
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OVERVIEW

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 20 February 2018 in preparation for the Spin-off and is the holding company of the Group. As at the Latest Practicable Date, the subsidiaries of the Group comprised Million Hope Industries (BVI), Million Hope (BVI), Paramount Forward, Million Hope Industries (HK), Sunny Oriental, Million Hope (Huizhou), Heroic Elite, Waller Holdings, and Rich Victory.

HISTORY AND BUSINESS DEVELOPMENT

The Group’s history dates back to 1990, when Million Hope Industries (HK) was incorporated in Hong Kong by Independent Third Parties. Mr. Lee Cheuk Hung, one of the executive Directors and Joint Managing Directors of the Company, became a shareholder of Million Hope Industries (HK) in 1997, and has been a director of Million Hope Industries (HK) since March 1998. In 2004, Million Hope Industries (HK) started a business cooperation with Schüco, a leading specialist in multi-functional building envelopes with expertise in windows, doors, and facade, and was appointed as one of its working partners and an authorised manufacturer of “Schüco” products in Hong Kong and southern China. The Hanison Group first worked with Million Hope Industries (HK) in 2005, when Million Hope Industries (HK) worked as subcontractor for the Hanison Group for the design, supply and installation of curtain walls and window walls in Hong Kong. During the period from 2005 to 2007, the Hanison Group continued to work with Million Hope Industries (HK) on various property development projects in Hong Kong, and developed a business relationship with Million Hope Industries (HK). In 2007, Million Hope Industries (HK) was acquired by the Hanison Group and became a wholly-owned subsidiary of Hanison, and has since been part of the building materials division of the Hanison Group. Since then, the Group has been principally engaged in the business of design, supply and installation of facade and curtain wall systems with a focus on curtain walls, aluminium windows and doors, primarily for property development projects in Hong Kong and the PRC.

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Business milestones

The following is a brief summary of the Group’s business milestones:

Year	Milestone
1990	Million Hope Industries (HK) was incorporated and commenced its business in the design, supply and installation of curtain walls, aluminium windows and doors
1998	Million Hope Industries (HK) first obtained the ISO 9001 certificate issued by the Hong Kong Quality Assurance Agency
2004	Million Hope Industries (HK) was appointed as a working partner of Schüco and became an authorised manufacturer of “Schüco” products in Hong Kong and southern China
2005	Million Hope Industries (HK) started its business relationship with the Hanison Group
2007	Million Hope Industries (HK) was acquired by the Hanison Group and became part of the building materials division of the Hanison Group
2008	Million Hope (Huizhou) was established in the PRC on 27 May 2008 Million Hope (Huizhou) acquired land in Huizhou, PRC, and set up the Group’s fabrication plant to serve as the production base for the products used in its projects, including customer-specified products and “Schüco” products
2010	Million Hope Industries (HK) first obtained the ISO 14001 certificate issued by the Hong Kong Quality Assurance Agency

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Year	Milestone
2013	The Group was awarded a design, supply and installation contract for a luxury housing development located at Mount Nicholson, The Peak, in Hong Kong. Transactions for certain apartments at this property development broke price records in Hong Kong in 2017, with the apartments concerned becoming the most expensive residences in Asia on a square-footage basis. The Group completed its contracted works for the project in 2016
2016	The Group received an excellence award from one of its customers in recognition of its work on the Antuo Hill (安托山) project in the PRC

CORPORATE DEVELOPMENT

Incorporation and development of Million Hope Industries (HK)

Million Hope Industries (HK) was incorporated in Hong Kong on 10 August 1990 with limited liability, and is the principal operating subsidiary of the Group in Hong Kong. At the time of incorporation, Million Hope Industries (HK) was principally engaged in the design, supply and installation of aluminium windows, doors and curtain walls in Hong Kong.

