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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 ACQUISITIONS**

THE POSSIBLE ACQUISITIONS

The Board is pleased to announce that on 11 November 2016 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the MOU with the Vendors and the Guarantor in relation to the Possible Acquisitions, pursuant to which the Purchaser shall enter into the Formal Agreement whereby (i) the Vendors shall conditionally agree to sell and the Purchaser shall conditionally agree to purchase the Sale Shares A (representing the entire issued and paid up share capital of the Target Company A) and the Shareholder's Loan A; and (ii) S. Sundar shall conditionally agree to sell and the Purchaser shall conditionally agree to purchase the Sale Shares B (representing the entire issued and paid up share capital of the Target Company B) and the Shareholder's Loan B, all free from Encumbrances at the aggregate Consideration of HK\$341,380,001, subject to upward or downward adjustments for the net current assets/liabilities of each of the Target Companies as at Completion Date.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Possible Acquisitions exceeds 5% but less than 25%, the Possible Acquisitions constitute a discloseable transaction for the Company and are 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 Acquisitions, the Vendors 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 containing definitive details of the Possible Acquisitions in compliance with the requirements under the Listing Rules.

The Board wishes to emphasise that the MOU may be terminated and no Formal Agreement will be signed if the Purchaser is not satisfied with the results of due diligence investigation due to the existence of (i) one or more substantial defects identified in the title to the Property which cannot be rectified in the manner satisfactory to the Purchaser on or before the date falling five days immediately preceding the expiration of the Exclusivity Period; and/or (ii) one or more issues that pose a material adverse impact on the value of the shares in any one of the Target Companies, HK SPV and/or the Licence Holder where such defect cannot be rectified in the manner satisfactory to the Purchaser on or before the date falling five days immediately preceding the expiration of the Exclusivity Period. Completion of the Possible Acquisitions 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 Acquisitions 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 ACQUISITIONS

The Board is pleased to announce that on 11 November 2016 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the MOU with the Vendors and the Guarantor in relation to the Possible Acquisitions.

THE MOU

The principal terms of the MOU are summarised as follows:

Date

11 November 2016

Parties

- (a) Great Practice Limited, an indirect wholly-owned subsidiary of the Company, being the Purchaser
- (b) S. Sundar, being one of the Vendors
- (c) Baffin Investments Limited, being one of the Vendors
- (d) Mutual Corporation Limited, being one of the Vendors
- (e) Agile Industries Limited, being one of the Vendors
- (f) Jamp (Overseas) Investments Limited, being one of the Vendors
- (g) Hind Hotels and Properties Limited, being the Guarantor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors, 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 (a) from the Vendors the Sale Shares A (representing the entire issued and paid up share capital of the Target Company A) and the Shareholder's Loan A; and (b) from S. Sundar the Sale Shares B (representing the entire issued and paid up share capital of the Target Company B) and the Shareholder's Loan B, all free from Encumbrances at the aggregate Consideration of HK\$341,380,001, subject to upward or downward adjustments for the net current assets/liabilities of each of the Target Companies as at Completion Date.

The Target Company A is an investment holding company with the sole-purpose of holding the legal and beneficial interest of all shares in the HK SPV. HK SPV is a property holding company with the sole purpose of holding the legal and beneficial interest of the Property situated at No. 256 Tung Chau Street, Sham Shui Po, Kowloon (New Kowloon Inland Lot No. 329), together with all rights and benefits, as well as assets related to the ongoing operation of the Property.

The Target Company B is an investment holding company with the sole-purpose of becoming the legal and beneficial owner of all shares in the Licence Holder prior to signing of the Formal Agreement. The Licence Holder is a company with the sole purpose of holding the Licence.

Consideration

The Consideration shall comprise of (a) the consideration for the Possible Acquisition A in the sum of HK\$341,380,000; and (b) the consideration for the Possible Acquisition B in the sum of HK\$1, subject to upward or downward adjustments for the net current assets/liabilities of each of the Target Companies as at Completion Date.

The aggregate Consideration in the sum of HK\$341,380,001 shall be paid in the following manners:

- (a) a sum of HK\$15,000,000 being the Initial Deposit has been paid to the Vendors' solicitors as stakeholders on 11 November 2016 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 the 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 each of the Target Companies as at Completion Date) shall be paid to the Vendors upon Completion.

If all of the Conditions Precedent have not been satisfied in full (or waived) on or before the Long Stop Date, the Vendors shall arrange to return the Initial Deposit and Further Deposit (together with interest thereon) to the Purchaser within 2 days from the Long Stop Date.

If the Vendors do not proceed to Completion on the Completion Date where all of the Conditions Precedent have been satisfied in full (or waived), the Vendors shall immediately arrange to return the Initial Deposit and Further Deposit (together with interests thereon) to the Purchaser, failing which, the Purchaser shall be entitled to (i) claim against the Vendors for the return of the Initial Deposit and Further Deposit (together with interests thereon). In addition to the return of the Initial Deposit and Further Deposit, the Purchaser may also claim for damages for the Vendors' breach of the Formal Agreement; and/or (ii) seek against the Vendors for specific performance of their obligations under the Formal Agreement.

