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興勝創建控股有限公司

HANISON CONSTRUCTION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 896)

DISCLOSEABLE TRANSACTION

**MEMORANDUM OF UNDERSTANDING
IN RELATION TO THE POSSIBLE ACQUISITION**

THE POSSIBLE ACQUISITION

The Board is pleased to announce that on 1 June 2017 (after trading hours), Keen Elite, an indirect wholly-owned subsidiary of the Company, entered into the MOU with the Vendors and the Guarantors in relation to the Possible Acquisition at the aggregate Consideration of HK\$148,730,000 (subject to adjustments).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Possible Acquisition exceeds 5% but less than 25%, the Possible Acquisition constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

As the MOU only contains the principal terms of the Possible Acquisition, the Vendors and Keen Elite will negotiate and agree on the definitive terms of the Formal Agreement to be signed. After the signing of the Formal Agreement pursuant to the MOU, the Company will publish further announcement containing definitive details of the Possible Acquisition in compliance with the requirements under the Listing Rules.

The Board wishes to emphasise that the MOU may be terminated and the Formal Agreement will not be signed if Keen Elite is not satisfied with the results of due diligence investigation due to the reasons as stated in the paragraph headed “Termination” under the section headed “The MOU” below. Completion of the Possible Acquisition under the Formal Agreement, if signed, would also be subject to a number of conditions which may or may not be fulfilled. As such, the Possible Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

THE POSSIBLE ACQUISITION

The Board is pleased to announce that on 1 June 2017 (after trading hours), Keen Elite, an indirect wholly-owned subsidiary of the Company, entered into the MOU with the Vendors and the Guarantors in relation to the Possible Acquisition.

THE MOU

The principal terms of the MOU are summarised as follows:

Date

1 June 2017

Parties

- (a) Keen Elite, being the purchaser
- (b) Vendor A
- (c) Vendor B
- (d) Guarantor A
- (e) Guarantor B

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors, the Guarantors and their respective ultimate beneficial owner is a third party independent of the Company and the connected persons of the Company.

Subject Matter

Pursuant to the MOU, Keen Elite conditionally agrees to purchase from the Vendors the Sale Shares (representing the entire issued and paid-up share capital of UEIL) and the Shareholder's Loan, all free from encumbrances at the aggregate Consideration of HK\$148,730,000, subject to upward or downward adjustments for the net current assets/liabilities of UEIL and UEIL SPV as at the Completion Date. The Sale Shares are held as to 60% by Vendor A and as to 40% by Vendor B. As at the date of the MOU, the amount of Shareholder's Loan owing by UEIL to each of Vendor A and Vendor B is nil.

UEIL is an investment holding company with the sole purpose of holding the legal and beneficial interest of all issued shares of UEIL SPV. UEIL SPV is also an investment holding company with the sole purpose of holding 100% of the legal and beneficial interest of the Properties situated at 21/F., and Car Parking Space Nos. P47, P48 and P49 on Basement Floor, Kings Wing Plaza 1, No. 3 On Kwan Street, Shatin, New Territories.

Consideration

The Consideration shall be in the sum of HK\$148,730,000 (of which HK\$89,238,000 is payable to Vendor A and HK\$59,492,000 is payable to Vendor B), subject to upward or downward adjustments for the net current assets/liabilities of UEIL and UEIL SPV as at the Completion Date, which shall be paid in the following manners:

- (a) a sum of HK\$7,000,000 (of which HK\$4,200,000 is payable for Vendor A and HK\$2,800,000 is payable for Vendor B) being the Initial Deposit has been paid to the Vendors' solicitors as stakeholders on 1 June 2017 upon signing of the MOU;
- (b) a sum which, together with the Initial Deposit, equal to 10% of the Consideration, being the Further Deposit and part payment of the Consideration, shall be paid to the Vendors' solicitors as stakeholders upon signing of the Formal Agreement; and
- (c) the remaining balance of the Consideration (subject to upward or downward adjustments for the net current assets/liabilities of UEIL and UEIL SPV as at the Completion Date) shall be paid to the Vendors' solicitors upon Completion.

All upward adjustments to the Consideration shall in aggregate be subject to a maximum cap of HK\$5,370,000.

The price for the assignment of the Shareholder's Loan shall be the face value of the total outstanding amount of the Shareholder's Loan as at the Completion Date and the price for the sale of the Sale Shares shall be the amount of the Consideration less the price for the assignment of the Shareholder's Loan.