On 15 May 2007, the Hanison Group acquired the entire shareholding interests in Million Hope Industries (HK) at an aggregate consideration of HK\$3,385,189 from Mr. Lee Cheuk Hung and other Independent Third Parties. Details of the acquisition are set out in the announcement and circular of Hanison dated 15 May 2007 and 4 June 2007, respectively. Following such acquisition, Million Hope Industries (HK) became a wholly-owned subsidiary of Hanison.

Establishment and development of Million Hope (Huizhou)

Million Hope (Huizhou) was established in the PRC as a wholly foreign-owned enterprise on 27 May 2008 with an initial registered capital of HK\$40,000,000 and is wholly-owned by Sunny Oriental, which in turn is wholly-owned by Million Hope Industries (HK). It is the principal operating subsidiary of the Group in the PRC. As at the Latest Practicable Date, the registered capital of Million Hope (Huizhou) was HK\$65,000,000 and is fully paid-up. As at the Latest Practicable Date, the approved scope of operation of Million Hope (Huizhou) includes the research and development, manufacture, sale and installation of aluminium doors and windows, glass curtain walls and hardware accessories (not including plating process), new energy-saving and environmentally friendly building materials (high end environmentally friendly accessories and renovation materials), and its products may be sold in the mainland and overseas markets; and consultancy in respect of interior decoration and renovations and related businesses etc.

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Million Hope (Huizhou) is the title holder of the Group’s fabrication plant in Huizhou, the PRC and the land on which it is located. Following the Reorganisation, Million Hope Industries (HK) continues to hold the entire issued share capital of Sunny Oriental, and Sunny Oriental continues to hold the entire equity capital of Million Hope (Huizhou).

REORGANISATION

In preparation for the Spin-off and Listing, the following reorganisation steps were implemented:

Incorporation of the Company

The Company was incorporated in the Cayman Islands on 20 February 2018 as an exempted company with limited liability with an authorised share capital of HK\$380,000 consisting of 3,800,000 Shares of HK\$0.10 par value each. Upon incorporation, one fully-paid Share was allotted and issued to the initial subscriber and transferred to Hanison Construction (BVI) on the same date. On 13 March 2018, a further 99 fully-paid Shares were allotted and issued to Hanison Construction (BVI). Following the Reorganisation, the Company became the holding company of the Group.

Incorporation of the intermediate holding companies

Million Hope Industries (BVI) was incorporated in the BVI with limited liability on 15 February 2018. As at the date of incorporation, Million Hope Industries (BVI) was authorised to issue a maximum of 50,000 shares of one class of no par value. On 13 March 2018, one share of Million Hope Industries (BVI) was allotted and issued as fully paid at an issue price of US\$1.00 to the Company.

Million Hope (BVI) was incorporated in the BVI with limited liability on 15 February 2018. As at the date of incorporation, Million Hope (BVI) was authorised to issue a maximum of 50,000 shares of one class of no par value. On 13 March 2018, one share of Million Hope (BVI) was allotted and issued as fully paid at an issue price of US\$1.00 to Million Hope Industries (BVI).

Paramount Forward was incorporated in the BVI with limited liability on 2 January 2018. As at the date of incorporation, Paramount Forward was authorised to issue a maximum of 50,000 shares of one class with a par value of US\$1.00. On 28 March 2018, one share of Paramount Forward was allotted and issued as fully paid at an issue price of US\$1.00 to Million Hope (BVI).

Following the Reorganisation, Million Hope Industries (BVI) became a direct wholly-owned subsidiary of the Company, and Million Hope (BVI) and Paramount Forward became indirect wholly-owned subsidiaries of the Company.

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Transfer of shares in Heroic Elite to Million Hope (BVI)

Heroic Elite is a company incorporated in the BVI on 27 February 2017 with limited liability, and is authorised to issue a maximum of 50,000 shares of a single class with a par value of US\$1.00 par value each. On 28 March 2018, pursuant to a sale and purchase agreement, Million Hope (BVI) acquired the entire issued share capital of Heroic Elite for a consideration of HK\$7.80, and took assignment of a shareholder’s loan owing by Heroic Elite in the amount of HK\$153,409,064.60, representing the Hanison Group’s investment cost in Heroic Elite. The consideration for transfer of the share capital and assignment of the loan was left outstanding as an inter-company balance, which balance will ultimately be settled in the form of a net repayment by the Company to Hanison Construction (BVI) prior to the Listing.

