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(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 896)

MAJOR TRANSACTION

MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION

THE POSSIBLE ACQUISITION

The Board is pleased to announce that on 15 January 2018 (after trading hours), the Purchaser, an indirect wholly owned subsidiary of the Company, entered into the MOU with the Vendor and the Guarantor in relation to the Possible Acquisition at the aggregate Consideration of HK\$506,380,000 (subject to adjustments).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Possible Acquisition exceeds 25% but below 100%, the Possible Acquisition constitutes a major transaction for the Company and is subject to the announcement, reporting and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the MOU only contains the principal terms of the Possible Acquisition, the Vendor and the Purchaser 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(s) containing definitive details of the Possible Acquisition in compliance with the requirements under the Listing Rules.

The Company will seek for written approval for the Possible Acquisition in accordance with Rule 14.44 of the Listing Rules from a closely allied group of shareholders comprising CCM Trust (Cayman) Limited and its subsidiaries and LBJ Regents Limited which are beneficially interested in 487,702,041 and 61,022,931 shares in the Company respectively, representing in total 52.83% of the entire issued share capital of the Company as at the date of this announcement. CCM Trust (Cayman) Limited and LBJ Regents Limited hold shares in the Company as the trustees of certain but not identical discretionary trusts of which members of the Cha Family (comprising, inter alios, Mr. Cha Mou Sing, Payson and Mr. Cha Mou Daid, Johnson, being the Directors) are among the discretionary objects. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no shareholder of the Company has any material interest in the Possible Acquisition and is required to abstain from voting if the Company is to convene an extraordinary general meeting for the approval of the Possible Acquisition. If such written consent is obtained from such closely allied group of shareholders, no extraordinary general meeting will be convened for the purpose of approving the Possible Acquisition.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular, containing among other things, details of the Possible Acquisition is required to be despatched to the shareholders of the Company within 15 business days after the publication of this announcement, which shall be on or before 5 February 2018. In order to allow more time to prepare the information for inclusion in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules, and will publish further announcement(s) in compliance with the requirement under the Listing Rules as and when appropriate.

The Board wishes to emphasise that the MOU may be terminated and the Formal Agreement will not be signed if the Purchaser 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 15 January 2018 (after trading hours), the Purchaser, an indirect wholly owned subsidiary of the Company, entered into the MOU with the Vendor and the Guarantor in relation to the Possible Acquisition.

THE MOU

The principal terms of the MOU are summarised as follows:

Date

15 January 2018

Parties

- (a) the Purchaser
- (b) the Vendor
- (c) the Guarantor

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of the Vendor, the Guarantor 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, the Purchaser conditionally agrees to purchase from the Vendor the Sale Shares (representing the entire issued and paid-up share capital of the Target Company) and the Shareholder's Loan, all free from encumbrances at the aggregate Consideration of HK\$506,380,000, subject to upward or downward adjustments for the Net Asset Value.

The Target Company is an investment holding company with the sole purpose of holding the legal and beneficial interest of all issued shares of HK SPV. HK SPV is a property holding company with the sole purpose of holding 100% of the legal and beneficial interest of the Property situated at No. 222 Hollywood Road, Hong Kong, known as "ovolo".

Consideration

The Consideration shall be in the sum of HK\$506,380,000, subject to upward or downward adjustments for the Net Asset Value, which shall be paid in the following manners:

- (a) a sum of HK\$15,000,000 being the Initial Deposit has been paid to the Vendor's solicitors as stakeholders on 15 January 2018 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 Vendor's 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 Asset Value as agreed between the Vendor and the Purchaser with reference to the Completion Accounts) shall be paid to the Vendor's solicitors upon Completion.

The Consideration is subject to further post Completion adjustment by the difference in the Net Asset Value as reflected in the Completion Accounts and the audited Completion Accounts.

All upward adjustments to the Consideration shall in aggregate be subject to a maximum cap of HK\$20,000,000.

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 Completion 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 Vendor and the Purchaser, 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 Group.

Guarantee

The Guarantor, being a wholly owned subsidiary of the Vendor, agrees to guarantee the due performance of all the obligations of the Vendor 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 the Target Company, HK SPV and/or the Property (other than resulting from or in connection with fluctuation in market price or value of the Property due to market conditions) 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) Completion of the due diligence over the Target Company and its subsidiaries (including HK SPV) and the Property, and the result of which is reasonably satisfactory to the Purchaser; and
- (d) All liabilities (other than the current liabilities as shown in the Completion Accounts and the Shareholder's Loan) of the Target Company and its subsidiaries (including HK SPV) shall be fully discharged on or before the Completion Date.

