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ANCHORSTONE

Anchorstone Holdings Limited

基石控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1592)

**MAJOR TRANSACTION
IN RELATION TO
ACQUISITION OF THE ENTIRE INTEREST IN
THE TARGET COMPANY INVOLVING ISSUE OF
CONVERSION SHARES UPON CONVERSION OF
CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE**

Financial Adviser



Draco Capital Limited

THE ACQUISITION

The Board is pleased to announce that on 21 November 2019 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, the Target Company and the Warrantors, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares at a total consideration of HK\$120,000,000. The Consideration shall be satisfied as to (i) HK\$16,500,000 by cash and (ii) HK\$103,500,000 by the issue of the Convertible Bonds. The Sale Shares represent the entire issued share capital of the Target Company.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and accordingly, the financial results of the Target Group will be consolidated into the Group's financial statements.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under the Listing Rules. The Acquisition is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve, among other things, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the granting of the Specific Mandate to allot and issue the Conversion Shares upon conversion of the Convertible Bonds.

A circular containing, among other things (i) further information regarding the Acquisition; (ii) a notice of EGM; (iii) the Specific Mandate; (iv) the valuation report of the Target Group and (v) other information as required under the Listing Rules will be despatched to the Shareholders on or before 12 December 2019.

Since the Acquisition is subject to the fulfillment or waiver (as the case may be) of various conditions precedent as set out in the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

Reference is made to the announcements of the Company dated 22 August 2019 and 31 October 2019 in relation to the MOU entered into between the Company and the Vendor in respect of the possible acquisition of certain equity interest in the Target Company.

THE ACQUISITION

The Board is pleased to announce that on 21 November 2019 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, the Target Company and the Warrantors, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares at a total consideration of HK\$120,000,000, which is to be satisfied as to (i) HK\$16,500,000 by cash and (ii) HK\$103,500,000 by the issue of the Convertible Bonds. The Sale Shares represent the entire issued share capital of the Target Company.

THE SALE AND PURCHASE AGREEMENT

- Date: 21 November 2019 (after trading hours)
- Parties: (i) the Purchaser, an indirect wholly-owned subsidiary of the Company;
- (ii) the Vendor;
- (iii) the Target Company; and
- (iv) the Warrantors

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor, the Warrantors and their respective ultimate beneficial owners are Independent Third Parties.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares. The Sale Shares, which represent the entire issued share capital of the Target Company, will be sold free and clear of any encumbrance and together with all rights and benefits attached, accrued, or accruing to them as at the Completion (including the right to receive all dividends, return of capital or distributions declared, made or paid on or after the Completion).

Consideration

The Consideration for the Acquisition shall be settled by the Purchaser to the Vendor as follows:

- (i) HK\$5,000,000 will be settled by cash as a deposit (“**Deposit**”) within ten days of the date of the Sale and Purchase Agreement;
- (ii) HK\$11,500,000 will be settled by cash at least three Business Days prior to the Completion; and
- (iii) HK\$103,500,000, will be settled by the issue of the Convertible Bonds in the principal amount of HK\$103,500,000 upon Completion entitling the Vendor (or its nominee) to convert at the Conversion Price of HK\$0.3 per Conversion Share into a maximum of 345,000,000 Conversion Shares.

The Consideration was determined after arm's length negotiation between the Purchaser and the Vendor with reference, including, among other things, (i) the valuation prepared by an independent valuer in relation to the fair value of 100% equity interest of the Target Group as at 30 September 2019 conducted by market approach; (ii) the unaudited consolidated management account of the Target Group for the three years ended 31 December 2018 and the six months ended 30 June 2019; (iii) the business development and prospects of the Target Group in the medium to long term; and (iv) the profit guarantee provided by the Vendor and the Warrantors (details of which are set out in the paragraph headed “Profit Guarantee” below).

On the basis of the foregoing, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Sales and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

The Company will utilise its internal resources other than the net proceeds from the initial public offering in 2018.

