



## ANEX INTERNATIONAL HOLDINGS LIMITED

安歷士國際控股有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock code: 723)

### DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF THE EQUITY INTEREST

On 13 October 2006, Anex Construction, a wholly-owned subsidiary of the Company, and the Vendors entered into an agreement pursuant to which Anex Construction has conditionally agreed to purchase the entire issued share capital of BIP, and the shareholders' loans to BIP, from the Vendors for a consideration of HK\$5,776,114.

Mr. Cheng Tun Nei and Mr. Cheng Tze Kit, Larry are executive Directors of the Company and the Acquisition therefore constitutes a connected transaction for the Company. As the applicable percentage ratios (as defined in the Listing Rules) are more than 2.5% but less than 25% and the total consideration is less than HK\$10,000,000, the Acquisition is subject to the reporting and announcement requirements but exempted from the requirement of Independent Shareholders' approval.

The Acquisition also constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing, among other things, further details of the Acquisition will be despatched to the Shareholders of the Company as soon as practicable.

#### INTRODUCTION

On 13 October 2006, Anex Construction, a wholly-owned subsidiary of the Company, and the Vendors entered into an agreement pursuant to which Anex Construction has conditionally agreed to purchase the entire issued share capital of BIP, and the shareholders' loans to BIP, from the Vendors for a consideration of HK\$5,776,114.

#### THE SHARE PURCHASE AGREEMENT

Date: 13 October 2006

#### Parties:

- (i) Mr. Cheng Tun Nei and Mr. Cheng Tze Kit, Larry as the Vendors; and  
(ii) Anex Construction as purchaser.

**Assets to be acquired:** 100% of the issued share capital of BIP and shareholders' loans in the amount of HK\$1,241,614 and HK\$1,500,500, which will be transferred at their face value.

#### Consideration and Terms of Payment

The total consideration for the Acquisition is HK\$5,776,114, which was arrived at after arm's length negotiations between the Company and the Vendors with reference to the audited net profit after tax of BIP for the year ended 31 March 2006 and the business outlook of BIP.

The price represents a price to earnings ratio of 5 times the audited net profit after tax of BIP at HK\$606,800 for the year ended 31 March 2006 which was determined with reference to its solid and profitable operating record and its established presence covering Hong Kong and Macau together with strong relationship with business partners. The Directors are of the view that the terms of the Share Purchase Agreement are fair and reasonable to the Group and its Shareholders as a whole. The consideration will be funded by internal resources of the Company.

Pursuant to the Share Purchase Agreement:

- (i) Mr. Cheng Tun Nei will transfer his 50% interest in the issued share capital of BIP to Anex Construction at a consideration of HK\$1,517,000 and the transfer of the loan from Truly Million Limited at its face value to Anex Construction. As at 10 October 2006, BIP owed Truly Million Limited a sum of HK\$1,241,614; and  
(ii) Mr. Cheng Tze Kit, Larry will transfer his 50% interest in the issued share capital of BIP to Anex Construction at a consideration of HK\$1,517,000 and the transfer of a loan at its face value to Anex Construction. As at 10 October 2006, BIP owed Mr. Cheng Tze Kit, Larry a sum of HK\$1,500,500.

Pursuant to the Share Purchase Agreement, HK\$1,500,000 is to be paid to Mr. Cheng Tun Nei and HK\$500,000 is to be paid to Truly Million Limited, being part of the consideration, by the Company upon signing of the Share Purchase Agreement, and the balance due to Mr. Cheng Tun Nei will be paid on or before Completion Date. The consideration amounting to HK\$3,017,500 due to Mr. Cheng Tze Kit, Larry will be paid to him within 12 months following the Completion Date.

#### Conditions Precedent

The Acquisition shall be conditional upon, among other things, the fulfillment of the following:

- (i) the Warranties remaining true and accurate and not misleading as if repeated at Completion and at all times between the date of the Share Purchase Agreement and Completion;  
(ii) the board of directors of the holding company of the Purchaser having approved the transactions contemplated under the Share Purchase Agreement; and  
(iii) all necessary consents and approvals (if any) being obtained or granted by third parties (including government and other regulatory authorities) and no statute, regulation or decision which would prohibit, restrict or materially delay the transactions contemplated under the Share Purchase Agreement having been proposed, enacted or taken by any government or other regulatory authorities.

If the conditions precedent of the Share Purchase Agreement fail to be satisfied or obtained on or before the Completion Date, the Share Purchase Agreement will be terminated and Mr. Cheng Tun Nei and his associate shall return all consideration received to the Company without interest on the Completion Date.

