



HANISON CONSTRUCTION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

DISCLOSEABLE AND CONNECTED TRANSACTION — ACQUISITION OF SHARES AND LOANS

The Directors are pleased to announce that on 21st February, 2003, the Company entered into the Agreement with HKRI, a substantial shareholder of the Company, in relation to the acquisition by the Company through Media Group, a wholly-owned subsidiary of the Company, of the entire issued share capital of Amwell Investments and Wisdom Concept and 50% of the entire issued share capital of each of Fairwide and Berville from HKRI through Amwell Property and HKR (PRC), indirect wholly-owned subsidiaries of HKRI and the assignment to the Company by HKRI of all its rights and benefits in and to the Loans for a total consideration of HK\$180 million payable by the Company in cash in full at Completion. Such consideration monies will be financed by internal resources of the Group.

As HKRI is a substantial shareholder and a connected person of the Company and the Consideration will exceed 15% of the consolidated net tangible assets of the Company as disclosed in its latest published interim accounts for the six months ended 30th September, 2002, the entering into of the Agreement and the Acquisition will constitute a connected and discloseable transaction under the Listing Rules. Accordingly, Completion is conditional upon, amongst other things, the approval of the Independent Shareholders at the EGM pursuant to the Listing Rules in respect of connected transactions.

A circular containing, amongst other things, further information on the Agreement and the transactions contemplated therein, a letter from the Independent Board Committee, a letter from the independent financial adviser to the Independent Board Committee, a valuation report and a notice convening the EGM will be dispatched to the Shareholders as soon as practicable.

1. THE AGREEMENT

Date :

21st February, 2003

Parties :

HKRI through Amwell Property and HKR (PRC) as the vendor and HKRI itself as the assignor

The Company through Media Group as the purchaser and the Company itself as the assignee

Assets to be acquired:

Pursuant to the Agreement, the Company has conditionally agreed, amongst other things, to acquire (through Media Group in respect of the Sale Shares and for itself in respect of the Loans), from HKRI (through Amwell Property and HKR (PRC) (as the case may be) in respect of the Sale Shares and from itself in respect of the Loans), the following:—

- the entire issued share capital in Amwell Investments and the HK\$56,978,104.37 in respect to its relevant portion of the Loans for a cash consideration of HK\$40 million.
- the entire issued share capital of Wisdom Concept and HK\$107,725,606.80 in respect to its relevant portion of the Loans for a cash consideration of HK\$130 million.
- 50% of the entire issued share capital of Berville and HK\$11,954,975.05 in respect to its relevant portion of the Loans for an aggregate cash consideration of HK\$4,802,676. The holder of the remaining 50% of the issued share capital of Berville is not a connected person of the Company (as defined in the Listing Rules).
- 50% of the entire issued share capital of Fairwide and HK\$15,005,912.63 in respect to its relevant portion of the Loans for an aggregate cash consideration of HK\$5,197,324. The holder of the remaining 50% of the issued share capital of Fairwide is not a connected person of the Company (as defined in the Listing Rules).

The Directors consider that the terms of the Agreement have been entered into on normal commercial terms, on an arm's length basis and are fair and reasonable so far as the shareholders of the Company (including the Independent Shareholders) as a whole are concerned.

2. CONSIDERATION AND PAYMENT TERMS

The Consideration payable by the Company for the Acquisition is HK\$180 million and the Directors consider that such consideration monies are fair and reasonable so far as the shareholders of the Company as a whole are concerned as it had been arrived at after arm's length negotiations between the parties to the Agreement with reference to the net asset values of each of Amwell Investments, Wisdom Concept, Berville and Fairwide and their respective underlying assets and a valuation by Jones Lang LaSalle, an independent professional surveyor dated 14th February, 2003 of the underlying properties owned by each of Amwell Investments, Wisdom Concept, Fairwide and Berville (directly or indirectly). The Consideration will be satisfied by cash in full at Completion and will be financed by internal resources of the Group.

3. CONDITIONS OF THE AGREEMENT

Completion is conditional upon, inter alia:

- the passing by the Independent Shareholders of an ordinary resolution at the EGM to approve the Agreement and the transactions contemplated therein; and
- all necessary consents being granted by third parties (including but not limited to governmental or official or regulatory authorities or holders of the remainder of the issued share capital of each of Berville and Fairwide, where applicable) to approve the Acquisition.

4. COMPLETION

Completion shall take place on the same business day as all the condition precedents to the Agreement shall have been fulfilled by the parties of the Agreement or such later date as may be mutually agreed between the Company and HKRI which shall not in any event be later than 30th April, 2003.

5. INFORMATION ON EACH OF AMWELL INVESTMENTS, WISDOM CONCEPT, FAIRWIDE AND BERVILLE

Amwell Investments is an investment holding company which owns a parcel of land situated at Lot No. 2574 in Demarcation District 92, Castle Peak Road, Kwu Tung, New Territories through Sental Investment, its wholly owned subsidiary. The Company proposes to develop it into a low-rise residential development and building plans approval has been granted as at the date hereof.