The Convertible Bonds

The principle terms of the Convertible Bonds are as follows:

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| Issuer: | The Company |
| Principal Amount: | HK\$103,500,000 |
| Maturity Date: | The day falling on the second (2 nd) anniversary of the first issue date of the Convertible Bonds, which can, at the sole and absolute discretion of the holder of the Convertible Bonds, be extended to the date falling on the third (3 rd) anniversary of the relevant date of issue of the Convertible Bonds |
| Redemption Amount: | 100% of the principal amount |
| Conversion Price: | HK\$0.3 per Conversion Share (subject to adjustments as stated below) |
| Conversion Period: | From the issue date of the Convertible Bonds up to the close of business on the maturity date |
| Conversion Rights: | The holder of the Convertible Bonds shall, subject to compliance with the procedures set out in the conditions to the Convertible Bonds, have the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the Convertible Bonds registered in its name into Conversion Shares, provided further that any conversion shall be made in amounts of not less than a whole multiple of HK\$750,000 on each conversion. |
| Conversion Adjustments: | <p>The Conversion Price will be subject to adjustments upon the occurrence of the following events:</p> <ul style="list-style-type: none">(i) consolidation, subdivision and reclassification of Shares;(ii) capitalisation of profits or reserves;(iii) capital distribution to Shareholders made by the Company;(iv) rights issues of Shares, options or warrants over Shares;(v) rights issues of other securities other than Shares, options or warrants;(vi) issue of Shares at a price less than 80% of the market price of the Shares;(vii) issue of other securities at a price less than 80% of the market price of the Shares; |

- (viii) modification of the rights of conversion, exchange or subscription of the securities mentioned under paragraph (vii) to make the price less than 80% of the market price of the Shares;
- (ix) other offers to Shareholders, in connection with an offer the Shareholders generally are entitled to participate, by the Company or its subsidiaries or other person;
- (x) automatic reset on the anniversary date of the date of issue and on the 20th day before the Maturity Date; and
- (xi) other events that the Company or the holders of the Convertible Bonds determine that an adjustment should be made to the Conversion Price.

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| Ranking: | The Conversion Shares, when issued upon conversion of Convertible Bonds, will rank <i>pari passu</i> with the Shares then in issue |
| Transferability: | The Convertible Bonds are transferable, except to connected persons (as defined in the Listing Rules) of the Company |
| Voting Rights: | The Convertible Bonds do not confer any voting rights |
| Listing: | The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares which fall to be allotted and issued upon exercise of the conversion right of the Convertible Bonds |

The Convertible Bonds are convertible into Conversion Shares at the initial conversion price of HK\$0.3 per Conversion Share (subject to adjustments) which was determined after arm's length negotiation between the Company and the Vendor taking into account the prevailing market prices of the Shares. The conversion price represents:

- (i) a premium of approximately 9.09% over the closing price of HK\$0.275 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 8.70% over the average closing price of HK\$0.276 per Share as quoted on the Stock Exchange for the last 5 trading days immediately preceding the Last Trading Day;
- (iii) a premium of approximately 8.30% over the average closing price of HK\$0.277 per Share as quoted on the Stock Exchange for the last 10 trading days immediately preceding the Last Trading Day; and
- (iv) a premium of approximately 129.01% over the unaudited consolidated net assets value of the Company attributable to Shareholders per Share as at 30 June 2019 of approximately HK\$0.131.

Assuming full exercise of the Conversion Rights attaching to the Convertible Bonds at the conversion price of HK\$0.3, the Company will issue an aggregate of 345,000,000 Conversion Shares, which represent: (i) approximately 28.75% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 22.33% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares upon conversion of the Convertible Bonds in full.

The Conversion Shares when allotted and issued, will rank *pari passu* in all respects among themselves and with all existing Shares then in issue on the date of such issue and allotment, including the right to receive all future dividends and distributions declared, made or paid by the Company on or after the date of the issue of the Conversion Shares.

