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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 10 June 2016 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the MOU with the Vendor setting out the agreed terms on which the Purchaser shall enter into a Formal Agreement whereby the Vendor shall conditionally agree to sell and the Purchaser shall conditionally agree to purchase the Sale Shares (representing the entire issued and paid up share capital of the Target Company) and the Shareholder Loan free from any bank loans, loans from related parties or any third parties liabilities or encumbrances at the initial consideration of HK\$150,000,000, subject to adjustments for the net current assets/liabilities of the Target Company as at Completion.

LISTING RULES IMPLICATION

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 of 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 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 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 no Formal Agreement may be signed if the Purchaser is not satisfied with the due diligence investigation due to a defect in the title of the Property or an issue that has an adverse impact on the value of the Sale Shares. 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 and accordingly the transactions under the MOU 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 10 June 2016 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the MOU with the Vendor setting out the agreed terms in relation to the Possible Acquisition.

THE MOU

The principal terms of the MOU are summarised as follows:

Date

10 June 2016

Parties

- (i) Esteemed Virtue Limited, an indirect wholly-owned subsidiary of the Company, being the Purchaser
- (ii) Mr. Lai Shu Chi, a natural person, being the Vendor

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Vendor is a third party independent of and not connected with the Company and its connected persons.

Subject Matter

Pursuant to the MOU, the Vendor shall conditionally agree to sell and the Purchaser shall conditionally agree to purchase the Sale Shares (representing the entire issued and paid up share capital of the Target Company) and the Shareholder Loan free from any bank loans, loans from related parties or any third parties liabilities or encumbrances at the initial consideration of HK\$150,000,000, subject to adjustments for the net current assets/liabilities of the Target Company as at Completion.

The Target Company holds the piece of land located at No. 22 Yip Shing Street, Kwai Chung, New Territories, Hong Kong together with a 4-storey industrial building thereon now known as “PDC Tower”.

Consideration

The consideration for the Possible Acquisition shall initially be HK\$150,000,000, subject to adjustments for the net current assets/liabilities of the Target Company as at Completion, which was paid and shall be paid in the following manner:

- (a) a sum of HK\$7,000,000 being the Initial Deposit has been paid to the Vendor’s solicitors as stakeholders on 10 June 2016 upon signing of the MOU;
- (b) a sum of HK\$8,000,000 (which together with the Initial Deposit is equivalent to 10% of the initial consideration of HK\$150,000,000) being the Further Deposit and part payment of the Consideration shall be paid to the Vendor’s solicitors as stakeholders upon the signing of the Formal Agreement; and
- (c) a sum of approximately HK\$135,000,000 being the balance of the Consideration shall be paid to the Vendor upon Completion.

The Consideration was determined based on arm's length negotiations between the Vendor and the Purchaser which will be fully funded by the internal resources of the Company.

Conditions

Completion of the Possible Acquisition is conditional on the satisfaction of the following conditions, amongst others, on or before the Completion Date:

- (a) no material adverse change in the business, operations, assets, position (financial, trading or otherwise), profits or prospects of the Target Company and/or the Property having occurred before or on the Completion Date; and
- (b) the Possible Acquisition and the Formal Agreement shall be transacted in accordance with the requirements under the Listing Rules.

Exclusivity and Due Diligence Investigation

The Purchaser shall conduct the due diligence investigation on the Target Company during the Exclusivity Period. During the Exclusivity Period, the Vendor 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 Possible Acquisition and/or the Target Company.

Termination

In the event that the parties terminate the MOU or fail to sign the Formal Agreement within the Exclusivity Period because the Purchaser is not satisfied with the due diligence investigation due to a defect in the title of the Property or an issue that has an adverse impact on the value of the Sale Shares, the Initial Deposit (without interest) shall be refunded to the Purchaser. In all other circumstances (except due to any material default by the Vendor) that the parties fail to sign the Formal Agreement within the Exclusivity Period, the Initial Deposit shall be forfeited by the Vendor.

Completion

Completion shall take place on the date that is 2 months from the signing of the Formal Agreement or such other date as the Purchaser and Vendor may agree in writing.

INFORMATION OF THE TARGET COMPANY AND THE PROPERTY

The Target Company is the sole legal and beneficial owner of the Property and its sole investment is the ownership of the Property. The Property is the piece of land located at No. 22 Yip Shing Street, Kwai Chung, New Territories, Hong Kong together with a 4-storey industrial building thereon now known as "PDC Tower", with an aggregate gross floor area of approximately 21,188 square feet. As at the date of this announcement, the Property is vacant and will be delivered in vacant condition on Completion.

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 OF THE COMPANY

The Company and 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.

INFORMATION OF THE VENDOR

Mr. Lai Shu Chi is a natural person and the sole shareholder of the Target Company.

INFORMATION OF THE PURCHASER

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.

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 Company. Accordingly, the Directors believe that the Possible Acquisition will enable the Company to strengthen and enhance the property development portfolio.

The Directors (including the independent non-executive directors) consider that the Possible Acquisition 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 Acquisition exceeds 5% but less than 25%, the Possible Acquisition constitutes a discloseable transaction of 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 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 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 no Formal Agreement may be signed if the Purchaser is not satisfied with the due diligence investigation due to a defect in the title of the Property or an issue that has an adverse impact on the value of the Sale Shares. 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 and accordingly the transactions under the MOU 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 words and expressions have the following meanings:

“Board”	the board of Directors
“Company”	Hanison Construction Holdings Limited (stock code: 00896), 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
“Completion Date”	the date on which Completion shall take place in accordance with the terms of the MOU
“connected persons”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	the initial consideration of HK\$150,000,000 for the Possible Acquisition, subject to adjustments for the net current assets/liabilities of the Target Company as at Completion
“Director(s)”	the director(s) of the Company
“Exclusivity Period”	an exclusive period of 40 business days following the date of the MOU (i.e. up to 8 August 2016)
“Formal Agreement”	a formal sale and purchase agreement to be entered into between the Vendor and the Purchaser in relation to the Possible Acquisition
“Further Deposit”	a sum of HK\$8,000,000 to be paid by the Purchaser upon the signing of the Formal Agreement
“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 the Purchaser on 10 June 2016

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 10 June 2016 entered into between the Vendor and the Purchaser relating to the Possible Acquisition
“Possible Acquisition”	the possible acquisition of the Sale Shares and the Shareholder Loan by the Purchaser pursuant to the MOU
“Property”	the piece of land located at No. 22 Yip Shing Street, Kwai Chung, New Territories, Hong Kong together with a 4-storey industrial building thereon now known as “PDC Tower”
“Purchaser”	Esteemed Virtue Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company
“Sale Shares”	such number of ordinary shares in the Target Company representing the entire issued and paid up share capital of the Target Company, free from all liens, charges or encumbrances and with all rights attached thereto
“Shareholder Loan”	the entire sum of shareholder loan owing by the Target Company to the Vendor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Befit Limited, a company incorporated in Hong Kong with limited liability and the sole legal and beneficial owner of the Property
“Vendor”	Mr. Lai Shu Chi, a natural person and the sole shareholder of the Target Company

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

Hong Kong, 10 June 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