The Consideration was determined and arrived after arm's length negotiation between the Vendors and Keen Elite, having taken into account the offer prices of comparable properties in nearby locations and the face value of the Shareholder's Loan. The Consideration will be fully funded by the internal resources of the Company.

Guarantee

Guarantor A, being the ultimate beneficial owner of Vendor A, agrees to guarantee the due performance of all the obligations of Vendor A in the MOU and the Formal Agreement.

Guarantor B, being the ultimate beneficial owner of Vendor B, agrees to guarantee the due performance of all the obligations of Vendor B in the MOU and the Formal Agreement.

Conditions Precedent

Completion is subject to the satisfaction or waiver of the Conditions Precedent on or before the Long Stop Date. The Conditions Precedent include amongst others, the following:

- (a) No material adverse change in the business, operation, assets, position (financial, trading or otherwise), profits or prospect and/or other matters or affairs of UEIL, UEIL SPV and/or the Properties having occurred on or before the Completion Date;
- (b) All compliance requirements as required under the Listing Rules and/or requested by the Stock Exchange relating to the Possible Acquisition having been duly complied with by the Company;

- (c) All compliance requirements as required under the Listing Rules or GEM Listing Rules (as the case may be) and/or requested by the Stock Exchange relating to the Possible Acquisition having been duly complied with by the ultimate holding company of each of Vendor A and Vendor B; and
- (d) Completion of the due diligence over UEIL and its subsidiaries (including UEIL SPV) and the Properties, and the result of which is reasonably satisfactory to Keen Elite.

If all of the Conditions Precedent have not been satisfied in full (or waived) on or before the Long Stop Date, the Vendors shall return or arrange their solicitors to return the Initial Deposit and Further Deposit (without interest) to Keen Elite within 3 business days from the Long Stop Date.

Completion

Completion shall, subject to the fulfilment and/or waiver of all Conditions Precedent, take place on 16 October 2017 or such other date as Keen Elite and the Vendors may agree in writing.

The parties agree that the sale and purchase of the Sale Shares and the Shareholder's Loan together form an integral transaction and therefore are inter-conditional, i.e. all transaction for the sale and purchase of the Sale Shares and the Shareholder's Loan will be subject to a single Formal Agreement and the completion of which shall take place simultaneously.

If the Vendors (or any one of them) do/does not proceed to the Completion on the Completion Date where all of the Conditions Precedent have been satisfied in full (or waived), Keen Elite shall be entitled to elect at its absolute discretion (i) to take proceedings to enforce specific performance of the Formal Agreement and/or to claim for damages for breach of the Formal Agreement by the Vendors; or (ii) to request the Vendors to return the Initial Deposit and Further Deposit (without interest), and pay an amount which is equal to the Initial Deposit and Further Deposit to Keen Elite and/or to claim for damages for breach of the Formal Agreement by the Vendors.

If Keen Elite does not proceed to the Completion on the Completion Date where all Conditions Precedent have been satisfied in full (or waived), the Vendors shall be entitled to elect at their absolute discretion (i) to retain the Initial Deposit and the Further Deposit and/or to claim for damages for Keen Elite's breach of the Formal Agreement; or (ii) to seek against Keen Elite for specific performance of its obligations under the Formal Agreement and/or to claim for damages for Keen Elite's breach of the Formal Agreement.

The liability of Keen Elite for claims and breaches of the terms in the Formal Agreement shall be limited to actual losses suffered by the Vendors and shall not exceed 10% of the Consideration.

Exclusivity and Due Diligence Investigation

Keen Elite shall conduct the due diligence investigation on UEIL, UEIL SPV and the Properties during the Exclusivity Period. During the Exclusivity Period, the Vendors shall not enter into or be involved in any discussions, negotiation or agreement with or provide any information to any person (other than Keen Elite or its nominee(s)) for or in relation to the Possible Acquisition.

During the Exclusivity Period, the parties will negotiate and sign the Formal Agreement which will contain principal terms set out in the MOU and other additional customary terms and conditions, warranties, completion obligations, pre-completion obligations, post-completion undertaking, covenants and indemnities clauses for agreement of similar nature and size.