The Conversion Shares will be issued under the Specific Mandate to be granted by the Shareholders in the EGM. Application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

Lock-up Undertaking

During the period of 12 months from the date of issue of the Convertible Bonds, the Vendor shall not, and shall procure its nominee(s) not to transfer, dispose of or exercise more than 70% of the Convertible Bonds and/or Conversion Shares.

Non-competition

The Vendor shall not and shall procure that none of its affiliates will, either alone or in conjunction with or on behalf of any other person, do any of the following from the Completion Date to 31 December 2024: (a) engage in any business which directly or indirectly competes with the principal business of the Target Group; (b) directly or indirectly solicit any customers of the Target Group; (c) directly or indirectly solicit or entice away from the employment of the Target Group any of its employees; nor (d) assist any other person to do any of the above.

Key Management

The Target Company and the Vendor shall use its best endeavors to procure the Target Company to, retain Mr. Woo as the director and senior management of the Target Group from the Completion Date to 31 December 2022. The Target Company shall, and the Vendor shall use its best endeavours to procure the Target Company to, introduce new members of senior management to facilitate the synergy between the Company and the associated companies of the Target Company.

Profit Guarantee

Pursuant to the Sale and Purchase Agreement, the Vendor and the Warrantors have covenanted and guaranteed to the Purchaser that the audited consolidated net profit after taxation of the Target Group (the “**Audited Profit**”), based on the financial statements prepared in accordance with Hong Kong Financial Reporting Standards and to be audited by the auditor of the Company, shall not be less than HK\$15,000,000 for each of the financial years ending 31 December 2020 (the “**FY2020 Profit Target**”) and 31 December 2021 (the “**FY2021 Profit Target**”).

In the event that the Target Group fails to meet the FY2020 Profit Target, the difference between the FY2020 Profit Target and Audited Profit for the financial year ending 31 December 2020 (the “**FY2020 Audited Profit**”) shall be aggregated to the FY2021 Profit Target (the “**Aggregated FY2021 Profit Target**”). In the event that the Target Group fails to meet the FY2021 Profit Target or the Aggregated FY2021 Profit Target, the Warrantors shall repay to the Purchaser in cash the difference between the FY2021 Profit Target or Aggregated FY2021 Profit Target (whichever is higher) and the Actual Profit for FY2021 on or before 30 June 2022, or any other date and in any event no later than 31 December 2022.

Conditions precedent

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

- (a) the Vendor and the Warrantors shall have duly executed and delivered the Sale and Purchase Agreement and ancillary documents on or prior to the Completion Date;
- (b) the Purchaser shall have completed its legal, business and financial due diligence on the Target Group to the Purchaser’s satisfaction and notify the Vendor in writing of the Purchaser’s satisfaction;
- (c) the valuation of the Sale Shares shall be completed and shall not be less than HK\$120,000,000;
- (d) the Purchaser shall have received the written acknowledgements signed by Mr. Woo;
- (e) the passing of the Specific Mandate by the Shareholders to approve the issue of the Convertible Bonds and the issue and allotment of the Conversion Shares at the EGM;
- (f) all warranties shall be true, correct and not misleading in all material aspects as of the date of the Sale and Purchase Agreement and as at the Completion Date with the same force and effect as if such representations and warranties had been made at and as of the Completion Date;
- (g) each of the Warrantors shall have performed and complied with all obligations, covenants, undertakings or conditions required under the Sale and Purchase Agreement or any of the ancillary documents that are required or contemplated to be performed or complied with by it on or before the Completion;
- (h) no action, proceeding or order by any court or governmental authority or agency shall have been threatened in writing, asserted, instituted or entered to which will restrain or prohibit the carrying out of the transactions contemplated by the Sale and Purchase or any ancillary document or which would impose any limitation on the ability of the Purchaser to effectively exercise full rights of ownership of the Sale Shares after the Completion Date or that would impose any limitation on the ability of the Target Group to operate the businesses as currently conducted after the Completion Date;

