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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hanison Construction Holdings Limited, you should at once hand this circular to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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興勝創建控股有限公司

HANISON CONSTRUCTION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 896)

DISCLOSEABLE TRANSACTIONS

**PROVISIONAL SALE AND PURCHASE AGREEMENTS
FOR SEPARATE PROPERTY ACQUISITIONS**

A letter from the board of directors of the Company is set out on pages 3 to 6 of this circular.

29th June 2004

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:—

“Agreements”	the Megalink Agreement and the Hammond Agreement
“Company”	Hanison Construction Holdings Limited, the issued Shares of which are listed on the Stock Exchange
“connected person”	as defined in the Listing Rules and references to “independent third party” and “independent” shall be construed accordingly
“Directors”	the directors of the Company
“Employment Ordinance”	Employment Ordinance (Cap.57 of the Laws of Hong Kong)
“Forever Gainer”	Forever Gainer Development Limited, an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hammond”	Hammond Development Company Limited, a company principally engaged in the business of real estate and general trading
“Hammond Agreement”	the provisional sale and purchase agreement dated 4th June 2004 and entered into by Hammond and Forever Gainer
“Hammond Property”	the property situated at No. 4 College Road, Kowloon Tong, Kowloon, Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	25th June 2004
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Megalink”	Megalink Holdings Limited, a company principally engaged in the business of general trading
“Megalink Agreement”	the provisional sale and purchase agreement dated 4th June 2004 and entered into by Megalink and Forever Gainer
“Megalink Property”	the property situated at No. 21 Sau Chuk Yuen Road, Kowloon Tong, Kowloon, Hong Kong

DEFINITIONS

“PRC”	the People’s Republic of China, which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“Properties”	the Hammond Property and the Megalink Property
“SFO”	Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong)
“Shareholders”	shareholders of the Company
“Shares”	shares of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD



興勝創建控股有限公司 HANISON CONSTRUCTION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Directors:—

Mr. Cha Mou Sing, Payson (*Chairman*) *
Mr. Wong Sue Toa, Stewart (*Managing Director*)
Mr. Tai Sai Ho (*General Manager*)
Mr. Cha Mou Daid, Johnson *
Mr. Cha Yiu Chung, Benjamin *
Mr. Chan Pak Joe **
Dr. Lam Chat Yu
Mr. Shen Tai Hing
Dr. Sun Tai Lun **

Registered Office:—

P.O. Box 309, Uglan House
South Church Street, George Town
Grand Cayman, Cayman Islands
British West Indies

Principal Office in Hong Kong:—

Unit 1, 4/F., Block B
Shatin Industrial Centre
5-7 Yuen Shun Circuit
Shatin, New Territories
Hong Kong

* *Non-executive Director*

** *Independent Non-executive Director*

29 June 2004

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTIONS

PROVISIONAL SALE AND PURCHASE AGREEMENTS FOR SEPARATE PROPERTY ACQUISITIONS

INTRODUCTION

The board of Directors announced on 8th June 2004 that Forever Gainer, an indirect wholly-owned subsidiary of the Company, entered into the Agreements with Megalink and Hammond in relation to the acquisition of the Properties.

LETTER FROM THE BOARD

A. THE MEGALINK AGREEMENT

Background

On 4th June 2004, Forever Gainer, an indirect wholly-owned subsidiary of the Company, entered into the Megalink Agreement with Megalink in relation to the acquisition of the Megalink Property.

Principal Terms of the Megalink Agreement

Consideration

The consideration for the acquisition of the Megalink Property is HK\$25 million, which will be satisfied by way of cash. The consideration has been arrived at after negotiation conducted between Forever Gainer and Megalink on an arm's length basis.

The consideration is payable as follows:

1. an initial deposit of HK\$1.25 million shall be paid upon signing of the Megalink Agreement;
2. an additional deposit of HK\$1.25 million shall be paid upon signing of the formal sale and purchase agreement; and
3. the balance of HK\$22.5 million shall be paid upon completion of the Megalink Agreement.