If all of the Conditions Precedent have not been satisfied in full (or waived) on or before the Long Stop Date, the Vendor shall arrange its solicitors to return the Initial Deposit and Further Deposit (without interest) to the Purchaser within 7 business days from the Long Stop Date.

Completion

Completion shall, subject to the fulfilment and/or waiver of all Conditions Precedent, take place on 12 April 2018 or such other date as the Purchaser and the Vendor 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 Vendor does not proceed to the Completion on the Completion Date where all of the Conditions Precedent have been satisfied in full (or waived), the Purchaser shall be entitled to elect at its absolute discretion (i) to take proceedings to enforce specific performance of the Formal Agreement; or (ii) to request the Vendor to arrange the Vendor's solicitors 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 the Purchaser and/or to claim for damages for breach of the Formal Agreement by the Vendor.

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

The liability of the Purchaser for claims and breaches of the terms in the Formal Agreement shall be limited to actual losses suffered by the Vendor and shall not exceed the Consideration.

Exclusivity and Due Diligence Investigation

The MOU shall automatically expire on the earlier of (a) the last day of the Exclusivity Period; or (b) on such earlier date as the MOU is terminated by the Purchaser if the Purchaser 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; or (c) on such earlier date as the Formal Agreement is entered into and executed by the parties.

If no Formal Agreement is entered into and executed by the parties upon the expiration of the MOU, the Vendor shall arrange its solicitors to return the Initial Deposit (without interest) to the Purchaser within 7 business days after the expiration of the Exclusivity Period.

The Purchaser shall conduct the due diligence review and investigation on the Target Company, HK SPV and the Property during the Exclusivity Period. During the Exclusivity Period, the Vendor shall not enter into or be involved in any discussions, negotiation or agreement with or provide any information to any person (other than the Purchaser 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 the principal terms set out in the MOU and other additional customary terms and conditions, warranties, completion obligations, pre-completion obligations, and post-completion undertaking, covenants and indemnities clauses for agreement of similar nature and size.

Termination

The Purchaser is entitled to, during the Exclusivity Period, terminate the MOU and elect not to sign the Formal Agreement on ground that the Purchaser 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 Property which cannot be rectified in the manner reasonably satisfactory to the Purchaser 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 HK SPV, the Shareholder's Loan, the Target Company and/or HK SPV where such material issues cannot be rectified in the manner reasonably satisfactory to the Purchaser on or before the date falling five days immediately preceding the expiration of the Exclusivity Period. In such an event, the Vendor shall arrange its solicitors to return the Initial Deposit (without interest) to the Purchaser.

In the circumstances where (a) the above termination right has not been exercised by the Purchaser; and (b) there is a material default made by the Purchaser in performing its obligations under the MOU, the Vendor shall be entitled to elect at its absolute discretion to retain the Initial Deposit which shall be deemed forfeited by the Vendor (in which case the Purchaser shall also be responsible for the actual legal, accounting and other costs related to the Possible Acquisition reasonably and directly incurred by the Vendor which sum shall not exceed HK\$300,000); or to take proceedings against the Purchaser to enforce specific performance of the MOU.

In the circumstances where there is a material default made by the Vendor in performing its obligations under the MOU, the Purchaser shall be entitled to elect at its absolute discretion to take proceedings to seek specific performance of the MOU; or to request the Vendor to arrange the Vendor's solicitors to return the amount of the Initial Deposit and to pay an amount which is equal to the Initial Deposit as liquidated damages to the Purchaser (in which case the Vendor shall also be responsible for the actual legal, accounting and other costs related to the Possible Acquisition reasonably and directly incurred by the Purchaser which sum shall not exceed HK\$300,000).

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 THE TARGET COMPANY, HK SPV AND THE PROPERTY

The Target Company is an investment holding company with the sole purpose of holding the legal and beneficial interest of all issued shares of HK SPV. HK SPV is a property holding company with the sole purpose of holding 100% of the legal and beneficial interest of the Property situated at No. 222 Hollywood Road, Hong Kong, known as "ovolo". As at the date of this announcement, certain premises of the Property are leased out and accordingly the Possible Acquisition is subject to the aforesaid existing tenancies.

The Company does not have the financial information on the Target Company 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, the Target Company 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 THE PURCHASER

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.