Heroic Elite is an investment holding company, and holds the Property, a main portion of which is used as the Group’s office space through its wholly-owned subsidiaries. Following the Reorganisation, Heroic Elite became an indirect wholly-owned subsidiary of the Company.

Transfer of shares in Million Hope Industries (HK)

On 28 March 2018, Paramount Forward acquired all the issued shares of Million Hope Industries (HK) for a consideration of HK\$3,385,189. The consideration represented the investment cost of the Hanison Group in Million Hope Industries (HK). The consideration for the transfer was settled by way of a promissory note issued by Paramount Forward to Rich Color Limited. The promissory note was transferred and left outstanding as a balance owing by the Company to Hanison Construction (BVI) and will ultimately be settled in the form of a net repayment by the Company to Hanison Construction (BVI) prior to the Listing.

Million Hope Industries (HK) is the principal operating subsidiary of the Group in Hong Kong, and is also a holding company of Million Hope (Huizhou), the principal operating subsidiary of the Group in the PRC. Following the Reorganisation, Million Hope Industries (HK) became an indirect wholly-owned subsidiary of the Company.

Increase of authorised share capital

On [•] 2018, the authorised share capital of the Company was increased from HK\$380,000 divided into 3,800,000 Shares of HK\$0.10 each to HK\$[REDACTED] divided into [REDACTED] Shares of HK\$0.10 each, by the creation of [REDACTED] Shares of HK\$0.10 each.

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Allotment and issue of Shares, contribution on Shares and the Distribution