- (i) there is no material adverse change since the date of the unaudited management accounts of the Target Company to be made up to the end of the month immediately preceding the Completion Date which shall have been delivered to the Purchaser by the Vendor and/or the Target Company prior to the Completion Date;
- (j) all corporate actions and other proceedings in connection with the transactions contemplated under the Sale and Purchase Agreement, including but not limited to board resolutions of the Target Company approving the Sale and Purchase Agreement and the ancillary documents and the transactions contemplated thereunder and all documents and instruments incident to such transactions shall have been obtained in such form and substance as the Purchaser may reasonably require. Each of the Warrantors shall have completed all filings and registrations with, and obtained all consents and approvals from, the competent governmental authorities and any third parties as required by the applicable laws or any contract or agreement to which it is bound that are necessary for the execution and performance of the Sale and Purchase Agreement and ancillary documents and for the consummation of the transactions contemplated hereby and thereby and the consents and approvals from all existing creditors and pledgees of the Target Company (if any);
- (k) the Stock Exchange granting, and not having withdrawn or revoked up to Completion, the listing of and permission to deal in the Conversion Shares falling to be allotted and issued upon conversion of the Convertible Bonds on the Stock Exchange;
- (l) all necessary third party consents and approvals required to be obtained by the Company in respect of the Sale and Purchase Agreement;
- (m) the Purchaser shall have received certified true copies of the financial statements (including, among others, the latest balance sheet), certified by a director of the Target Company; and
- (n) except as required or contemplated by the Sale and Purchase Agreement, no resolution of the director of the Target Company has been passed nor having any contract or commitment been entered into (other than in the ordinary and usual course of the business) prior to the Completion without the prior written consent of the Purchaser, except for the purposes of giving effect to the transactions contemplated by the Sale and Purchase Agreement or the other ancillary documents and except for those made during the ordinary course of business.

Save as conditions (b), (d), (e), (f) and (k) which shall not be waivable at all time and any regulatory requirements, the Purchaser may in its absolute discretion waive all or any of the above conditions in whole or in part at any time by notice to the other parties.

The Vendor shall procure that all conditions are fulfilled on or before the Long Stop Date.

In the event that any of the above conditions has not been fulfilled (or waived by the Purchaser) on or before the Long Stop Date, the Sale and Purchase Agreement shall be automatically terminated and be of no further effect, and no party shall be entitled to any rights or benefits or be under any obligation under or in respect of the Sale and Purchase

Agreement or have any liability to any other party. If any of the above conditions (b), (d) or (f) has not been fulfilled (or waived by the Purchaser) on or before the Long Stop Date, the Vendor shall refund the Deposit to the Purchaser.

Completion

Completion shall take place within ten (10) business days after all the conditions of the Sale and Purchase Agreement have been fulfilled or waived or such later date as may be agreed between the Vendor and the Purchaser in writing.

Upon Completion, the Target Group will become an indirect wholly owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Group's financial statements.

SPECIFIC MANDATE

The Conversion Shares upon conversion of the Convertible Bonds will be issued and allotted pursuant to the Specific Mandate. The Company will seek the grant of the Specific Mandate from the Shareholders at the EGM to issue and allot the Conversion Shares upon conversion of the Convertible Bonds.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Details of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon full conversion of the Convertible Bonds (assuming there is no other change in the share capital of and shareholding in the Company, from the date of this announcement to Completion) are set out below:

| | As at the date of this Announcement | | Immediately after completion of allotment and issue of the Convertible Bonds upon exercise of the Conversion Rights in full | |
|-------------------------|--|-------------------------------|--|-------------------------------|
| | <i>Number of Shares</i> | <i>Approximate percentage</i> | <i>Number of Shares</i> | <i>Approximate percentage</i> |
| Lui Yue Yun Gary Vendor | 845,135,000 | 70.43% | 845,135,000 | 54.70% |
| Vendor | — | — | 345,000,000 | 22.33% |
| Public Shareholders | <u>354,865,000</u> | <u>29.57%</u> | <u>354,865,000</u> | <u>22.97%</u> |
| Total | <u>1,200,000,000</u> | <u>100.00%</u> | <u>1,545,000,000</u> | <u>100.00%</u> |