Termination

Keen Elite is entitled to, during the Exclusivity Period, terminate the MOU and elect not to sign the Formal Agreement on ground that Keen Elite is not satisfied with the results of due diligence investigation due to: (i) the existence of one or more material defects identified in the title to the Properties which cannot be rectified in the manner reasonably satisfactory to Keen Elite on or before the date falling five days immediately preceding the expiration of the Exclusivity Period; and/or (ii) the existence of one or more issues that pose a material adverse impact on the value of the Sale Shares, the shares of UEIL SPV, UEIL and/or UEIL SPV where such material issues cannot be rectified in the manner reasonably satisfactory to Keen Elite on or before the date falling five days immediately preceding the expiration of the Exclusivity Period. In such an event, the Vendors shall forthwith return or arrange their solicitors to return the Initial Deposit (without interest if the return is within 7 days of the demand) to Keen Elite.

In the circumstances where (a) the above termination right has not been exercised or is not exercisable by Keen Elite; and (b) there is a material default made by Keen Elite in performing its obligations under the MOU, the Vendors shall be entitled to elect at their absolute discretion to retain the Initial Deposit which shall be deemed forfeited by the Vendors and/or to take proceedings against Keen Elite to enforce specific performance of the MOU.

In the circumstances where there is a material default made by the Vendors (or any one of them) in performing its/their obligations under the MOU, Keen Elite shall be entitled to elect at its absolute discretion to take proceedings to seek specific performance of the MOU and/or to request the Vendors to return the amount of the Initial Deposit and pay an amount which is equal to the Initial Deposit as liquidated damages to Keen Elite.

Legally binding provisions

The parties agree that the MOU shall be legally binding on the parties with effect from the date of the MOU.

INFORMATION ON UEIL AND THE PROPERTIES

UEIL is an investment holding company with the sole purpose of holding the legal and beneficial interest of all issued shares of UEIL SPV. UEIL SPV is also an investment holding company with the sole purpose of holding 100% of the legal and beneficial interest of the Properties situated at 21/F., and Car Parking Space Nos. P47, P48 and P49 on Basement Floor, Kings Wing Plaza 1, No. 3 On Kwan Street, Shatin, New Territories. As at the date of this announcement, certain offices and car parking spaces of the Properties are leased out and accordingly the Possible Acquisition is subject to the aforesaid existing tenancies.

The Company does not have the financial information on UEIL as at the date of this announcement and further announcement containing financial information and details of the Possible Acquisition will be published by the Company in compliance with the requirements under the Listing Rules.

Upon Completion, UEIL will become an indirect wholly-owned subsidiary of the Company. Accordingly, its financial results will be consolidated in the accounts of the Company.

INFORMATION ON THE COMPANY AND KEEN ELITE

The principal business activity of the Company is investment holding. Its subsidiaries are principally engaged in construction, interior and renovation works, supply and installation of building materials, property investment, property development, provision of property agency and management services and sale of health products.

Keen Elite is an investment holding company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company.

INFORMATION ON THE VENDORS AND THE GUARANTORS

Vendor A and Vendor B are limited companies incorporated in the British Virgin Islands and their principal business activities are investment holding.

Guarantor A is a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange. Guarantor A and its subsidiaries are principally engaged in the provision of private educational services, investment in securities, property investments and money lending business.

Guarantor B is a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Growth Enterprise Market of the Stock Exchange. Guarantor B and its subsidiaries are principally engaged in the provision of financial trading software solutions, provision of other internet financial platforms, provision of referral services, money lending business and assets investments.

REASONS FOR THE POSSIBLE ACQUISITION

The Directors undertake strategic reviews of the Company's assets from time to time with a view to maximising returns to the shareholders of the Company. The Directors consider that the Properties are located at a very good location with proximity to MTR Shek Mun Station and the Possible Acquisition is a valuable investment opportunity for the Company. The Company will enjoy rental income derived from the Properties. Accordingly, the Directors believe that the Possible Acquisition will strengthen and enhance the property investment portfolio of the Company.

The Directors (including the independent non-executive Directors) consider that the Possible Acquisition and the transactions contemplated under the MOU are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Possible Acquisition exceeds 5% but less than 25%, the Possible Acquisition constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

As the MOU only contains the principal terms of the Possible Acquisition, the Vendors and Keen Elite will negotiate and agree on the definitive terms of the Formal Agreement to be signed. After the signing of the Formal Agreement pursuant to the MOU, the Company will publish further announcement containing definitive details of the Possible Acquisition in compliance with the requirements under the Listing Rules.

