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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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 TRANSACTION**

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

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23 March 2005

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions 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
“Latest Practicable Date”	18 March 2005, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“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.

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## LETTER FROM THE BOARD

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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)

*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\*\*  
Dr. Peter Lau Tze Yiu\*\*

*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*

23 March 2005

To the Shareholders

Dear Sir or Madam,

## DISCLOSEABLE TRANSACTION

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

#### INTRODUCTION

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.

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## LETTER FROM THE BOARD

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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 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 "Letter from the Board" of this circular 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.

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## LETTER FROM THE BOARD

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- (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.

### FINANCIAL EFFECTS OF THE TRANSACTIONS

As at 30 September 2004 and as disclosed in the interim report of the Group for the six months ended 30 September 2004 published recently, the current assets and current liabilities of the Group were about HK\$450,927,000 and HK\$385,646,000 respectively. The working capital of the Group was HK\$65,281,000 and the advance of HK\$15,000,000 represents approximately 23.0% of the working capital of the Group as at 30 September 2004. Immediately after making HK\$15,000,000 advance to the Joint Venture, the current assets of the Group decreased to about HK\$435,927,000 and the current liabilities of the Group remained at HK\$385,646,000 while the current ratio of the Group will decrease from 1.2 to 1.1. Taking into account of the Group's revenue streams, credit requirements and banking facilities available, the Company considers that the Group has sufficient working capital to meet its ongoing business requirements.

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## LETTER FROM THE BOARD

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### 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% and 17.2% of the Company's market capitalization of HK\$251,758,088 and HK\$269,487,531 as at 4 March 2005 and the Latest Practicable Date respectively.

As at 4 March 2005 and the Latest Practicable Date, there were/are 354,588,856 shares of the Company in issue. Based on the average closing price of the Company's shares of HK\$0.71 and HK\$0.76 as stated in the Stock Exchange's daily quotation sheets for the five business days from 25 February to 3 March 2005 and from 11 to 17 March 2005 respectively, the total market capitalization of the Company was HK\$251,758,088 as at 4 March 2005 and HK\$269,487,531 as at the Latest Practicable Date.

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.

### ADDITIONAL INFORMATION

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

Yours faithfully,  
For and on behalf of the Board  
**Hanison Construction Holdings Limited**  
**Wong Sue Toa, Stewart**  
*Managing Director*

## 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 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 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 Securities and Futures Ordinance (“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 Issuers (“Model Code”) adopted by the Company to be notified to the Company and the Stock Exchange:

### Interests in the Company

Name	Capacity	No. of ordinary shares			Total no. of ordinary shares	Long/ Short position	% of issued share capital
		Personal interests	Corporate interests	Other interests			
Cha Mou Sing, Payson	(1) Beneficial owner, (2) interest of controlled corporation and (3) beneficiary of discretionary trusts	367,633	410,093 (Note 1)	83,410,611 (Note 3)	84,188,337	Long Position	23.74%
Cha Mou Daid, Johnson	Beneficiary of discretionary trusts	—	—	84,627,016 (Note 3)	84,627,016	Long Position	23.87%
Cha Yiu Chung, Benjamin	Beneficiary of discretionary trusts	—	—	83,410,611 (Note 3)	83,410,611	Long Position	23.52%
Wong Sue Toa, Stewart	(1) Beneficial owner and (2) interest of controlled corporation	2,974,728	2,259,030 (Note 2)	—	5,233,758	Long Position	1.48%
Tai Sai Ho	Beneficial owner	1,500	—	—	1,500	Long Position	0.0004%
Shen Tai Hing	Beneficial owner	6,562	—	—	6,562	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.*
- (2) *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 2,259,030 shares.*
- (3) *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 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 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 ("Great Wisdom") (Note 1)	Beneficial owner	173,748,541	Long Position	49.0%
HKRI International Limited ("HKRI") (Note 1)	Interest of controlled corporation	173,748,766	Long Position	49.0%
LBJ Regents Limited ("LBJ Regents") (Note 2)	(1) Trustee and (2) interest of controlled corporations	23,242,165	Long Position	6.55%
Novantenor Limited ("Novantenor") (Note 3)	(1) Trustee and (2) interest of controlled corporations	236,256,763	Long Position	66.63%

*Notes:*

- (1) *Great Wisdom is a wholly-owned subsidiary of HKRI and therefore HKRI is deemed to be interested in the 173,748,541 shares held by Great Wisdom in accordance with the SFO.*
- (2) *These share interests comprise 11,928,875 shares directly held by LBJ Regents, 11,313,290 shares indirectly held by LBJ Regents through a subsidiary held as to approximate by 52.24% by LBJ Regents. 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.*
- (3) *These share interests comprise 62,507,997 shares directly held by Novantenor and 173,748,766 shares held by HKRI. As at the Latest Practicable Date, Novantenor directly held approximately 37.46% interest in HKRI and pursuant to the SFO, Novantenor is deemed to be interested in the 173,748,766 shares held by HKRI. Novantenor is holding these shares and the shares in HKRI as the trustee of certain irrevocable discretionary trusts of which members of the Cha Family (as defined above) 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 and their associates 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:

<b>Name of Director</b> <i>(Note 1)</i>	<b>Name of Company</b>	<b>Nature of interest</b>	<b>Competing business</b> <i>(Note 2)</i>
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 during the financial year ended 31 March 2004 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. Reference is made to Notes 17, 16 and 34 (contingent liabilities) of the Company's 2003-2004 interim report, 2004-2005 interim report and 2003-2004 annual report respectively and paragraph 6(i) of the Company's circulars to shareholders dated 18 December 2003, 29 June 2004 and 14 January 2005 which had previously disclosed such actions;
- (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. Reference is made to paragraph 6(ii) of the Company's circulars to shareholders dated 18 December 2003, 29 June 2004 and 14 January 2005 which had previously disclosed such actions ; and
- (iii) a subsidiary of the Company (the "Subsidiary") has taken legal action during the financial year ended 31 March 2004 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. Reference is made to paragraph 6(iii) of the Company's circulars to shareholders dated 18 December 2003, 29 June 2004 and 14 January 2005 which had previously disclosed such action.

**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.