If the Purchaser does not proceed to completion of the sale and purchase of the Sale Shares and the Shareholder's Loans on the Completion Date where all Conditions Precedent have been satisfied in full (or waived), the Vendors may (i) retain the Initial Deposit and Further Deposit and in addition claim for damages for the Purchaser's breach of the Formal Agreement; and/or (ii) seek against the Purchaser for specific performance of its obligations under the Formal Agreement.

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

Guarantee

The Guarantor, being a wholly-owned subsidiary of S. Sundar, agrees to guarantee the due performance of all of S. Sundar's obligations 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 of the Target Companies, HK SPV, the Licence Holder, the Property and/or the Licence having occurred on or before the Completion Date;
- (b) The Target Company B being the effective owner of the Licence through the Licence Holder; all consents, approvals, waivers and clearances which are necessary in connection with the Licence having been obtained and being valid and effective; and
- (c) All compliance requirements as may be required under the Listing Rules relating to the Possible Acquisitions having been duly complied with by the Company.

Completion

Completion shall, subject to the fulfilment and/or waiver of all Conditions Precedent, take place on the date falling 60 days after the date of signing the Formal Agreement or such other date as the Purchaser and Vendors may agree in writing.

The parties agree that the sale and purchase of the Sale Shares A and the Shareholder's Loan A and of Sale Shares B and the Shareholder's Loan B together form an integral transaction and therefore are inter-conditional, i.e. the completion of the Possible Acquisition A and the Possible Acquisition B shall be carried out simultaneously.

Exclusivity and Due Diligence Investigation

The Purchaser shall conduct the due diligence investigation on the Target Companies, HK SPV, the Licence Holder, the Property and the Licence during the Exclusivity Period. During the Exclusivity Period, the Vendors shall not enter into or be involved in any discussions, negotiation or agreement with any person (other than the Purchaser or its nominee) for or in relation to the sale, transfer or disposal of the Sale Shares, Shareholder's Loans, the Property, the Licence and/or any shares of the HK SPV and/or the Licence Holder.

During the Exclusivity Period, if the Purchaser satisfies with the due diligence investigation, the parties will negotiate and sign the Formal Agreement which will contain additional customary terms and conditions, warranties, pre-completion obligations, post-completion undertakings, 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 the existence of (i) one or more substantial defects identified in the title to the Property which cannot be rectified in the manner satisfactory to the Purchaser on or before the date falling five days immediately preceding the expiration of the Exclusivity Period; and/or (ii) one or more issues that pose a material adverse impact on the value of the shares in any one of the Target Companies, HK SPV and/or the Licence Holder where such defect cannot be rectified in the manner 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 Vendors shall immediately arrange to return the Initial Deposit to the Purchaser. In all other circumstances (except due to any material default by any one of the Vendors), the Vendors shall be entitled to elect at their absolute discretion to forfeit the Initial Deposit (in which case the Purchaser shall also be responsible for the Vendors' professional costs actually incurred in engaging professional advisers necessary to carry out the Possible Acquisitions which is subject to a maximum of HK\$700,000) or may in addition take proceedings to enforce specific performance of the MOU.

Legally binding provisions

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

Costs

Each party shall pay for its own legal and other costs in connection with the MOU and the Formal Agreement. The Purchaser agrees that it shall contribute to the Vendors' professional costs incurred in engaging professional advisers necessary to carry out the Possible Acquisitions which is agreed at HK\$700,000.

INFORMATION ON THE TARGET COMPANIES, THE PROPERTY AND THE LICENCE

The Target Company A is an investment holding company with the sole-purpose of holding the legal and beneficial interest of all shares in HK SPV. HK SPV is a property holding company with the sole purpose of holding the legal and beneficial interest of the Property situated at No. 256 Tung Chau Street, Sham Shui Po, Kowloon (New Kowloon Inland Lot No. 329).

The Target Company B is an investment holding company with the sole-purpose of becoming the legal and beneficial owner of all shares in the Licence Holder prior to signing of the Formal Agreement. The Licence Holder is a company with the sole purpose of holding the Licence.

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

Upon Completion, the Target Companies will become indirect wholly-owned subsidiaries of the Company. Accordingly, their 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 VENDORS AND THE GUARANTOR

S. Sundar is a limited company incorporated in the Cayman Islands and its principal business activity is investments.

Baffin Investments Limited is a limited company incorporated in the British Virgin Islands and its principal business activity is investments.

Mutual Corporation Limited is a limited company incorporated in Hong Kong and its principal business activities are investments and trading.

Agile Industries Limited is a limited company incorporated in the British Virgin Islands its principal business activity is investments.

Jamp (Overseas) Investments Limited is a limited company incorporated in Bahamas and its principal business activity is investments.

Hind Hotels and Properties Limited is a company incorporated in Hong Kong and its principal business activities are investments and hotel operation.