INFORMATION ON THE VENDOR AND THE TARGET GROUP

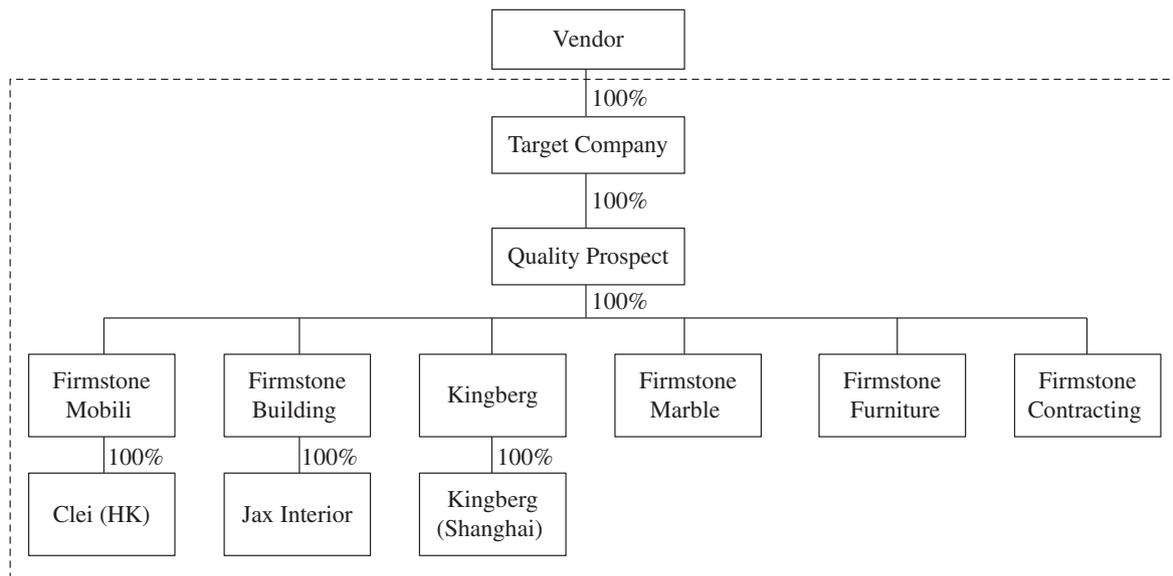
The Vendor is incorporated in the BVI with limited liability and is an investment holding company. As at the date of this announcement, the Vendor is directly owned by Total Focus, Wide Celestial and Focus Force as to 72%, 20% and 8%.

The Target Company is incorporated in the Cayman Islands with limited liability and is wholly-owned by the Vendor.

The Target Group is principally engaged in (i) the operation of projects for the supply and installation of fixtures and furniture, decoration materials and related fitting-out works; and (ii) the supply of fixtures and furniture as well as decoration materials. The Target Group acts as a contractor which, in most cases, sources and procures the fixtures and furniture and decoration materials for its customers and subcontracts all installation and fitting-out works to its subcontractors while the Target Group is responsible for the overall project management and supervision of the installation and fitting-out works. The fixtures and furniture supplied by the Target Group mainly include kitchen cabinets, home furniture and transformable furniture, while the decoration materials supplied by the Target Group mainly include marbles, tiles, wallpaper, carpets, curtains and fabric. As at the date of this announcement, the Target Group was the exclusive authorised distributor of three international brand owners of fixtures and furniture in Hong Kong and Macau (Dada, Molteni & C and Arredo3) and another international brand owner of ceramic and bathroom products in Hong Kong (Dongpeng).

Set out below is the shareholding structure of the Target Group (a) as at date of this announcement; and (b) immediately after Completion.

