



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)

ANNOUNCEMENT DISCLOSEABLE TRANSACTION

FINANCIAL ASSISTANCE OF APPROXIMATELY HK\$46.4 MILLION TO THE HIP HING - HANISON JOINT VENTURE

The Directors announce that on 4 March 2005, HCL, a wholly-owned subsidiary of the Company, has entered into an agreement to advance HK\$20,000,000 in total and to provide guarantees of HK\$26,393,000 in total, in each case, in respect of the Joint Venture.

Of the HK\$20,000,000 agreed funding commitment, HK\$15,000,000 has, on 4 March 2005 been advanced, on an interest free and unsecured basis and with no fixed repayment date. It was funded from the internal resources of the Group and will be repaid as and when appropriate. The balance of the commitment will be advanced as and when required by the Joint Venture.

The guarantees referred to above were given to secure 50% of the banking facilities of HK\$52,786,000 to be granted by a bank in respect of the Joint Venture. As at 4 March 2005, the Joint Venture has applied to the bank for banking facilities of HK\$47,987,000 to be utilized for issuing a performance bond for a construction project awarded to the Joint Venture on 24 December 2004.

An identical funding commitment and guarantees on identical terms, have been agreed, and put up, in respect of the Joint Venture by Hip Hing, which participates in the Joint Venture with HCL on a 50:50 basis.

The total funding commitment and guarantees put up by HCL together amount to approximately HK\$46,393,000, which represents 18.4% of the Company's market capitalisation of HK\$251,758,088 as at 4 March 2005. As such, the Transactions constitute a discloseable transaction under the Listing Rules.

A circular containing details of the Transactions will be despatched to shareholders of the Company as soon as practicable after the publication of this announcement.

BACKGROUND

The Directors announce that on 4 March 2005, HCL, a wholly-owned subsidiary of the Company, has entered into an agreement to advance HK\$20,000,000 in total and to provide guarantees of HK\$26,393,000 in total, in each case, in respect of the Joint Venture.

Of the HK\$20,000,000 agreed funding commitment, HK\$15,000,000 has, on 4 March 2005 been advanced, on an interest free and unsecured basis and with no fixed repayment date. It was funded from the internal resources of the Group and will be repaid as and when appropriate. The balance of the commitment will be advanced as and when required by the Joint Venture.

The guarantees referred to above were given to secure 50% of the banking facilities of HK\$52,786,000 to be granted by a bank in respect of the Joint Venture. The Joint Venture has also provided indemnity letters to the bank in respect of the HK\$52,786,000 banking facilities. As at 4 March 2005, the Joint Venture has applied to the bank for banking facilities of HK\$47,987,000 to be utilized for issuing a performance bond for a construction project awarded to the Joint Venture on 24 December 2004.

An identical funding commitment and guarantees on identical terms, have been agreed, and put up, in respect of the Joint Venture by Hip Hing, which participates in the Joint Venture with HCL on a 50:50 basis.

Further terms and conditions of the Joint Venture are stated in the section of this announcement headed "Terms of the Joint Venture" below.

TERMS OF THE JOINT VENTURE

Date:

6 September 2004

Parties:

HCL and Hip Hing

To the best of the Directors' knowledge, information and belief and having made reasonable enquiry, Hip Hing and its ultimate beneficial owners are third parties independent of and are not connected with the Company and its connected persons.

Purpose of the Joint Venture:

The Joint Venture was formed as a contractual arrangement for the sole purpose of submitting the Tender and construction of the Works. Such Works are expected to be completed around July 2006.

Principal terms of the Joint Venture agreement:

The principal terms agreed by HCL and Hip Hing under the Joint Venture agreement include the following:

- (1) all profits and losses arising out of the Joint Venture and all costs, expenses and pecuniary obligations arising out of or resulting therefrom shall be shared by HCL and Hip Hing in the ratio of 50:50, provided that neither HCL nor Hip Hing shall be liable for all costs, expenses or pecuniary obligations not provided for in the contract (to be entered into under the Tender as awarded) but incurred on behalf of the Joint Venture by HCL or Hip Hing unilaterally unless such sums previously have been approved of in writing under the Joint Venture.
- (2) both HCL and Hip Hing shall each be entitled to appoint 1 representative and 1 alternate representative of the management committee of the Joint Venture with equal voting rights and no representative shall be entitled to a casting vote.