Wisdom Concept is a property development company which owns a total of 121 agricultural lots situated at Demarcation District 129, Deep Bay Road, Yuen Long, New Territories. The Company proposes to develop it into a low-density residential development and has obtained planning approval from the Town Planning Board of Hong Kong to build low-density houses.

Fairwide and Berville are both investment holding companies which own the right to use two pieces of adjoining land situated at the junction of Hongfu Lu and Shizhu Lu, Central District, Dongguan, the PRC through Dongguan Kee Hing Real Estate Development Limited and Dongguan Kee Sing Real Estate Development Limited, the wholly-owned subsidiaries of each of Fairwide and Berville respectively. The Company proposes to develop it into a commercial/residential development.

As at 31st March, 2002, the audited net asset value of each of Amwell Investments, Wisdom Concept, Fairwide and Berville was approximately HK\$(15,732)*, HK\$(55,963,946), HK\$(14,510,623) and HK\$(9,635,344) respectively. For the two financial years ended 31st March, 2001 and 2002, the audited profits before and after taxation and extraordinary items of each of Amwell Investments, Wisdom Concept, Berville and Fairwide are as follows:

Relevant company	Audited profits before tax and extraordinary items for year ended	Audited profits after tax and extraordinary items for year ended	Audited profits before tax and extraordinary items for year ended	Audited profits after tax and extraordinary items for year ended
	31st March, 2001 (HK\$)	31st March, 2001 (HK\$)	31st March, 2002 (HK\$)	31st March, 2002 (HK\$)
Amwell Investments	(4,290)*	(4,290)*	(8,580)*	(8,580)*
Wisdom Concept	(62,461)	(62,461)	(49,788,429)	(49,788,429)
Berville	3,761,883	3,761,883	264,758	264,758
Fairwide	6,416,886	6,416,886	287,718	287,718

* No audited accounts has been prepared for Amwell Investments as a company incorporated in the British Virgin Islands was not required to do so. Accordingly, the figures provided herein are unaudited.

6. REASONS FOR THE PROPOSED ACQUISITION

The Group is principally engaged in the construction and construction-related businesses. The Company is continuously exploring investment opportunities to broaden the Group's revenue stream and enhance the Group's profitability. The Directors believe that property development is related to and will complement its existing businesses. It will also help expand and diversify the Group's scope of businesses, strengthen its earnings base through such diversification and in the long-term, assist the Group to maintain its competitiveness.

The Directors believe that with the Group's existing businesses, the Group already possesses the requisite expertise to expand into property development and that this will contribute to the future growth of the Group. Accordingly, the Directors consider that the Acquisition will help to enhance the Company's ability to sustain its development and growth organically, thus raising and maintaining the value of its shares to the Company's shareholders. In addition, the Directors consider that the Acquisition and the properties owned by each of the relevant companies are of an appropriate scale for the Group to develop in view of location and size of each such property.

With the Hong Kong government's recent housing policy to stabilize the property market in Hong Kong in mind, the Directors believe that the property market in Hong Kong will likely improve. With the entry of the PRC into the World Trade Organisation and the growth prospects of the PRC's gross domestic product, the Directors are optimistic about the property market in the PRC. The acquisitions of 50% shareholding interests in each of Fairwide and Berville which own properties in Dongguan, the PRC through each of their wholly-owned subsidiaries will provide the Group with an opportunity to develop and expand into the PRC.

The Acquisition will be funded by the Group's internal source of funds. It is the intention of the Group to seek investment opportunities to obtain better returns on its investments by utilising its surplus funds.

7. GENERAL INFORMATION

The Company is an investment holding company. Its subsidiaries are principally engaged in property construction, the provision of interior and renovation services, and the supply and installation of building materials.

None of the Directors is interested in the Acquisition other than their respective shareholding interests in the Company and HKRI, where applicable. As HKRI is a substantial shareholder of the Company and therefore a connected person of the Company and the Consideration will exceed 15% of the consolidated net tangible assets of the Company as disclosed in its latest published interim accounts for the six months ended 30th September, 2002, the entering into of the Agreement and the transactions contemplated therein will constitute a connected and discloseable transaction of the Company under the Listing Rules. Accordingly, the Agreement and the transactions contemplated therein are subject to, among other things, the approval of the Independent Shareholders at the EGM. In view of the interests in the Company of each of HKRI, LBJ Regents, which directly and indirectly owns an aggregate of 74.6% of the entire issued share capital of the Company as at the date hereof and the Cha Family, which is the beneficial substantial shareholder of the Company, HKRI, LBJ Regents and the Cha Family and their respective associates will abstain from voting at the EGM in respect of any proposed resolution relating to the Acquisition or the Agreement. An independent financial adviser has been appointed to advise the Independent Board Committee on the Acquisition. A circular containing, among other things, further details of the Agreement and the transactions contemplated therein, a letter from the Independent Board Committee, a letter from the independent financial adviser to the Independent Board Committee, a valuation report and a notice convening the EGM will be dispatched to the Shareholders as soon as practicable.

