

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Anchorstone Holdings Limited

基石控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1592)

MEMORANDUM OF UNDERSTANDING IN RELATION TO A POSSIBLE ACQUISITION

This announcement is made by Anchorstone Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provision (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

THE MEMORANDUM OF UNDERSTANDING

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 22 August 2019 (after trading hours), Stable Wealthy Holdings Limited (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding (the “**MOU**”) with a vendor (the “**Potential Vendor**”). Pursuant to the MOU, the Purchaser intends to acquire and the Potential Vendor intends to dispose of and/or procure other shareholders of a target company (the “**Target Company**” and together with its subsidiaries, the “**Target Group**”) to dispose of certain number of shares (the “**Sale Shares**”) in the Target Company, representing part of or the entire equity interests in the Target Company (the “**Proposed Acquisition**”).

Principal terms of the MOU

Date: 22 August 2019

Parties: (i) the Purchaser; and
(ii) the Potential Vendor

To the best of the Directors’ knowledge, information and belief, having made all reasonable inquiries, the Potential Vendor and their respective ultimate beneficial owners and other shareholders of the Target Company are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Pursuant to the MOU, the Purchaser intends to acquire, and the Potential Vendor intends to sell and/or procure the other shareholders of the Target Company to sell the Sale Shares in the Target Company, representing part of or the entire equity interests in the Target Company free from all encumbrances and adverse claims subject to the terms and conditions set out in the sale and purchase agreement (the “**Sale and Purchase Agreement**”) reflecting the terms, conditions and covenants relating to the Proposed Acquisition.

Consideration

The consideration for the sale and purchase of the Sale Shares shall be subject to further negotiations between the parties and determined and agreed by the parties in the Sale and Purchase Agreement. It is expected that if part of the consideration will be settled by way of cash, the Company will utilise its internal resources other than the net proceeds from its initial public offering in 2018.

Sale and Purchase Agreement

The Proposed Acquisition will be on terms of the Sale and Purchase Agreement to be negotiated and agreed by the parties and the Sale and Purchase Agreement will include other customary terms, conditions and warranties for transactions similar to the Proposed Acquisition. Upon execution of the MOU and subject to the Purchaser’s satisfaction with its due diligence review of the Target Group, the parties shall negotiate in good faith and endeavor to enter into the Sale and Purchase Agreement reflecting such terms not later than 31 October 2019 (the “**Expiry Date**”) (or such later date as the parties to the MOU may agree).

Exclusive right

The Purchaser is granted an exclusive right from the date of the MOU until the earlier of (i) the Expiry Date, or (ii) execution of the Sale and Purchase Agreement (or such later date as the parties to the MOU may agree) to negotiate with the Potential Vendor on the terms and conditions of the Proposed Acquisition.

Non-legally binding

Other than the clauses in relation to negotiation of Sale and Purchase Agreement, exclusive right, due diligence, confidentiality, notices, costs, termination of the MOU and governing law and jurisdiction, the MOU is not intended to and does not create any legal obligations on the part of the parties or any of their affiliates, employees or representatives.

Termination

The MOU will be terminated at the earlier of: (i) the Expiry Date or such later date as the parties to the MOU may agree; or (ii) the execution of the Sale and Purchase Agreement.

REASONS AND THE BENEFITS FOR ENTERING INTO THE MOU

The Group is principally engaged in the sale and supply of stone 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 projects for the supply and installation of fixtures and furniture, decoration materials and related fitting-out works and (ii) the supply business 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 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 announcement of interim results 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 Proposed Acquisition can broaden the existing business scope of the Group as well as its revenue base. Furthermore, the Directors expect that the Proposed 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 MOU to explore the Proposed Acquisition 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. In light of the above, the Directors consider that the entering into the MOU is in the interest of the Company and its shareholders as a whole.

GENERAL

As at the date of this announcement, the terms and conditions of the Proposed Acquisition are still being negotiated and no legally binding agreement has been entered into. The Proposed Acquisition, if materialised, may constitute notifiable transaction for the Company under the Listing Rules. Further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules. **As the Proposed Acquisition may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 22 August 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.