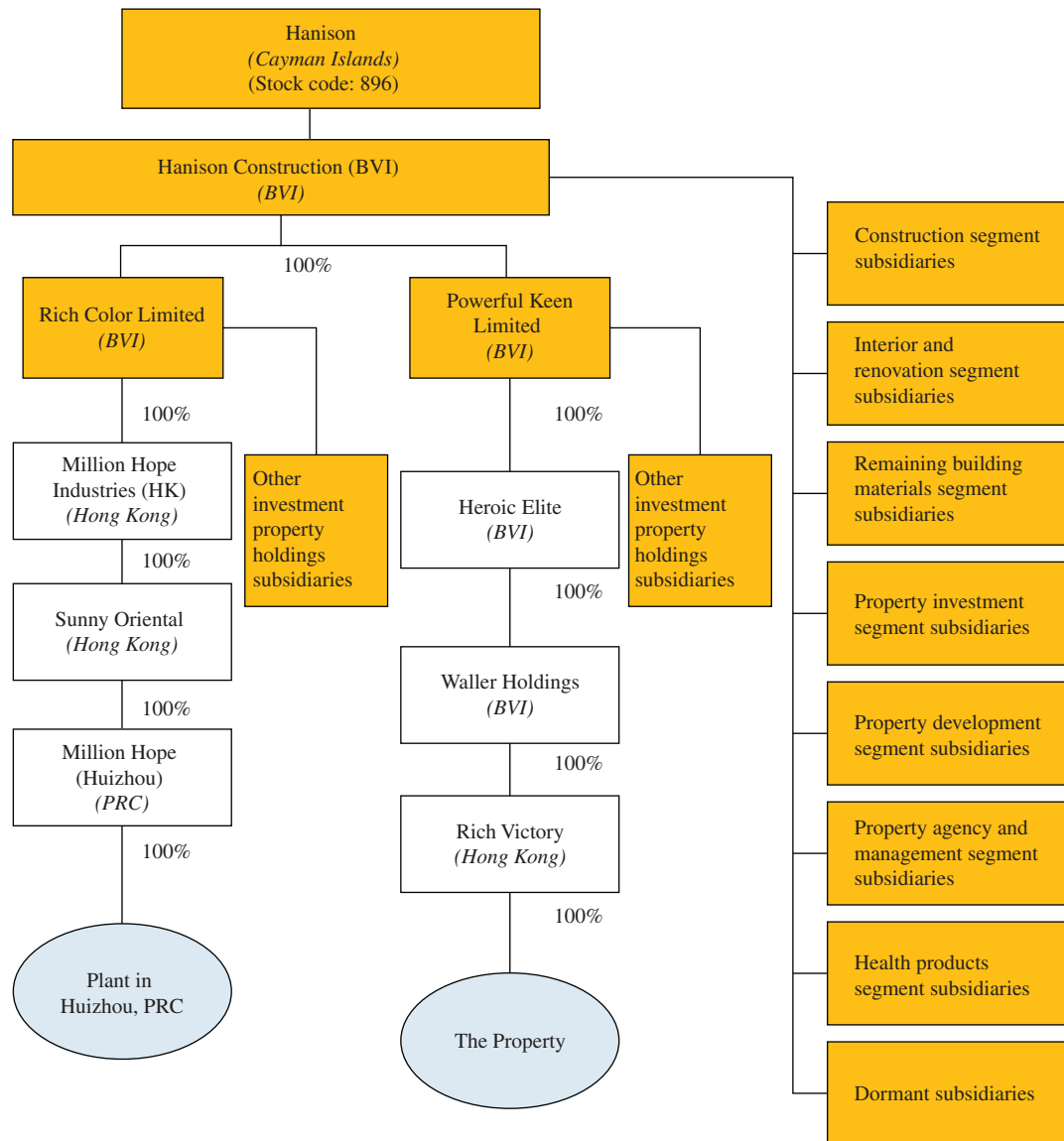
After the Record Date and prior to effecting the Distribution, the Company will allot and issue such number of new Shares as will ultimately enable Hanison to effect the Distribution on the basis of two Shares for every five Hanison Shares held on the Record Date. Assuming Hanison’s issued share capital remains the same on the Record Date as it was on the Latest Practicable Date, the Company will allot and issue [REDACTED] Shares to Hanison Construction (BVI) at nominal value, for cash (total amount payable: HK\$[REDACTED]). Following such issue of Shares, the issued share capital of the Company would be [REDACTED] Shares. In addition, on the same date, Hanison Construction (BVI) will contribute such further cash sum, on the issued share capital of the Company, as will, after contribution, increase the net asset value of the Group to an amount of not less than HK\$500 million, such that, on Distribution, the Group's net asset value meets the requirements of the Listing Rules. From the cash sums subscribed and contributed, the Company will, prior to the Listing, settle the net outstanding inter-company balance owing by the Company to Hanison Construction (BVI).

The Distribution involves the distribution in specie of the entire issued capital of the Company by Hanison Construction (BVI) to its shareholder, namely Hanison, followed immediately by a second distribution in specie of the entire issued share capital of the Company by Hanison to the Distribution Qualifying Shareholders. Subsequent to the allotment and issue of Shares as mentioned above and based on the amount of issued share capital of Hanison as at the Latest Practicable Date, and assuming that it will remain unchanged on the Record Date, [REDACTED] Shares will be the subject of the Distribution.