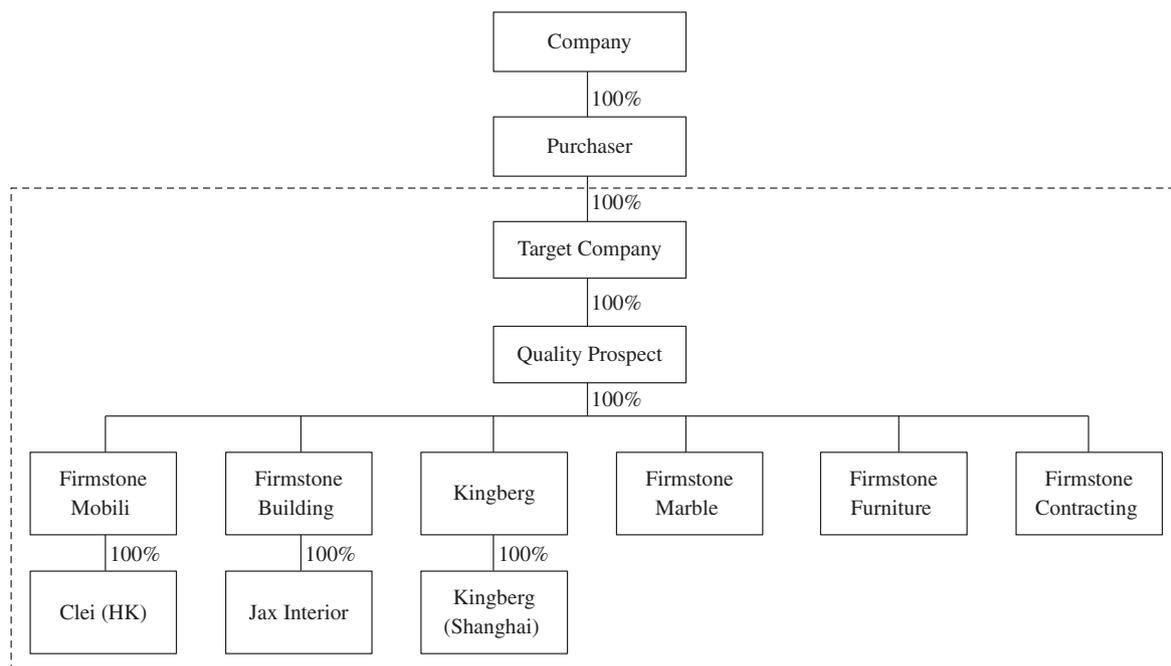
(a) As at the date of this announcement:



Note:

 Target Group

(b) Immediately after Completion:



Financial Information of the Target Group

Set out below is the consolidated financial information of the Target Group extracted from its unaudited management accounts prepared by the management of the Target Group in accordance with the Hong Kong Financial Reporting Standards for the two years ended 31 December 2018 and the six months ended 30 June 2019:

| | As at/for the year ended 31 December 2017 (unaudited) HK\$'000 | As at/for the year ended 31 December 2018 (unaudited) HK\$'000 | As at/for the six months ended 30 June 2019 (unaudited) HK\$'000 |
|-------------------------------|---|---|--|
| Revenue | 169,935 | 232,963 | 94,181 |
| Profit/(loss) before taxation | 17,971 | 10,588 | 3,561 |
| Profit/(loss) after taxation | 13,547 | 6,964 | 2,616 |
| Net assets | 19,778 | 26,012 | 28,700 |

REASONS FOR AND THE BENEFITS OF THE PROPOSED ACQUISITION

The Group is principally engaged in the stone sales and supply and installation of marble products in Hong Kong and Macau. The Target Company is the holding company of the Target Group which is principally engaged in (i) the operation of the projects for the supply and installation of fixture and furniture, decoration materials and related fitting-out works and (ii) the supply of fixtures and furniture as well as decoration materials.