The Board wishes to emphasise that the MOU may be terminated and the Formal Agreement will not be signed if Keen Elite is not satisfied with the results of due diligence investigation due to the reasons as stated in the paragraph headed “Termination” under the section headed “The MOU” above. Completion of the Possible Acquisition under the Formal Agreement, if signed, would also be subject to a number of conditions which may or may not be fulfilled. As such, the Possible Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Hanison Construction Holdings Limited (stock code: 896), a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Possible Acquisition in accordance with the terms of the MOU and the Formal Agreement
“Completion Date”	the date on which the Completion shall take place in accordance with the terms of the MOU and the Formal Agreement
“Conditions Precedent”	conditions precedent for the Completion
“connected persons”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	the initial consideration of HK\$148,730,000 for the Possible Acquisition, subject to upward or downward adjustments for the net current assets/liabilities of UEIL and UEIL SPV as at the Completion Date
“Director(s)”	the directors of the Company
“Exclusivity Period”	an exclusive period for a period commencing from the date of payment of the Initial Deposit up to 17 July 2017 (or such other period as agreed between the parties to the MOU)
“Formal Agreement”	the formal sale and purchase agreement to be entered into between the Vendors, the Guarantors and Keen Elite in relation to the Possible Acquisition

“Further Deposit”	a sum which, together with the Initial Deposit, equal to 10% of the Consideration to be paid by Keen Elite upon signing of the Formal Agreement
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Guarantor A”	a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, which is the ultimate beneficial owner of Vendor A
“Guarantor B”	a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Growth Enterprise Market of the Stock Exchange, which is the ultimate beneficial owner of Vendor B
“Guarantors”	Guarantor A and Guarantor B
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Initial Deposit”	a sum of HK\$7,000,000 paid by Keen Elite to the Vendors’ solicitors as stakeholders on 1 June 2017
“Keen Elite”	Keen Elite Developments Limited, a limited company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	16 October 2017 (or such other date as Keen Elite and the Vendors may agree in writing)
“MOU”	the memorandum of understanding dated 1 June 2017 entered into between the Vendors, the Guarantors and Keen Elite relating to the Possible Acquisition
“Possible Acquisition”	the possible acquisition of the Sale Shares and the Shareholder’s Loan by Keen Elite pursuant to the MOU and the Formal Agreement
“Properties”	the properties located at 21/F., and Car Parking Space Nos. P47, P48 and P49 on Basement Floor, Kings Wing Plaza 1, No. 3 On Kwan Street, Shatin, New Territories
“Sale Shares”	such number of shares in UEIL representing the entire issued and paid-up share capital of UEIL, free from encumbrances

“Shareholder’s Loan”	the legal and beneficial interest of the shareholder loans (if any) owing by UEIL and/or any of its subsidiaries to the Vendors (or any one of them) on the Completion Date, which shall exclude any bank loans, loans from related parties or any third parties liabilities or encumbrances
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UEIL”	Ultimate Elite Investments Limited, a limited company incorporated in the British Virgin Islands
“UEIL SPV”	Vision Smart Limited, a limited company incorporated in Hong Kong
“Vendor A”	the corporate registered shareholder of such number of Sale Shares, representing 60% of the entire issued and paid-up share capital of UEIL, who agrees to sell the legal and beneficial interests of all such Sale Shares held by it to Keen Elite
“Vendor B”	The corporate registered shareholder of such number of Sale Shares, representing 40% of the entire issued and paid-up share capital of UEIL, who agrees to sell the legal and beneficial interests of all such Sale Shares held by it to Keen Elite
“Vendors”	Vendor A and Vendor B
“%”	per cent

By Order of the Board of
HANISON CONSTRUCTION HOLDINGS LIMITED
Wong Sue Toa, Stewart
Managing Director

Hong Kong, 1 June 2017

As at the date of this announcement, the Board comprises:

Non-executive Chairman
Mr. Cha Mou Sing, Payson

Non-executive Director
Mr. Cha Mou Daid, Johnson

Executive Directors
Mr. Wong Sue Toa, Stewart (*Managing Director*)
Mr. Tai Sai Ho (*General Manager*)

Independent Non-executive Directors
Mr. Chan Pak Joe
Dr. Lau Tze Yiu, Peter
Dr. Sun Tai Lun