It is intended that the signing of the aforesaid formal sale and purchase agreement for the acquisition of the Megalink Property shall take place on or before 26th June 2004, and completion of the Megalink Agreement shall take place on or before 26th July 2004. Forever Gainer has paid to Megalink the initial and additional deposits in accordance with the terms of the Megalink Agreement. Upon completion of the Megalink Agreement, Forever Gainer will be taking vacant possession of the Megalink Property.

B. THE HAMMOND AGREEMENT

Background

On 4th June 2004, Forever Gainer entered into the Hammond Agreement with Hammond in relation to the acquisition of the Hammond Property.

Principal Terms of the Hammond Agreement

Consideration

The consideration for the acquisition of the Hammond Property is HK\$27.8 million, which will be satisfied by way of cash. The consideration has been arrived at after negotiation conducted between Forever Gainer and Hammond on an arm's length basis.

LETTER FROM THE BOARD

The consideration is payable as follows:

1. an initial deposit of HK\$1.39 million shall be paid upon signing of the Hammond Agreement;
2. an additional deposit of HK\$1.39 million shall be paid upon signing of the formal sale and purchase agreement; and
3. the balance of HK\$25.02 million shall be paid upon completion of the Hammond Agreement.

It is intended that the signing of the formal sale and purchase agreement for the acquisition of the Hammond Property shall take place on or before 26th June 2004, and completion of the Hammond Agreement shall take place on or before 12th July 2004. Forever Gainer has paid to Hammond the initial and additional deposits in accordance with the terms of the Hammond Agreement. Upon completion of the Hammond Agreement, Forever Gainer will be taking vacant possession of the Hammond Property, except that one of the floors of the Hammond Property is currently subject to a tenancy agreement which will expire on 31st July 2004.

C. GENERAL INFORMATION AND LISTING RULES IMPLICATION

The Company is an investment holding company. The Group is principally engaged in the business of building construction, interior and renovation works, supply and installation of building materials, trading of health products and property investment and development.

The Company intends to retain the Properties for investment purposes. The Directors are of the view that the acquisition of the Properties will broaden the portfolio of the property investment division of its business. The Directors believe that the terms of the Agreements are fair and reasonable and in the interests of the Shareholders as a whole.

Although no independent valuation has been obtained in respect of the Properties, the Group's property department undertook its own valuation exercise in respect of the Properties, which included an analysis of transactions for comparable properties in the area in which the Properties are situated, during the week beginning 31st May 2004. Based on this internal valuation exercise, the Directors have concluded that the respective consideration amounts for the Megalink Property and the Hammond Property equate to their respective fair market values. The amounts of the consideration payable by Forever Gainer under the Megalink Agreement (being HK\$25 million) and the Hammond Agreement (being HK\$27.8 million) represent approximately 19% and 21%, respectively, of the total market capitalisation of the Company calculated on the basis of the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of the Agreements (being approximately HK\$132.8 million). Each of the Megalink Agreement and the Hammond Agreement constitutes a discloseable transaction for the Company under the Listing Rules.

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, Megalink and Hammond and the ultimate beneficial owners of Megalink and Hammond are third parties independent of the Company and its connected persons.

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D. FINANCIAL EFFECTS OF THE ACQUISITION OF THE PROPERTIES

As at 31st March 2004, the working capital of the Group was HK\$113,087,000. The total consideration for the acquisition of the Properties represented approximately 46.7% of the working capital of the Group as at 31st March 2004. Taking into account of the Group's revenue streams, credit requirements, banking facilities available and the income to be generated from the Properties, the Company considers that the Group has sufficient working capital to meet its ongoing business requirements. The current working capital ratio of the Group will decrease from approximately 1.4 to approximately 1.2 immediately upon the completion of the acquisition of the Properties.

The Group had bank loans of HK\$55,300,000 and the gearing ratio for the Group (being total borrowings divided by Shareholders' funds) was 13.9% as at 31st March 2004. The Group anticipates that it will require an additional bank loan of approximately HK\$20,000,000 to finance the acquisition of the Properties, and the remaining part of the consideration will be paid out of the Group's internal resources. Accordingly, the Group anticipates that the total bank loans obtained by the Group will amount to approximately HK\$75,300,000 after completion of the acquisition of the Properties, and the gearing ratio of the Group upon completion of the acquisition of the Properties will be approximately 18.9%.