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CORPORATE STRUCTURE

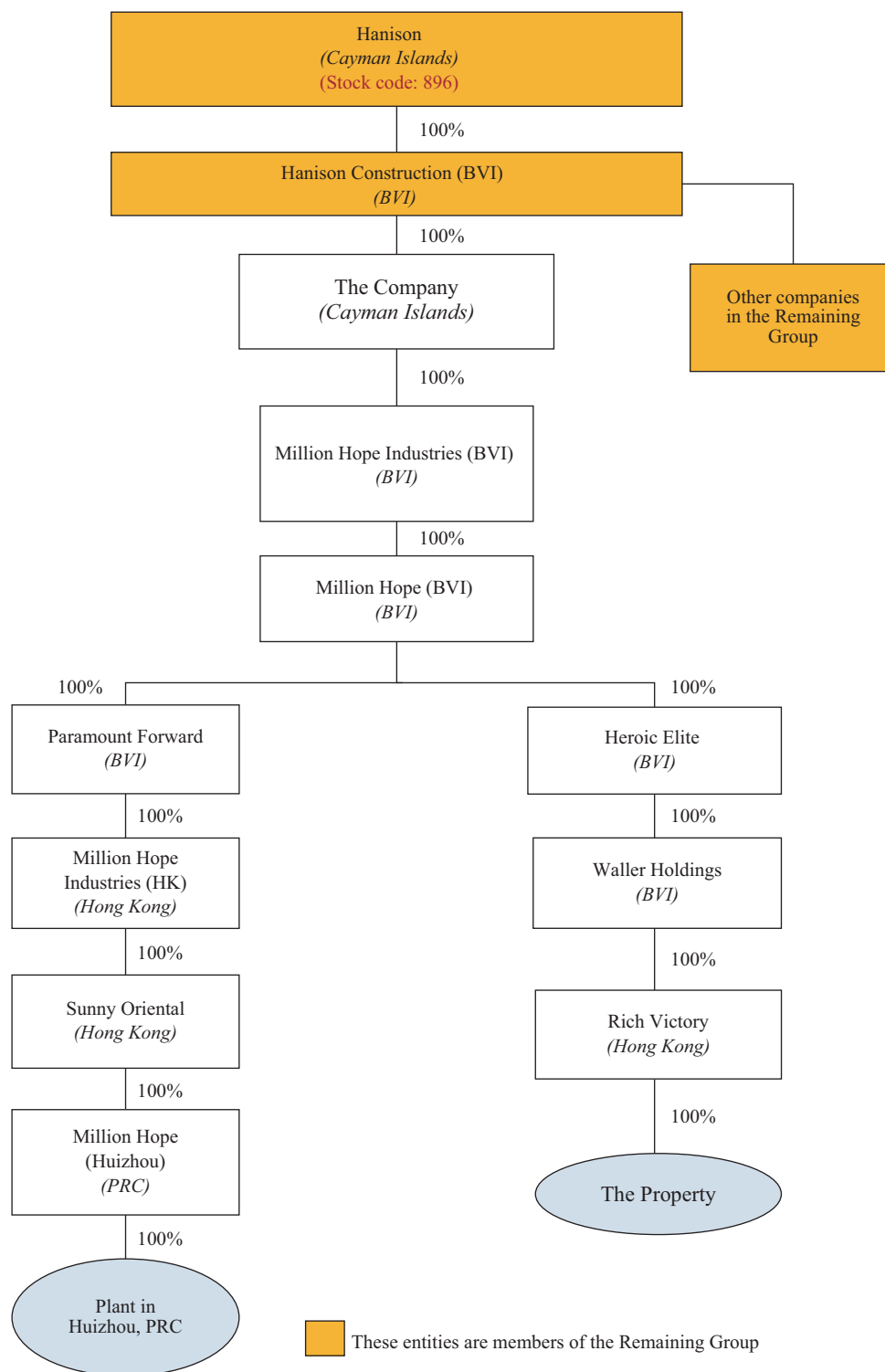
Prior to the Reorganisation, the simplified shareholding structure of the Group was as follows:



These entities are members of the Remaining Group.