For accounting purposes, the Joint Venture will be recorded as a jointly controlled entity in the accounts of the Company.

TERMS OF THE TRANSACTIONS

Date:

4 March 2005

Transactions:

The total funding commitment and guarantees put up by HCL together amount to approximately HK\$46,393,000. An identical funding commitment and guarantees on identical terms, have been agreed, and put up, in respect of the Joint Venture by Hip Hing, which participates in the Joint Venture with HCL on a 50:50 basis.

The amount of advance provided was determined on the basis of the estimated working capital requirement of the Works throughout the construction period. The amount of guarantees provided was determined by reference to the total amount of performance bonds which represents 11% of the contract sum as specified in the letter of award of the Works.

The Company anticipates that the Transactions will be funded from internal resources of, and/or bank loans obtained by, the Company and/or shareholders' loans (as necessary) from the Group, the terms of which shareholders' loans shall be determined at the relevant time by the Group.

REASONS FOR THE TRANSACTIONS AND THE JOINT VENTURE

Members of the Group have entered into joint ventures on construction projects in the past. The Directors believe that the Transactions are essential for the operations of the Joint Venture, which would enhance the Group's profile in the construction industry in Hong Kong and the profitability of the Group.

The Directors believe that terms of the Transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS OF THE TRANSACTIONS

The total funding commitment and guarantees put up by HCL together amount to approximately HK\$46,393,000, which represents 18.4% of the Company's market capitalisation of HK\$251,758,088 as at 4 March 2005.

As at 4 March 2005, there were 354,588,856 shares of the Company in issue. Based on the average closing price of the Company's shares of HK\$0.71 as stated in the Stock Exchange's daily quotation sheets for the five business days from 25 February to 3 March 2005, the total market capitalisation of the Company was HK\$251,758,088 as at 4 March 2005.

Accordingly, the Transactions constitute a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. Apart from the foregoing, there is no other commitment by HCL under the Joint Venture.

INFORMATION ON THE COMPANY

The principal business activity of the Company is investment holding. Its subsidiaries are principally engaged in building construction, interior and renovation works, supply and installation of building materials, trading of health products and property investment and development.

A circular containing details of the Transactions will be despatched to shareholders of the Company as soon as practicable after the publication of this announcement.

DEFINITIONS

In this announcement, the following terms and expressions (unless the context otherwise requires) shall have the following meanings:

"associate"	has the meaning ascribed thereto in the Listing Rules
"Company"	Hanison Construction Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
"connected persons"	has the meaning ascribed thereto in the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"HCL"	Hanison Contractors Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"Hip Hing"	Hip Hing Construction Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Joint Venture"	Hip Hing-Hanison Joint Venture, the fully integrated type and body unincorporated joint venture pursuant to the joint venture agreement entered into between HCL and Hip Hing on 6 September 2004 for the purpose of submitting the Tender, which was subsequently awarded to it on 24 December 2004, and carrying out of the Works
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tender"	the offer made by the Joint Venture, as main contractor, in writing for the execution and carrying out of the Works
"Transactions"	the advance of HK\$20,000,000 and the provision of guarantees of HK\$26,393,000 by HCL in relation to the Joint Venture
"Works"	the construction to be carried out by the Joint Venture under the Joint Venture Superstructure Main Contract for Tung Chung Station Development, Package 2, Highrise Block 7 & 8 as specified under the letter of award issued by or on behalf of the employer, Tung Chung Station Development Co., Ltd.

By Order of the Board
Lo Kai Cheong
Company Secretary

Hong Kong, 4 March, 2005

As at the date of this announcement, the executive directors of the Company are Mr. Wong Sue Toa, Stewart, Mr. Tai Sai Ho, Dr. Lam Chat Yu and Mr. Shen Tai Hing; the non-executive directors of the Company are Mr. Cha Mou Sing, Payson, Mr. Cha Mou Daid, Johnson and Mr. Cha Yiu Chung, Benjamin; and the independent non-executive directors of the Company are Mr. Chan Pak Joe, Dr. Sun Tai Lun and Dr. Lau Tze Yiu Peter.