The income generated from the Properties is rental income. The annual profit before taxation generated from the Properties is estimated to be approximately HK\$1.8 million.

E. ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the Appendix in this circular.

Yours faithfully,
By Order of the Board
Hanison Construction Holdings Limited
Cha Mou Sing, Payson
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the following Directors and chief executive of the Company were interested, or were deemed to be interested in the following long and short positions in the Shares, underlying Shares of equity derivatives and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (“Model Code”) adopted by the Company to be notified to the Company and the Stock Exchange:

Interests in the Company

Name	Capacity	Personal interests	Corporate interests	Other interests	Total no. of ordinary Shares	Long/Short position	% of issued share capital
Cha Mou Sing, Payson	(1) Beneficial owner, (2) interest of controlled corporation and (3) beneficiary of discretionary trusts	294,107	328,075 (Note 1)	66,728,489 (Note 2)	67,350,671	Long Position	23.74%
Cha Mou Daid, Johnson	Beneficiary of discretionary trusts	—	—	67,701,613 (Note 2)	67,701,613	Long Position	23.87%
Cha Yiu Chung, Benjamin	Beneficiary of discretionary trusts	—	—	66,728,489 (Note 2)	66,728,489	Long Position	23.52%
Wong Sue Toa, Stewart	(1) Beneficial owner and (2) interest of controlled corporation	2,379,783	1,807,224 (Note 1)	—	4,187,007	Long Position	1.48%
Tai Sai Ho	Beneficial owner	1,200	—	—	1,200	Long Position	0.0004%
Shen Tai Hing	Beneficial owner	5,250	—	—	5,250	Long Position	0.0019%

Notes:

- (1) *The Shares are held by a corporation in which the relevant director is deemed to be interested by virtue of Part XV of the SFO. Mr. Wong Sue Toa, Stewart's corporate interests in the Company arise from the fact that he owns 50% of the share capital of a corporation, which, as at the Latest Practicable Date, held 1,807,224 Shares.*
- (2) *These Shares are held under certain discretionary trusts, of which Mr. Cha Mou Sing, Payson, Mr. Cha Mou Daid, Johnson and Mr. Cha Yiu Chung, Benjamin are members of the class of discretionary beneficiaries comprising Dr. Cha Chi Ming and his issue under certain but not identical discretionary trusts.*

Save as disclosed in this circular, as at the Latest Practicable Date, none of Directors and chief executive of the Company were interested, or were deemed to be interested in long or short positions in the Shares, underlying Shares of equity derivatives and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code adopted by the Company to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WITH NOTIFIABLE INTERESTS

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (other than the Directors or chief executive of the Company) had an interest in the following long positions in the Shares and underlying Shares of equity derivatives which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group:

Interests in the Company

Name	Capacity	Number of ordinary Shares	Long/Short Position	% of issued share capital
Great Wisdom Holdings Limited (<i>Note 1</i>)	Beneficial owner	138,998,833	Long Position	49.0%
HKR International Limited ("HKRI") (<i>Note 1</i>)	Interest of controlled corporation	138,999,013	Long Position	49.0%
LBJ Regents Limited ("LBJ Regents") (<i>Note 2</i>)	(1) Trustee and (2) interest of controlled corporations	207,599,143	Long Position	73.18%

Notes:

- (1) *Great Wisdom Holdings Limited is a wholly-owned subsidiary of HKRI and therefore HKRI is deemed to be interested in the 138,998,833 Shares held by Great Wisdom Holdings Limited in accordance with the SFO.*

