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CIL Holdings Limited

華建控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 00479)

INSIDE INFORMATION

MEMORANDUM OF UNDERSTANDING IN RELATION TO A PROPOSED ACQUISITION

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Board is pleased to announce that after trading hours on 28 June 2016, Season Blossom Limited, an indirectly wholly-owned subsidiary of the Company and the Company entered into the non-legally binding MOU with the Sellers in relation to the Proposed Acquisition.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of the Sellers and the ultimate beneficial owner(s) of Seller 1 is an Independent Third Party.

As at the date of this announcement, no definitive and binding agreement in relation to the Proposed Acquisition is entered into between the Group and the Sellers and the Proposed Acquisition may or may not proceed. Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

* *For identification purposes only*

THE MOU

The Board is pleased to announce that after trading hours on 28 June 2016, Season Blossom Limited, an indirectly wholly-owned subsidiary of the Company and the Company entered into the non-legally binding MOU with the Sellers in relation to the Proposed Acquisition.

The Proposed Acquisition

Pursuant to the MOU, subject to entering into of the Sale and Purchase Agreement, it is currently contemplated that the Purchaser will acquire and the Sellers will sell the Sale Shares, representing 63% of the issued share capital of the Target Company, and 63% of the Shareholders' Loans.

The aggregate consideration of the Proposed Acquisition shall be GBP4,410,000 or equivalent to approximately HKD45.3 million.

The consideration will be subject to upward adjustment in the event that the approval for the expansion of the Property (the "**Approval**") has been obtained by the end of 2016. The adjusted amount of the aggregate consideration shall be not more than 63% of the valuation of the Property to be conducted after the Approval has been obtained or GBP6,300,000 (whichever is lower). The consideration will be apportioned between the Sellers in accordance with their respective Sale Shares holding percentage. The portion of the consideration payable to Seller 1 shall be settled in cash, and the portion of the consideration payable to Seller 2 shall be settled by way of allotment and issue of Shares at the issue price to be agreed between Seller 2 and the Purchaser/Company.

Deposit

The Purchaser agrees to pay to Seller 1 a refundable deposit (the "**Deposit**") in the amount of GBP714,000, being 20% of the initial consideration to be paid to Seller 1, within five business days after the date of the MOU. The Deposit shall be immediately and fully refunded and returned by Seller 1 to the Purchaser without interest if:

- (1) the Sale and Purchase Agreement is not entered into on or before 29 July 2016 or such other date as the Parties may agree in writing; or
- (2) the Sale and Purchase Agreement terminates in accordance with its terms,

Exclusivity

Each party undertakes to the other parties not to enter into discussions, negotiations, agreement (verbal or written) or understanding with any other party in relation to the Proposed Acquisition during the period from the date of the MOU up to and including 29 July 2016 (both days inclusive) (the "**Exclusivity Period**"), provided that the Parties may by written agreement extend the Exclusivity Period to a later date.

Due Diligence Review

During the Exclusivity Period, the Purchaser shall have the opportunity to carry out a due diligence review of the business, finance and legal status of the Target Company and its subsidiary.

Sale and Purchase Agreement

The Proposed Acquisition is subject to the negotiation, finalisation and signing of the Sale and Purchase Agreement. The Parties shall endeavour to agree and enter into the Sale and Purchase Agreement on or before 29 July 2016 or such other date as the Parties may agree in writing.

Termination

The MOU may be terminated at any time by written agreement of the Parties or on written notice with immediate effect by any party if the Sale and Purchase Agreement has not been entered into on or before 29 July 2016 (or such other date as the Parties may have agreed in writing).

Non-legally binding effect

The MOU (with the exception of the clauses regarding the Deposit, exclusivity, confidentiality, cost and governing law) is not legally binding on the Parties.

The Proposed Acquisition, which if materialises, may constitute a notifiable transaction on the part of the Company under the Listing Rules. Further announcement(s) in relation to the Proposed Acquisition will be made by the Company as and when appropriate in accordance with the Listing Rules.

INFORMATION ON THE SELLERS AND THE TARGET COMPANY

The Sellers are the legal and beneficial owners of the Sale Shares, and lenders of the Shareholders' Loans. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, each of the Sellers and the ultimate beneficial owner(s) of Seller 1 is an Independent Third Party.

The Target Company is a company incorporated in England and Wales on 10 April 2015. The Target Company's only subsidiary, Lythe Hill Limited, is a company incorporated in England and Wales on 10 September 2015. The Target Group is currently principally engaged in the business of hotel operations in the United Kingdom. The Target Group owns the Property.

WARNING

As at the date of this announcement, no definitive and binding agreement in relation to the Proposed Acquisition has been entered into between the Group and the Sellers and the Proposed Acquisition may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set adjacent below, unless the context requires otherwise: –

“Board”	the board of Directors
“BVI”	British Virgin Islands
“Company”	CIL Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“GBP”	Pounds Sterling, the lawful currency of the United Kingdom
“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 (as defined in the Listing Rules) in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding (save for certain provisions, as set out on page 3 of this announcement) memorandum of understanding dated 28 June 2016 entered into among the Purchaser, the Company and the Sellers in relation to the Proposed Acquisition
“Parties”	the Sellers, the Purchaser and the Company, being the parties to the MOU

“PRC”	the People’s Republic of China
“Property”	the hotel property located at Petworth Road, Haslemere, Surrey GU27 3BQ, United Kingdom and other ancillary lands and properties held by the Target Group
“Proposed Acquisition”	the proposed acquisition by the Purchaser from the Sellers of the Sale Shares, representing 63% of the issued share capital of the Target Company and 63% of the Shareholders’ Loans
“Purchaser”	Season Blossom Limited, a company incorporated in the BVI and indirectly wholly-owned by the Company
“Sale and Purchase Agreement”	the formal definitive sale and purchase agreement to be entered into among the Purchaser, the Company and the Sellers in relation to the Proposed Acquisition
“Sale Shares”	63 ordinary shares of nominal value GBP 1.00 each, representing 63% of the total issued share capital of the Target Company, among which, 51 shares are owned by Seller 1 and 12 shares are owned by Seller 2
“Seller 1”	Eagleresort Limited, a company incorporated in the Isle of Man with limited liability on 15 January 2014
“Seller 2”	Martin David Shaw
“Sellers”	together, the Seller 1 and the Seller 2
“Shareholder(s)”	holder(s) of Shares
“Shareholders’ Loans”	the total amount of the loans due from the Target Company to the Sellers as at the date of completion of the Sale and Purchase Agreement
“Share(s)”	ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Lythe Hill (Holdings) Limited, a company incorporated in England and Wales on 10 April 2015 with limited liability

“Target Group”

the Target Company and its only subsidiary, Lythe Hill Limited, a company incorporated in England and Wales on 10 September 2015 with limited liability

“%”

percentage

The exchange rate adopted in this announcement is HK\$10.2642 = GBP1.00 and is for illustration purpose only. Such conversion should not be construed as a representation that the currencies could actually be converted into HK\$ at that rate or at all.

By order of the Board
CIL Holdings Limited
Ke Jun Xiang
Chairman

Hong Kong, 28 June 2016

As at the date of this announcement, the executive directors of the Company are Mr. Ke Jun Xiang (Chairman and Chief Executive Officer), Mr. Wilson Wong (Deputy Chairman), Ms. Lo Yuen Chung and Mr. Fu Daoding; the non-executive directors of the Company are Mr. Chow Yeung Tuen, Richard and Mr. Li Chung Kai, Philip; and the independent non-executive directors of the Company are Mr. Kwok Yam Sheung, Mr. Chan Siu Kay and Mr. Choi Chin Yu.