaged the Valuer to assess the value of the Properties (1). The Valuer has assessed the value of the Properties (1) as being HK\$27,400,000 as at 19 December 2008. The valuation was carried out by the Valuer on the market value approach, which is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

**Effect on earnings, assets and liabilities:**

Since the Consideration (1) represents (i) a premium of approximately HK\$45,129,000 as compared with the book value of the Properties (1) and (ii) a premium of approximately HK\$26,850,000 as compared with the assessed value of the Properties (1), the disposal of the Properties (1) will increase the net asset value of the Group. The disposal of the Properties (1) is expected to generate a gain of approximately HK\$45,129,000 (before expenses) in the Group’s profit and loss accounts. In respect of the accounting treatment of the Properties (1), they are treated as property, plant and equipment.

**Completion:**

Completion of the Sale and Purchase Agreement (1) will take place on the Completion Date.

Notwithstanding Completion, the Vendor (1) shall be entitled not to deliver vacant possession of the Properties (1) to the Purchaser until 31 March 2009. In the event that Completion is postponed, the Vendor (1) shall not be required to deliver vacant possession to the Purchaser until after the expiration of one calendar month from the Revised Completion Date.

**SALE AND PURCHASE AGREEMENT (2)****Date:**

30 December 2008

**Parties:**

Vendor: Charm Shine Industrial Co. Ltd., a 95.45% owned subsidiary of the Company

Purchaser: Ms. Pun Sok Kuan

**Properties disposed of:**

The properties disposed of under the Sale and Purchase Agreement (2) comprise the Properties (2). The Properties (2) are currently occupied by the Group for car parking and ancillary office uses. For the disposal of the Properties (2), the Directors confirm that there will be no material impact on the operations of the Group. As no rent has been received by the Group in respect of the Properties (2), no profit was recorded by the Group in respect of the Properties (2) for the two financial years preceding the subject transaction.

**Conditions precedent:**

Completion of the sale and purchase of the Properties (2) shall be conditional upon the following:

- (1) the Company having complied with all statutory requirements and such other requirements as may be imposed under the Listing Rules; and

- (2) completion of the sale and purchase of the Properties (1) having taken place in accordance with the Sale and Purchase Agreement (1) simultaneously.

In the event that condition (1) is not satisfied, the Vendor (2) shall have the option to:

- (a) terminate the Sale and Purchase Agreement (2) by way of 7 business days' written notice by the Vendor (2) to the Purchaser and the Vendor (2) shall then refund the deposit paid to the Purchaser without any compensation, costs or interest and the Vendor (2) and the Purchaser shall enter into a cancellation agreement to cancel the Sale and Purchase Agreement (2) and thereafter neither party shall have any claim for damages, specific performance or any other remedies whatsoever against the other party for such termination; or
- (b) postpone to the Revised Completion Date which shall not in any event be later than 14 April 2009.

With respect to condition (2):

- (a) if the Purchaser fails or refuses (other than due to the failure or default of the Vendor (1)) to complete the sale and purchase of the Properties (1) in accordance with the Sale and Purchase Agreement (1), the Purchaser shall be deemed to have been in breach of the Sale and Purchase Agreement (2) and the Vendor (2) shall have the right to exercise all the rights of the Vendor (2) under the Sale and Purchase Agreement (2); or
- (b) if the Vendor (1) fails or refuses (other than due to the failure or default of the Purchaser) to complete the sale and purchase of the Properties (1) in accordance with the Sale and Purchase Agreement (1), the Sale and Purchase Agreement (2) shall be terminated at the option of the Vendor (2) by way of 7 business days' written notice from the Vendor (2) to the Purchaser in which event the Vendor (2) shall refund to the Purchaser the deposit paid under the Sale and Purchase Agreement (2) without any compensation, costs or interest and the Vendor (2) and the Purchaser shall enter into a cancellation agreement to cancel the Sale and Purchase Agreement (2) and thereafter neither party shall have any claim for damages, specific performance or any other remedies whatsoever against the other party for such termination.

**Payment terms:**

The aggregate consideration for the sale and purchase of the Properties (2) is US\$3,000,000 (equivalent to HK\$23,250,000) (the “**Consideration (2)**”) and is paid/payable by the Purchaser in the following manner:

- (1) a sum of US\$300,000 (equivalent to HK\$2,325,000), being the deposit and part payment of the Consideration (2), has already been paid by the Purchaser to the Vendor (2); and
- (2) a sum of US\$2,700,000 (equivalent to HK\$20,925,000), being the remaining balance of the Consideration (2), shall be paid by the Purchaser to the Vendor (2) in cash on Completion.

The Consideration (2) was arrived at after arm’s length negotiations with the Purchaser with reference to the value of the properties in the nearby area.

According to the management accounts of the Group as at 30 December 2008, the book value of the Properties (2) is approximately HK\$1,073,000. The Company has engaged the Valuer to assess the value of the Properties (2). The Valuer has assessed the value of the Properties (2) as being HK\$18,440,000 as at 19 December 2008. The valuation was carried out by the Valuer on the market value approach, which is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

**Effect on earnings, assets and liabilities:**

Since the Consideration (2) represents (i) a premium of approximately HK\$22,177,000 as compared with the book value of the Properties (2) and (ii) a premium of approximately HK\$4,810,000 as compared with the assessed value of the Properties (2), the disposal of the Properties (2) will increase the net asset value of the Group. The disposal of the Properties (2) is expected to generate a gain of approximately HK\$22,177,000 (before expenses) in the Group’s profit and loss accounts. In respect of the accounting treatment of the Properties (2), they are treated as property, plant and equipment.