Expressions used in this announcement:

Expressions used in this announcement have the following meanings unless the context require otherwise:—

"Acquisition"	the acquisition by the Company through Media Group of the Sale Shares from HKRI through Amwell Property and HKR (PRC) (as the case may be) and the assignment to the Company by HKRI of the Loans, pursuant to the terms of the Agreement
"Agreement"	the conditional sale and purchase agreement dated 21st February, 2003 entered into between the Company and HKRI in relation to the Acquisition
"Amwell Investments"	Amwell Investments Limited, a company incorporated in the British Virgin Islands with limited liability whose entire issued share capital is held by Amwell Property and an indirect wholly-owned subsidiary of HKRI
"Amwell Property"	Amwell Property Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of HKRI
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Berville"	Berville Investment Limited, a company incorporated in Hong Kong with limited liability whose issued share capital is owned as to 50% by HKR (PRC) and therefore a 50%-owned associated company of HKRI
"Cha Family"	means Mr. Cha Chi Ming, Ms Wong May Lung, Madeline (being a daughter of Mr. Cha Chi Ming), Mr. Cha Mou Sing, Payson (being the Chairman of the Company), Mr. Cha Mou Zing, Victor and Mr. Cha Mou Daid, Johnson (being the sons of Mr. Cha Chi Ming) together with their respective associates as defined in the Listing Rules and who directly and indirectly owns an aggregate of 74.8% of the entire issued share capital of the Company as at the date hereof, with an indirect shareholding interest of 49% being held through certain entities' 50.67% shareholding interest in HKRI, and are connected persons
"Company"	Hanison Construction Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
"Completion"	completion of the Acquisition pursuant to the terms of the Agreement
"connected person(s)"	has the same meanings ascribed to it in the Listing Rules
"Consideration"	the total consideration for the Acquisition pursuant to the Agreement being HK\$180,000,000, comprising of HK\$40,000,000 and HK\$130,000,000 in respect of the entire issued share capital of and the relevant portions of the Loans of each of Amwell Investments and Wisdom Concept respectively and HK\$4,802,676 and HK\$5,197,324 in respect of 50% of the entire issued share capital of and the relevant portions of the Loans of each of Berville and Fairwide respectively
"Directors"	the directors of the Company
"EGM"	an extraordinary general meeting of the Company to be convened and held to approve the Agreement and the transactions contemplated therein
"Fairwide"	Fairwide Limited, a company incorporated in Hong Kong with limited liability whose issued share capital is owned as to 50% by HKR (PRC) and therefore a 50%-owned associated company of HKRI
"Group"	the Company and its subsidiaries from time to time
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKR (PRC)"	HKR (PRC) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of HKRI
"HKRI"	HKRI International Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange, a substantial shareholder and connected person of the Company, which indirectly owns 49% of the entire issued share capital of the Company as at the date hereof
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Shareholders"	the shareholders of the Company other than HKRI, LBJ Regents and the Cha Family and their respective associates
"Independent Board Committee"	an independent committee of the board of Directors consisting of Dr Sun Tai Lun and Mr. Chan Pak Joe, the independent non-executive Directors
"LBJ Regents"	LBJ Regents Limited is the trustee of certain discretionary trusts of which members of the Cha Family are among the beneficiaries and which directly and indirectly owns an aggregate of 74.6% of the entire issued share capital of the Company as at the date hereof, with an indirect shareholding interest of 49% being held through its 50.23% shareholding interest in HKRI, and a connected person
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Loans"	the aggregate amount of HK\$191,664,598.85 owed to HKRI as at the date hereof by each of Amwell Investments, Wisdom Concept, Fairwide and Berville, comprising of HK\$56,978,104.37, HK\$107,725,606.80, HK\$15,005,912.63 and HK\$11,954,975.05, respectively
"Media Group"	Media Group International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"PRC"	the People's Republic of China, for the purpose herein, excluding HK, the Macau Special Administrative Region and Taiwan
"Sale Shares"	the entire issued share capital of Amwell Investments and Wisdom Concept and 50% of the entire issued share capital of each of Fairwide and Berville
"Sental Investment"	Sental Investment Limited, a company incorporated in Hong Kong with limited liability whose entire issued share capital is owned by Amwell Investments and an indirect wholly-owned subsidiary of HKRI
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Wisdom Concept"	Wisdom Concept Development Limited, a company incorporated in Hong Kong with limited liability whose issued share capital is owned by Amwell Property and an indirect wholly-owned subsidiary of HKRI
"%"	per cent.

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