- (2) *These Share interests comprise 59,508,048 Shares directly held by LBJ Regents, 9,092,082 Shares indirectly held by LBJ Regents through a wholly-owned subsidiary and a subsidiary held as to approximate by 52.24% by LBJ Regents, and 138,999,013 Shares held by HKRI. LBJ Regents is the holder of approximately 50.31% of shares in HKRI and pursuant to the SFO, LBJ Regents is deemed to be interested in the 138,999,013 shares held by HKRI. As at the Latest Practicable Date, LBJ Regents directly held approximately 44.03% interest in HKRI, and indirectly, through a wholly-owned subsidiary and a subsidiary held as to approximately 52.24% by LBJ Regents, held approximately 6.28% interest in HKRI. LBJ Regents is holding these Shares and the shares in HKRI as the trustee of certain irrevocable discretionary trusts of which members of the Cha Family (comprising, for this purpose, Dr. Cha Chi Ming, Ms. Wong May Lung, Madeline (being a daughter of Dr. Cha Chi Ming), Mr. Cha Mou Sing, Payson, Mr. Cha Mou Zing, Victor and Mr. Cha Mou Daid, Johnson (being the sons of Dr. Cha Chi Ming), Mr. Cha Yiu Chung, Benjamin (being a grandson of Dr. Cha Chi Ming) together with their respective associates, excluding, as the case may be, HKRI) are among the discretionary objects.*

Save as disclosed in this circular, the Directors are not aware of any person who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying Shares of equity derivatives which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or was proposing to enter into any service contract with the Company or any subsidiary of the Company (except those which would expire within one year or was determinable by the employing company within one year without payment of compensation other than statutory compensation).

5. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, the interests of Directors in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules were as follows:

Name of Director (Note 1)	Name of Company	Nature of interest	Competing business (Note 2)
Cha Mou Sing, Payson	HKRI	Director; and a member of the class of discretionary beneficiaries of certain discretionary trusts of which the trustee is deemed a substantial shareholder under Part XV of the SFO	(a) Property development and investment (b) Property management, leasing and marketing services
	CDW Building Ltd.	Director	Property investment and property management
Cha Mou Daid, Johnson	HKRI	Director; and a member of the class of discretionary beneficiaries of certain discretionary trusts of which the trustee is deemed a substantial shareholder under Part XV of the SFO	(a) Property development and investment (b) Property management, leasing and marketing services
	CDW Building Ltd.	Director	Property investment and property management
Cha Yiu Chung, Benjamin	HKRI	A member of the class of discretionary beneficiaries of certain discretionary trusts of which the trustee is deemed a substantial shareholder under Part XV of the SFO	(a) Property development and investment (b) Property management, leasing and marketing services
Lam Chat Yu	CDW Building Ltd.	Director	Property investment and property management

Notes:

- (1) *Mr. Cha Mou Sing, Payson, Mr. Cha Mou Daid, Johnson and Mr. Cha Yiu Chung, Benjamin are non-executive directors of the Company, who are not involved in the daily management of the Group.*
- (2) *Such businesses may be made through subsidiaries, associated companies or by way of other forms of investments.*

Save as disclosed above, and as at the Latest Practicable Date, none of the Directors or their respective associates was interested in, apart from the Group's businesses, any business which competes or is likely to compete, either directly or indirectly, with businesses of the Group.

6. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group, except for the following:—

- (i) legal actions in respect of allegations for copyright infringement and defamation have been taken against certain subsidiaries of the Company carrying on health product business and since only preliminary steps have been taken against the Group, the Directors are of the opinion that it is impractical to assess the impact of such legal actions on the Group;
- (ii) actions for personal injury claims are being taken against the Group from time to time in the course of and in connection with its construction, interior and renovation businesses and the costs of which are generally covered by insurers and/or the liquidator of the relevant insurance company where such company has been put into liquidation and/or the Employee Compensation Assistance Fund Board; and
- (iii) a subsidiary of the Company (the "Subsidiary") has taken legal action in respect of a dispute relating to matters under the Employment Ordinance and/or breach of a sub-contract against a sub-contractor of the Group and the sub-contractor has subsequently made a counter-claim against the Subsidiary of the Company in respect of the alleged outstanding payment for work done, and since only preliminary steps have been taken by the Subsidiary and the sub-contractor, the Directors are of the opinion that it is impractical to assess the impact of such legal action on the Group.

7. GENERAL

- (a) Mr. Lo Kai Cheong Casey, FHKSA, is the company secretary and the qualified accountant of the Company.
- (b) The registered office of the Company is situated at P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies.
- (c) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.