REASONS FOR THE POSSIBLE ACQUISITIONS

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

The Directors (including the independent non-executive Directors) consider that the Possible Acquisitions and the transactions contemplated thereunder 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 Acquisitions exceeds 5% but less than 25%, the Possible Acquisitions constitute a discloseable transaction for the Company and are 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 Acquisitions, the Vendors 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 containing definitive details of the Possible Acquisitions in compliance with the requirements under the Listing Rules.

The Board wishes to emphasise that the MOU may be terminated and no Formal Agreement may be signed if the Purchaser is not satisfied with the results of due diligence investigation due to the existence of (i) one or more substantial defects identified in the title to the Property which cannot be rectified in the manner satisfactory to the Purchaser on or before the date falling five days immediately preceding the expiration of the Exclusivity Period; and/or (ii) one or more issues that pose a material adverse impact on the value of the shares in any one of the Target Companies, HK SPV and/or the Licence Holder where such defect cannot be rectified in the manner satisfactory to the Purchaser on or before the date falling five days immediately preceding the expiration of the Exclusivity Period. Completion of the Possible Acquisitions 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 Acquisitions 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 Acquisitions in accordance with the terms of the MOU and the Formal Agreement
“Completion Date”	the date on which Completion shall take place in accordance with the terms of the MOU and the Formal Agreement
“Conditions Precedent”	conditions precedent for the Completion as agreed between the parties to the Formal Agreement

“connected persons”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	the initial consideration of HK\$341,380,001 for the Possible Acquisitions, subject to upward or downward adjustments for the net current assets/liabilities of each of the Target Companies as at Completion Date
“Directors”	the directors of the Company
“Encumbrances”	all liens, charges, options, mortgages, pledges, pre-emptive rights, or any other encumbrances or third parties’ rights or interests
“Exclusivity Period”	an exclusive period for a period commencing from the date of MOU and ending on 28 December 2016
“Formal Agreement”	the formal sale and purchase agreement to be entered into between the Vendors, the Guarantor and the Purchaser in relation to the Possible Acquisitions
“Further Deposit”	a sum which, together with the Initial Deposit, equal to 10% of the Consideration to be paid by the Purchaser upon the signing of the Formal Agreement
“Guarantor”	Hind Hotels and Properties Limited, a wholly-owned subsidiary of S. Sundar, which enters into the MOU to guarantee the due performance of all obligations of S. Sundar in the MOU and the Formal Agreement
“HK SPV”	Westpac Limited, a limited company incorporated in Hong Kong
“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\$15,000,000 paid by the Purchaser to the Vendor’s solicitors as stakeholders on 11 November 2016
“Licence”	a licence in respect of the Property under the Hotel and Guesthouse Accommodation Ordinance (Cap.349)
“Licence Holder”	Golden Years Limited, a limited company incorporated in Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling 60 days after the date of signing the Formal Agreement (or such other date as the Purchaser and Vendors may agree in writing)

“MOU”	the memorandum of understanding dated 11 November 2016 entered into between the Vendors, the Guarantor and the Purchaser relating to the Possible Acquisitions
“Possible Acquisition A”	the possible acquisition of the Sale Shares A and the Shareholder’s Loan A by the Purchaser pursuant to the MOU and the Formal Agreement
“Possible Acquisition B”	the possible acquisition of the Sale Shares B and the Shareholder’s Loan B by the Purchaser pursuant to the MOU and the Formal Agreement
“Possible Acquisitions”	the Possible Acquisition A and the Possible Acquisition B
“Property”	the property located at No. 256 Tung Chau Street, Sham Shui Po, Kowloon (New Kowloon Inland Lot No. 329)
“Purchaser”	Great Practice Limited, a limited company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Sale Shares A”	such number of shares in the Target Company A representing the entire issued and paid up share capital of the Target Company A, free from Encumbrances
“Sale Shares B”	such number of shares in the Target Company B representing the entire issued and paid up share capital of the Target Company B, free from Encumbrances
“Sale Shares”	the Sale Shares A and the Sale Shares B
“Shareholder’s Loan A”	the legal and beneficial interest of the shareholder loan owing by the Target Company A or any of its subsidiaries to the Vendors, which shall exclude any bank loans, loans from related parties or any third parties liabilities or encumbrances
“Shareholder’s Loan B”	the legal and beneficial interest of the shareholder loan owing by the Target Company B or any of its subsidiaries to S. Sundar, which shall exclude any bank loans, loans from related parties or any third parties liabilities or encumbrances
“Shareholder’s Loans”	the Shareholder’s Loan A and the Shareholder’s Loan B
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S. Sundar”	S. Sundar and Sons Limited, a limited company incorporated in the Cayman Islands

“Target Company A”	Honour Tower Holdings Limited, a limited company incorporated in the British Virgin Islands
“Target Company B”	Reliable Worldwide Limited, a limited company incorporated in the British Virgin Islands
“Target Companies”	the Target Company A and the Target Company B
“Vendors”	S. Sundar, Baffin Investments Limited, Mutual Corporation Limited, Agile Industries Limited and Jamp (Overseas) Investments Limited
“%”	per cent

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

Hong Kong, 11 November 2016

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