Pursuant to the Share Purchase Agreement, the Vendors shall indemnify Anex Construction from and against all losses and liabilities incurred as a result of any material breach of any of the warranties given. Such Warranties include, among others, that the Vendors are the beneficial owners of the entire issued share capital of, and the respective shareholders' loans to, BIP prior to completion, and that the Vendors have full power and authority to enter into the Share Purchase Agreement, and the corporate and financial information provided by the Vendors to Anex Construction in relation to BIP being true and accurate.

#### INFORMATION ON BIP

The principal business of BIP is construction related work and provision of project management service. BIP has committed itself by applying their technical developments to develop pre-engineered walling system, both external and internal with pre-cast Glass Reinforced Concrete products, flooring system and roofing system. By combining all these systems, then turn into pre-fabricated products like unit bathroom and pre-engineered houses.

BIP is specialized in developing the pre-fabricated building system and currently has a few allied manufacturing plants in PRC producing the products concerned.

The table below sets out certain audited financial information (prepared under generally accepted accounting principles in Hong Kong) of BIP for the two years ended 31 March 2006:

	For the year ended	
	31 March	
	2006	2005
	HK\$	HK\$
Net asset value	73,708	(533,092)
Profit/(Loss) before taxation and extraordinary items	735,675	(395,393)
Net profit/(loss) after taxation	606,800	(328,362)

The major assets of BIP consist of cash, trade and retention receivables and amounts due from customers for contract work.

#### REASONS FOR THE ACQUISITION

The Company is principally engaged in the design and manufacture of electrical appliances, trading of merchandise and investment in property development businesses.

As disclosed in the Company's Annual Report 2006, one of the strategies of the Company is to diversify its business into building material business.

The Directors are of the view that the Acquisition is in line with the overall expansion plan of the Group. Furthermore, the Acquisition provides an opportunity for the Group to participate in the building material business which will enhance the long-term growth and profitability of the Group.

In light of the foregoing, the Directors (including independent non-executive Directors) are of the view that the terms of the Share Purchase Agreement is entered into upon normal commercial terms and fair and reasonable to the Group and its Shareholders as a whole.

#### GENERAL

Mr. Cheng Tun Nei and Mr. Cheng Tze Kit, Larry are executive Directors of the Company and the Acquisition therefore constitutes a connected transaction for the Company. As the applicable percentage ratios (as defined in the Listing Rules) are more than 2.5% but less than 25% and the total consideration is less than HK\$10,000,000, the Acquisition is exempted from Independent Shareholders' approval.

The Acquisition also constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing, among other things, further details of the Acquisition will be despatched to the Shareholders of the Company as soon as practicable.

#### DEFINITIONS

"Acquisition"	the acquisition by Anex Construction from the Vendors of 100% equity interest in BIP pursuant to terms of the Share Purchase Agreement
"Anex Construction"	Anex Construction and Engineering Holdings Limited, a company incorporated in BVI and is a wholly-owned subsidiary of the Company
"BIP"	BIP (HK) Company Limited, a company incorporated in Hong Kong with limited liability, which is currently owned by the Vendors being the subject matter of the Acquisition
"Board"	the board of directors of the Company
"Company"	Anex International Holdings Limited, a company with limited liability incorporated in Bermuda and whose shares are listed on the Stock Exchange
"Completion Date"	31 December 2006 or other date to be agreed between the Company and the Vendors
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollar, the lawful currency of the Hong Kong Special Administrative Region of the PRC
"Independent Shareholders"	The Shareholders other than Mr. Cheng Tun Nei and his associates (as such term is defined under the Listing Rules)
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"PRC"	The People's Republic of China excluding Hong Kong, the Macau Special Administrative Region of PRC and Taiwan for the purpose of this announcement
"Shareholders"	Registered holder(s) of the shares of the Company
"Share Purchase Agreement"	The Share Purchase Agreement dated 13 October 2006 entered into between the Vendors and Anex Construction relating to the Acquisition
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Truly Million Limited"	A company incorporated in Hong Kong and is wholly-owned by Mr. Cheng Tun Nei and his brother-in-law
"Vendors"	Mr. Cheng Tun Nei and Mr. Cheng Tze Kit, Larry, the holders of the equity interests in BIP and the executive directors of the Company

By order of the Board  
**Anex International Holdings Limited**  
**Cheng Tun Nei**  
Chairman

Hong Kong, 16 October 2006

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

<b>Executive Directors:</b>	<b>Independent non-executive Directors:</b>
Mr. Cheng Tun Nei (Chairman)	Mr. Chan Sun Kwong
Mr. Kwok Hon Lam (Vice-Chairman)	Mr. Fung Kwan Yin, James
Dr. Siu Miu Man (Chief Executive Officer)	Mr. Chow Nim Sun, Nelson
Mr. Kwok Chi Hang, Peter	
Mr. Cheng Tze Kit, Larry	

**Non-executive Director:**

Mr. Yeung Chee Tat

\* For identification purpose only