As set out in the annual report of the Company for the year ended 31 December 2018, the Board intends to enlarge the scope of work over those supply and installation projects of marble and granite while also continue to expand the Group's stone supply business in Hong Kong and overseas markets. In addition, as set out in the interim report of the Company for the six months ended 30 June 2019, the Group also plans to develop various building materials supply and engineering and renovation businesses in the future. The Directors believe that the Acquisition can broaden the existing business scope of the Group as well as its revenue base. Furthermore, the Directors expect that the Acquisition will create strategic synergies within the Group's existing business and strengthen the Company's customer base in the industry which enables the Group to access to additional income and cash flow stream to the Group. The Directors consider that it is in the interest of the Company to enter into the Sale and Purchase Agreement so as to tap into new business segment of the supply and installation of fixtures and furniture, decoration materials and related fitting-out works which has promising growth potential. Having considered the future development prospect of the business of the Target Group and the terms of the Sale and Purchase Agreement, in particular, the profit guarantee covenanted and guaranteed by the Vendor and Warrantors, the Directors consider that the entering into the Sale and Purchase Agreement is in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 25% but all are less than 100%, the Acquisition constitutes a major transaction of the Company under the Listing Rules. The Acquisition is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will seek the Shareholders' approval at the EGM for the grant of the Specific Mandate to allot and issue and the Conversion Shares upon conversion of the Convertible Bonds in full.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve, among other things, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the granting of the Specific Mandate to allot and issue the Conversion Shares upon conversion of the Convertible Bonds.

A circular containing, among other things (i) further information regarding the Acquisition; (ii) a notice of EGM; (iii) the Specific Mandate; (iv) the valuation report of the Target Group and (v) other information as required under the Listing Rules will be despatched to the Shareholders on or before 12 December 2019.

WARNING

Since the Acquisition is subject to the fulfillment or waiver (as the case may be) of various conditions precedent as set out in the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

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|-----------------------|--|
| “Acquisition” | acquisition of the Sale Shares pursuant to the terms and conditions of the Sale and Purchase Agreement |
| “Board” | the board of Directors of the Company |
| “Business Day(s)” | a day other than a Saturday, Sunday or public holiday (or a day on which a tropical cyclone No. 8 or above or a “black” rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. on weekdays) on which licensed banks in Hong Kong are open to the general public for normal banking business |
| “BVI” | the British Virgin Islands |
| “Clei (HK)” | Clei (HK) Limited, a limited liability company incorporated in Hong Kong, an indirect wholly-owned subsidiary of the Target Company |
| “Company” | Anchorstone Holdings Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1592) |
| “Completion” | completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement |
| “Completion Date” | on the tenth (10th) Business Days after the fulfilment or waiver (as the case may be) of the conditions precedent set out in the Sale and Purchase Agreement or such other date as the parties may agree in writing prior to the Completion |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Consideration” | HK\$120,000,000, being the consideration payable for the Sale Shares |
| “Convertible Bond(s)” | the zero coupon convertible bond(s) in the principal amount of HK\$103,500,000 to be issued by the Company to the Vendor in partial satisfaction of the Consideration |
| “Conversion Price” | the initial conversion price of HK\$0.3 per Conversion Share |
| “Conversion Shares” | the new Shares issuable upon exercise of the conversion rights attaching to the Convertible Bonds |
| “Director(s)” | the director(s) of the Company |

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| “EGM” | the extraordinary general meeting of the Company to be convened to approve, among other things, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the granting of the Specific Mandate to allot and issue the Conversion Shares upon conversion of the Convertible Bonds |
| “Firmstone Building” | Firmstone Building Materials Limited (灝祥建材有限公司), a limited liability company incorporated in Hong Kong, an indirect wholly-owned subsidiary of the Target Company |
| “Firmstone Contracting” | Firmstone Contracting Limited (灝祥工程有限公司), a limited liability company incorporated in Hong Kong, an indirect wholly-owned subsidiary of the Target Company |
| “Firmstone Furniture” | Firmstone Furniture (Macau) Limited (灝祥傢俱(澳門)有限公司), a limited liability company incorporated in Macau, an indirect wholly-owned subsidiary of the Target Company |
| “Firmstone Marble” | Firmstone Marble Limited (灝祥石材有限公司), a limited liability company incorporated in Hong Kong, an indirect wholly-owned subsidiary of the Target Company |
| “Firmstone Mobili” | Firmstone Mobili Limited (灝祥傢俱有限公司), a limited liability company incorporated in Hong Kong, an indirect wholly-owned subsidiary of the Target Company |
| “Focus Force” | Focus Force Limited, a company incorporated in the BVI with limited liability on 17 November 2017 and owned as to 50%, 25% and 25% by Mr. Chan Chun Sing, Mr. Tam Hon Fai and Mr. Yu Tsz Ngo, respectively |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules |
| “Jax Interior” | Jax Interior Products Limited (奧維裝飾材料有限公司), a limited liability company incorporated in Hong Kong, an indirect wholly-owned subsidiary of the Target Company |