The Purchaser 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 VENDOR AND THE GUARANTOR

The Vendor is a limited company incorporated in the Cayman Islands and its principal business activity is investment.

The Guarantor is a company incorporated in Hong Kong and its principal business activities are investments and hotel operation.

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 Possible Acquisition is a valuable investment opportunity for the Group. Accordingly, the Directors believe that the Possible Acquisition will enable the Group to strengthen and enhance the property investment portfolio.

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

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The Company will seek for written approval for the Possible Acquisition in accordance with Rule 14.44 of the Listing Rules from a closely allied group of shareholders comprising CCM Trust (Cayman) Limited and its subsidiaries and LBJ Regents Limited which are beneficially interested in 487,702,041 and 61,022,931 shares in the Company respectively, representing in total 52.83% of the entire issued share capital of the Company as at the date of this announcement. CCM Trust (Cayman) Limited and LBJ Regents Limited hold shares in the Company as the trustees of certain but not identical discretionary trusts of which members of the Cha Family (comprising, inter alios, Mr. Cha Mou Sing, Payson and Mr. Cha Mou Daid, Johnson, being the Directors) are among the discretionary objects. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no shareholder of the Company has any material interest in the Possible Acquisition and is required to abstain from voting if the Company is to convene an extraordinary general meeting for the approval of the Possible Acquisition. If such written consent is obtained from such closely allied group of shareholders, no extraordinary general meeting will be convened for the purpose of approving the Possible Acquisition.

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The Board wishes to emphasise that the MOU may be terminated and the Formal Agreement will not be signed if the Purchaser 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
“Completion Accounts”	the consolidated balance sheet and profits and losses accounts of the Target Company and HK SPV up to the Completion Date to be prepared in accordance with the generally accepted accounting principles in Hong Kong
“connected persons”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	the initial consideration of HK\$506,380,000 for the Possible Acquisition, subject to upward or downward adjustments for the Net Asset Value
“Director(s)”	the directors of the Company
“Exclusivity Period”	an exclusive period from the date of payment of the Initial Deposit up to 28 February 2018 (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 Vendor, the Guarantor and the Purchaser 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 the Purchaser upon signing of the Formal Agreement
“Group”	the Company and its subsidiaries
“Guarantor”	a company incorporated in Hong Kong, which is a wholly owned subsidiary of the Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HK SPV”	Sunny Way Properties Limited, a limited company incorporated in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Initial Deposit”	a sum of HK\$15,000,000 paid by the Purchaser to the Vendor’s solicitors as stakeholders on 15 January 2018 upon signing of the MOU
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	12 April 2018 (or such other date as the Purchaser and the Vendor may agree in writing)
“MOU”	the memorandum of understanding dated 15 January 2018 entered into between the Vendor, the Guarantor and the Purchaser relating to the Possible Acquisition
“Net Asset Value”	the difference between the consolidated current assets (other than the deferred tax assets and the Property) and the consolidated liabilities (other than any bank loan which shall be repaid and discharged by the Vendor on or before Completion, deferred tax liabilities and Shareholder’s Loan) of the Target Company and HK SPV as at Completion
“Possible Acquisition”	the possible acquisition of the Sale Shares and the Shareholder’s Loan by the Purchaser pursuant to the MOU and the Formal Agreement
“Property”	the whole block of property located at No. 222 Hollywood Road, Hong Kong, known as “ovolo”
“Purchaser”	Shining Bliss Limited, a limited company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of the Company
“Sale Shares”	such number of shares in the Target Company representing the entire issued and paid-up share capital of the Target Company, free from encumbrances

“Shareholder’s Loan”	the legal and beneficial interest of the shareholder loans (if any) owing by the Target Company and/or HK SPV and/or any of its subsidiaries to the Vendor on the Completion Date, which shall exclude any bank loans, loans from related parties or any third parties interest, overriding interest or unwritten equities, liabilities or encumbrances
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Richway Group Holdings Limited, a limited company incorporated in the British Virgin Islands
“Vendor”	the corporate registered shareholder of the Sale Shares, representing the entire issued and paid-up share capital of the Target Company, who agrees to sell the legal and beneficial interests of all such Sale Shares held by it to the Purchaser
“%”	per cent

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

Hong Kong, 15 January 2018

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*)

Mr. Lo Kai Cheong

Independent Non-executive Directors

Mr. Chan Pak Joe

Dr. Lau Tze Yiu, Peter

Dr. Sun Tai Lun