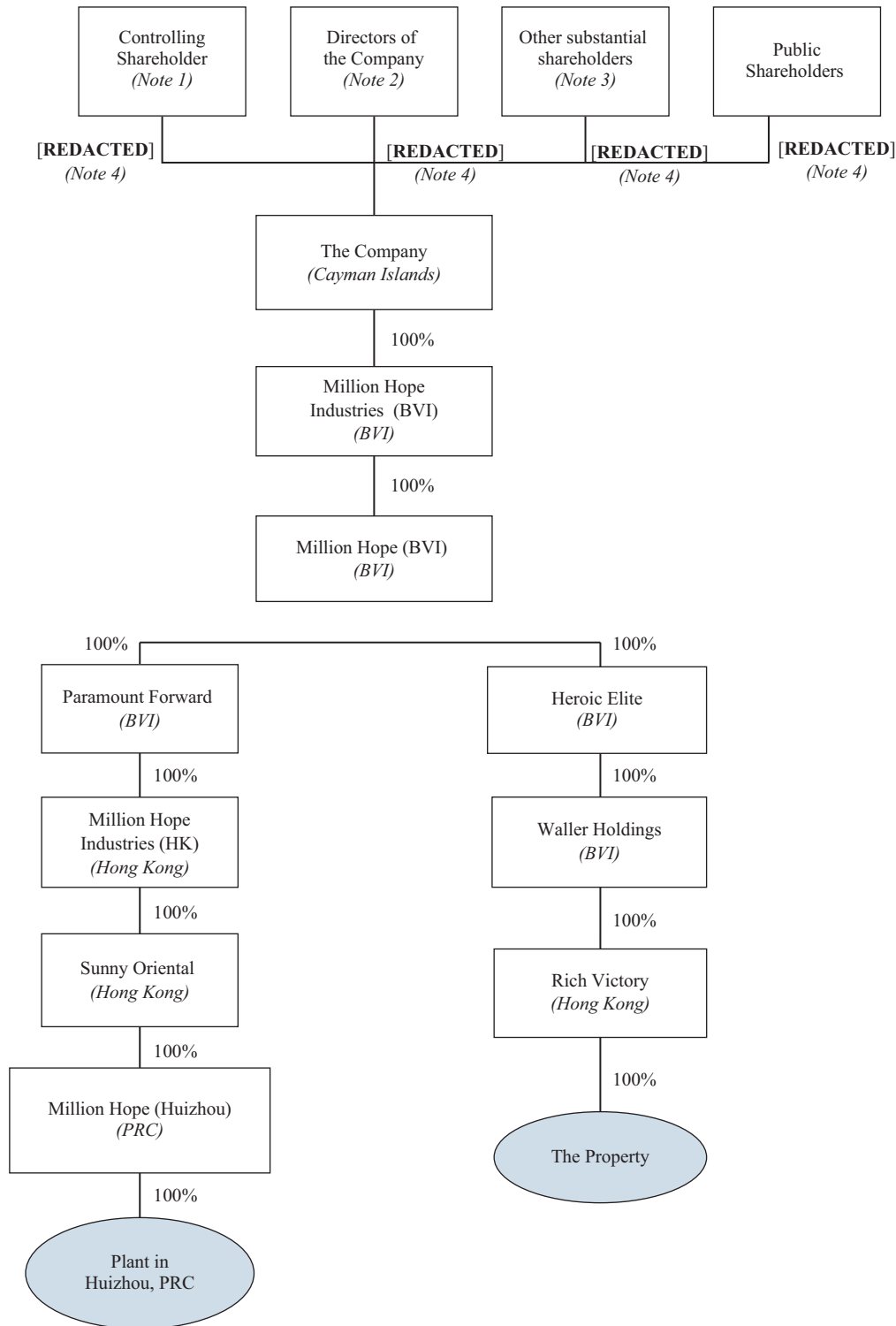
The simplified shareholding structure of the Group immediately after the Reorganisation but prior to the completion of the Spin-off and Listing is as follows:

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The shareholding structure of the Group immediately following the completion of the Spin-off (assuming there is no change in the shareholding in Hanison from the shareholding as at the Latest Practicable Date) is as follows:



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Notes:

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. The percentage figures are based on the assumption that all Shareholders are Distribution Qualifying Shareholders, and do not take into account the exercise of any outstanding share options pursuant to the share option scheme of Hanison adopted on 21 September 2011 on or before the Record Date.