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| “Kingberg” | Kingberg Inc Limited (競亮有限公司), a limited liability company incorporated in Hong Kong, an indirect wholly-owned subsidiary of the Target Company |
| “Kingberg (Shanghai)” | Kingberg Trading (Shanghai) Limited* (競亮貿易 (上海) 有限公司), a limited liability company established in the PRC, an indirect wholly-owned subsidiary of the Target Company |
| “Last Trading Day” | 21 November 2019, being the last trading day of the Shares prior to the release of this announcement |
| “Listing Committee” | the listing committee of the Stock Exchange for considering applications for listing and the granting of listing |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 20 May 2020, being the last day of six (6) months (or such longer period as may be agreed between the Purchaser and the Vendor in writing) from the date of the Sale and Purchase Agreement |
| “MOU” | the non-legally binding memorandum of understanding dated 22 August 2019 and the non-legally binding supplemental memorandum of understanding dated 31 October 2019 entered into between the Company and the Vendor setting out preliminary understanding in relation to the Acquisition |
| “Mr. Woo” | Mr. Woo Chun Yu Adolf |
| “Quality Prospect” | Quality Prospect Limited, a limited liability company incorporated in BVI, a direct wholly-owned subsidiary of the Target Company |
| “PRC” | the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Purchaser” | Stable Wealthy Holdings Limited, a company incorporated in the BVI and an indirect wholly-owned subsidiary of the Company |
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 21 November 2019 entered into among the Vendor, the Purchaser and the Warrantors in respect of the sale and purchase of the Sale Shares |
| “Sale Shares” | the 100 shares held by the Vendor, representing all the shares issued by the Target Company as at the date of the Sale and Purchase Agreement |

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| “Share(s)” | ordinary issued share(s) with par value of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “Specific Mandate” | a specific mandate to allot and issue the Conversion Shares upon conversion of the Convertible Bonds to be sought from the Shareholders at the EGM |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” | Firmstone Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and wholly owned by the Vendor |
| “Target Group” | the Target Company and its subsidiaries (from time to time) |
| “Total Focus” | Total Focus International Limited (皆聚國際有限公司), a company incorporated in the BVI with limited liability on 22 February 2017 and owned as to 90% and 10% by Mr. Woo and Ms. Cheung Sau Chu, the spouse of Mr. Woo |
| “Vendor” | New Chain Limited, a company incorporated in the BVI with limited liability on 1 August 2019 and owned as to 72%, 20% and 8% by Total Focus, Wide Celestial and Focus Force, respectively |
| “Warrantors” | Total Focus International Limited, Mr. Woo and the Vendor |
| “Wide Celestial” | Wide Celestial Ventures Limited (廣天創投有限公司), a company incorporated in the BVI with limited liability on 22 November 2017 and wholly-owned by Mr. Tang Kin Ming Newlson |
| “%” | per cent. |

The English translation of Chinese names or words in this announcement, where indicated by “*”, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

By Order of the Board
Anchorstone Holdings Limited
Fung Wai Hang
Company Secretary and Executive Director

Hong Kong, 21 November 2019

As at the date of this announcement, the executive directors are Mr. Lui Yue Yun Gary, Ms. Lui Po Kwan Joyce, Mr. Lui Edwin Wing Yiu and Mr. Fung Wai Hang, and the independent non-executive directors are Mr. Ko Tsz Kin, Mr. Choi Hok Ya and Mr. Ng Yau Wah Daniel.