**Completion:**

Completion of the Sale and Purchase Agreement (2) will take place on the Completion Date.

Notwithstanding Completion, the Vendor (2) shall be entitled not to deliver vacant possession of the Properties (2) to the Purchaser until 31 March 2009. In the event that Completion is postponed, the Vendor (2) shall not be required to deliver vacant possession to the Purchaser until after the expiration of one calendar month from the Revised Completion Date.

## **REASON FOR THE DISPOSAL OF THE PROPERTIES**

Taking into account the prevailing non-residential property market in Hong Kong, the overall economy of Hong Kong and the prices at which the Purchaser is willing to purchase the Properties, the Board is of the opinion that the entering into of the Sale and Purchase Agreements represents a good opportunity for the Company to dispose of the Properties and to enhance the cashflow position of the Group. The Company intends to use the proceeds from the disposal of the Properties as working capital of the Group.

The Directors consider that the terms for the disposal of the Properties under the Sale and Purchase Agreements are fair and reasonable and in the interest of the shareholders of the Company as a whole.

## **INFORMATION ABOUT THE GROUP**

The Group is principally engaged in the production and sale of dyed yarns and knitted sweaters.

## **GENERAL**

The Group has not engaged in any previous transaction with the Purchaser which would otherwise require aggregation with the disposal of the Properties pursuant to Rule 14.22 of the Listing Rules.

Since the aggregate amount of the consideration for the disposal of the Properties represent more than 5% but less than 25% of the market capitalization of the Company, the entering into of the Sale and Purchase Agreements constituted a discloseable transaction for the Company according to Rule 14.06(2) of the Listing Rules. A circular containing, among others, further information in respect of the discloseable transaction will be despatched to the shareholders of the Company as soon as practicable.

## TERMS USED IN THIS ANNOUNCEMENT

“associate”	has the meaning ascribed under the Listing Rules;
“Board”	the board of Directors;
“Completion”	completion of the sale and purchase of the Properties (1) and the Properties (2);
“Completion Date”	14 January 2009, being the date of completion of the sale and purchase of the Properties;
“Company”	Addchance Holdings Limited (互益集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“Directors”	the directors of the Company (including non-executive director and independent non-executive directors of the Company);
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Third Party”	third party independent of and not connected with the Company or any of its subsidiaries and not being an associate of any of them;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Properties”	collectively, the Properties (1) and the Properties (2);

“Properties (1)”	the 1st floor, 2nd floor, 3rd floor, 6th floor, 7th floor, 8th floor, 9th floor and the roof of Sung’s Tower, 15-19 Lam Tin Street, Kwai Chung, New Territories, Hong Kong;
“Properties (2)”	collectively: <ol style="list-style-type: none"> <li>1. the parking spaces 1, 2, 3, 4, 5, 6, and 7 on the ground floor;</li> <li>2. the factory unit on the ground floor; and</li> <li>3. 4th floor and 5th floor</li> </ol> of Sung’s Tower, 15-19 Lam Tin Street, Kwai Chung, New Territories, Hong Kong;
“Purchaser”	Ms. Pun Sok Kuan;
“Sale and Purchase Agreement (1)”	the provisional agreement for sale and purchase in respect of the Properties (1) dated 30 December 2008 entered into between the Vendor (1) and the Purchaser;
“Sale and Purchase Agreement (2)”	the provisional agreement for sale and purchase in respect of the Properties (2) dated 30 December 2008 entered into between the Vendor (2) and the Purchaser;
“Sale and Purchase Agreements”	collectively, the Sale and Purchase Agreement (1) and the Sale and Purchase Agreement (2);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States dollars, the lawful currency of the United States of America;
“Valuer”	Vigers Appraisal & Consulting Limited, an independent firm of professional valuers;

“Vendor (1)” Addchance Limited (互益有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company; and

“Vendor (2)” Charm Shine Industrial Co. Ltd. (長興工業有限公司), a company incorporated in Hong Kong and a 95.45% owned subsidiary of the Company.

By Order of the Board  
**Addchance Holdings Limited**  
**Sung Chung Kwun**  
*Chairman*

Hong Kong, 2 January 2009

*Amounts denominated in US\$ in this announcement have been converted to HK\$ at a rate of US\$1.00 to HK\$7.75.*

*As at the date of this announcement, (i) the executive directors are Dr. Sung Chung Kwun, Mr. Wong Chiu Hong, Mr. Ip Siu Lam, Ms. Mok Pui Mei, Mr. Sung Kim Ping and Mr. Cheung Yung Fat, Albert (ii) the non-executive director is Mr. Lau Gary Q; and (iii) the independent non-executive directors are Mr. Chan Tsz Fu, Jacky, Mr. Ng Man Kin and Professor Cai Xiu Ling.*