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MANWAH

MAN WAH HOLDINGS LIMITED

敏華控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 01999)

**MAJOR TRANSACTION
ACQUISITION OF 60% EQUITY STAKE IN
HTL INTERNATIONAL HOLDINGS PTE. LTD.**

New Framework Agreement

On 19 October 2020, the Company, Ideal Homes and the Warrantors entered into the New Framework Agreement, pursuant to which the Original Framework Agreement was terminated. The New Framework Agreement also sets out the intention and understanding of the Parties in relation to the proposed acquisition of all of the shares of the New Target Companies by the Company from the Judicial Managers, which is subject to contact.

As the Definitive SPA is subject to negotiation and contract, there is no assurance that any agreement will be reached with the Judicial Managers for the acquisition of the New Target Companies. Consequently, further announcement and compliance with the relevant Listing Rules will be made at the relevant time.

As a result of the New Framework Agreement, the Original Acquisition will not proceed and therefore, no circular will be despatched to the Shareholders in respect of the Original Acquisition.

BACKGROUND

Reference is made to the announcements of the Company dated 10 July 2020 and 10 September 2020. As disclosed in the said announcements, the Original Target Company was, and still is, under judicial management order in Singapore. Subsequent to the execution of the Original Framework Agreement, the Company was informed that the subsidiaries forming the Original Target Group (and the related debts owed by the Original Target Group to its creditors) had been sold to the Third Party by the Judicial Managers. As advised by the Vendor, the Vendor and Yihua have instituted legal proceedings in the Singapore High Court to challenge the Disputed Sale. Due to the change of circumstances caused by the Disputed Sale, certain provisions in the Original Framework Agreement could no longer be implemented.

After the discussions among the parties to the Original Framework Agreement, on 19 October 2020, the Company, Ideal Homes and the Warrantors entered into the New Framework Agreement to terminate the Original Framework Agreement and set out the intention and understanding of the Parties in relation to the proposed acquisition of all of the shares of the New Target Companies by the Company from the Judicial Managers, subject to contact.

NEW FRAMEWORK AGREEMENT

<i>Date</i>	19 October 2020
<i>Parties</i>	(1) the Company
	(2) Ideal Homes
	(3) the Warrantors

Termination of the Original Framework Agreement

Pursuant to the New Framework Agreement, the Original Framework Agreement is terminated with effect from the execution of the New Framework Agreement.

No payment has been made by the Company to the Vendor and/or any of the Warrantors in respect of the Original Acquisition or Original Framework Agreement, and therefore, there is no material adverse impact on the financial position of the Group.

Intention to acquire the New Target Companies

Subject to contract, the Company intends to purchase all the shares of the New Target Companies, which, as far as the Company is aware, are held by the Third Party as at the date of this announcement.

Any contract with the Judicial Managers would be subject to conditions to be agreed, including the Singapore High Court making a final declaration by the Long Stop Date as follows:

- (i) declaring that the Disputed Sale null and void;
- (ii) directing the Judicial Managers to accept the acquisition offer made by the Company;
and
- (iii) restraining the Judicial Managers from proceeding with any resolution and/or taking any steps to wind up the Original Target Company.

Subject to contract, the Definitive SPA will propose, among others: (a) the Purchase Consideration; (b) an interest-free interim credit facility from the Company to the Original Target Company of US\$20 million (equivalent to approximately HK\$156 million) to support the New Target Group's business during the period between signing of the Definitive SPA and completion of the Proposed Acquisition, and such interest-free interim credit facility provided to the New Target Group shall not be set off against the Purchase Consideration; and (c) a working capital facility of US\$20 million (equivalent to approximately HK\$156 million) upon completion of the Proposed Acquisition.

As the Definitive SPA is subject to negotiation and contract and the conditions set out above, there is no assurance that any agreement will be reached with the Judicial Managers for the acquisition of the New Target Companies. Consequently, further announcement and compliance with the relevant Listing Rules will be made at the relevant time.

Furthermore, as a result of the New Framework Agreement, the Original Acquisition will not proceed and therefore, no circular will be despatched to the Shareholders in respect of the original Acquisition.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Man Wah Holdings Limited 敏華控股有限公司, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“Definitive SPA”	a definitive sale and purchase agreement for the Proposed Acquisition intended to be entered into by the Company and the Judicial Manager
“Director(s)”	the directors of the Company
“Disputed Sale”	the sale of New Target Companies to the Third Party by the Judicial Managers
“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
“Ideal Homes”	Ideal Homes International Limited, a company incorporated in Hong Kong
“Judicial Managers”	the judicial managers of the Original Target Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2021 or such other date as the Parties may agree in writing
“Mr. Liu”	Mr. Liu Shaoxi, one of the Warrantors and also the chairman of Yihua Group
“New Framework Agreement”	the framework agreement dated 19 October 2020 entered into by the Company, Ideal Homes and the Warrantors, pursuant to which, among others, the Original Framework Agreement was terminated

“New Target Companies”	HTL Capital Pte. Ltd. and HTL Manufacturing Pte. Ltd., both of which are private limited companies incorporated in Singapore
“New Target Group”	collectively, the New Target Companies and their respective subsidiaries
“Original Acquisition”	the proposed acquisition of 60% of the issued share capital of the Original Target Company by the Company from Ideal Homes, as contemplated under the Original Framework Agreement
“Original Framework Agreement”	the framework agreement dated 10 July 2020 entered into by the Company, Ideal Homes and the Warrantors in relation to, among others, the Original Acquisition
“Original Target Company”	HTL International Holdings Pte. Ltd., a private limited company incorporated in Singapore, which is currently under judicial management by the Judicial Managers in Singapore
“Original Target Group”	the Original Target Company and its subsidiaries
“Parties”	collectively, the Company, Ideal Homes and the Warrantors
“PRC”	the People’s Republic of China, which for the purpose of this announcement, will exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Acquisition”	the proposed acquisition of 100% of the issued share capital of the New Target Companies by the Company from the Original Target Company, as contemplated under the New Framework Agreement
“Purchase Consideration”	the purchase consideration for all the shares of the New Target Companies of US\$120 million (equivalent to approximately HK\$936 million) payable by the Company to the Original Target Company upon completion of the Proposed Acquisition
“Share(s)”	ordinary shares of HK\$0.40 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Third Party”	Golden Hill Capital Pte. Ltd., the third party to whom the Judicial Managers sold the New Target Companies under the Disputed Sale
“US\$”	United States Dollars, the lawful currency of the United States of America
“Warrantors”	collectively, Yihua, Yihua Group and Mr. Liu
“Yihua”	Yihua Lifestyle Technology Co., Ltd., a company established in the PRC
“Yihua Group”	Yihua Enterprise (Group) Co., Ltd., a company established in the PRC
“%”	per cent

For the purpose of this announcement and for illustration purpose only, conversion of US\$ to HK\$ is based on the exchange rate of US\$1.00 to HK\$7.80. No representation is made that any amounts in US\$ have been or could be converted at the above rate or any other rates.

By the order of the Board
Man Wah Holdings Limited
Wong Man Li
Chairman

Hong Kong, 19 October 2020

As at the date of this announcement, the executive Directors are Mr. Wong Man Li, Ms. Hui Wai Hing, Mr. Alan Marnie, Mr. Dai Quanfa, Ms. Wong Ying Ying and Ms. Yang Huiyan; and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. Ong Chor Wei, Mr. Kan Chung Nin, Tony and Mr. Ding Yuan.