



興勝創建控股有限公司
HANISON CONSTRUCTION HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

CONTINUING CONNECTED TRANSACTIONS ARISING OUT OF
A SOLE MARKETING AND LEASING AGREEMENT
AND A MANAGEMENT AGREEMENT

The Directors are pleased to announce that on 28 November 2002:—

- (1) a Sole Marketing and Leasing Agreement was entered into between CDW Company and Hanison Project Management pursuant to which Hanison Project Management was appointed as the sole marketing and leasing agent in respect of the CDW Building; and
- (2) a Management Agreement was entered into between CDW Company and CDWBSL pursuant to which CDWBSL was appointed manager of the CDW Building.

CDW Company is a connected person of the Company by virtue of the fact that it is indirectly controlled by LBJ Regents. LBJ Regents is the trustee of certain discretionary trusts of which members of the Cha Family are among the beneficiaries. As the Cha Family is a substantial shareholder of the Company, entering into the Sole Marketing and Leasing Agreement and the Management Agreement with CDW Company constitutes continuing connected transactions for the Company under the Listing Rules.

As the Sole Marketing and Leasing Agreement and the Management Agreement have been entered into on normal commercial terms and the agency fees and the manager's fees payable to the Group under each of these agreements, respectively, are expected to amount to less than 3% of the latest audited net tangible asset value of the Company, and will be capped at HK\$10 million in aggregate, no independent shareholders' approval is required. Details of the Sole Marketing and Leasing Agreement and the Management Agreement and all transactions carried out thereunder will be included in the next published annual report of the Company.

THE SOLE MARKETING AND LEASING AGREEMENT (the "Sole Marketing and Leasing Agreement")

Parties

CDW Company and Hanison Project Management

Date

28 November, 2002

Particulars of the Sole Marketing and Leasing Agreement

Under the Sole Marketing and Leasing Agreement, Hanison Project Management has been appointed as the sole marketing and leasing agent of CDW Company providing leasing and marketing and other services, including rent collection, lease negotiation and lease renewal, relating to the CDW Building for a term of one year, renewable automatically upon expiry thereof on the same terms and continuously thereafter unless and until terminated by either party on serving to the other one month's prior notice in writing and expiring at the end of such period.

Consideration

Hanison Project Management will receive agency fees from CDW Company on the following basis:—

- (i) a fee equal to 1% of the rental receivables collected from time to time;
- (ii) a fee equal to three-quarters of the amount of rental payable for the first month of any new lease introduced by Hanison Project Management; and
- (iii) a fee equal to one half of the amount of rental payable for the first month of any revised or renewed lease negotiated by Hanison Project Management,

such agency fees are reflective of prevailing market rates. It is expected that the annual agency fees to be paid to Hanison Project Management under the Sole Marketing and Leasing Agreement will not exceed HK\$10 million, being marginally less than 3% of the consolidated net tangible assets of the Company as referred to in the latest annual report for the year ended 31 March, 2002.

THE MANAGEMENT AGREEMENT (THE "Management Agreement")

Parties

CDW Company and CDWBSL

Date

28 November, 2002

Particulars of the Management Agreement

Under the Management Agreement, CDWBSL has been appointed as the manager of CDW Building for a term of one year, renewable automatically upon expiry thereof on the same terms and continuously thereafter unless and until terminated by either party on serving to the other three months' prior notice in writing and expiring at the end of such period.

Consideration

CDWBSL will receive manager's fees equal to 3% of the management expenses of the CDW Building payable in advance on a monthly basis. The Directors are satisfied that such fees are reflective of prevailing market rates. It is expected that the annual manager's fees to be paid to CDWBSL under the Management Agreement will not exceed HK\$1 million.

CONNECTED TRANSACTIONS AND APPLICATION FOR WAIVER FOR CONTINUING CONNECTED TRANSACTIONS

The Directors, including the independent non-executive Directors, are of the view that the Sole Marketing and Leasing Agreement and the Management Agreement have been entered into on normal commercial terms, on an arm's length basis, and are fair and reasonable so far as the independent shareholders of the Company are concerned. As noted above, it is expected that the amounts receivable by the Company under the Sole Marketing and Leasing Agreement and the Management Agreement will in aggregate not exceed HK\$10 million, being marginally less than 3% of the consolidated net tangible assets of the Company as referred to in the latest annual report for the year ended 31 March, 2002, and will be capped annually at the said amount of HK\$10 million (the "Annual Cap").

Pursuant to Rule 14.25(1) of the Listing Rules, the Company is required to disclose by way of a press announcement brief details of the Sole Marketing and Leasing Agreement. Although details of the Management Agreement itself would not ordinarily be discloseable under the Listing Rules (on account of the de-minimis exemption provided for in Rule 14.24(5) being applicable to it), since CDW Company is counterparty to both the Management Agreement and the Sole Marketing and Leasing Agreement, the Company has aggregated both agreements for the purposes of assessing their impact under the Listing Rules.

Since transactions contemplated under the Sole Marketing and Leasing Agreement and the Management Agreement will take place from time to time on a regular basis, it would be costly and impractical for the Company to make a disclosure on each occasion in accordance with Chapter 14 of the Listing Rules. Accordingly, the Company has applied to the Stock Exchange for a waiver from strict compliance with the normal disclosure requirements under Chapter 14 of the Listing Rules on the following conditions:—

- (i) the Sole Marketing and Leasing Agreement and the Management Agreement and all transactions arising under both of them (together the "Transactions") are:—
 - (a) entered into in the ordinary and usual course of business of the Group;
 - (b) on normal commercial terms or on terms no less favourable than those which would apply in relation to independent third parties; and
 - (c) on terms that are fair and reasonable so far as the shareholders of the Company are concerned.
- (ii) the annual amounts payable to the Group in respect of the Transactions shall not exceed the Annual Cap;
- (iii) brief details of the Transactions, as set out in Rule 14.25(1)(A) to (D) of the Listing Rules, shall be disclosed in the Company's next annual report;
- (iv) the independent non-executive Directors shall review the Transactions annually for their compliance with the matters referred to in sub-paragraphs (i) and (ii) above and shall confirm the same in the Company's next annual report; and
- (v) the auditors of the Company shall provide the board of Directors with a letter in respect of the Transactions occurring during the financial year ending 31 March, 2003 and, where the Transactions extend beyond the current financial year, the same requirements shall apply for each successive financial year, as applicable. Such letter shall be addressed to the Directors and a copy of it shall be provided by the Company to the Stock Exchange. The

letter must state that the Transactions for the financial year in question (1) received the approval of the board of Directors; (2) were carried out in accordance with the terms of the Sole Marketing and Leasing Agreement and/or the Management Agreement, as applicable, on terms no less favourable than those which would apply in relation to independent third parties; and (3) did not exceed the Annual Cap.

Where, for whatever reason, the auditors decline to accept the engagement or are unable to provide such letter, the Directors shall contact the Stock Exchange immediately.

In the event of any future amendments to the Listing Rules by the Stock Exchange imposing more stringent requirements governing connected transactions, including but not limited to a requirement that such transactions be made conditional on approval by the independent shareholders of the Company or on the Group entering into any new agreements with CDW Company or materially altering the terms of the Sole Marketing and Leasing Agreement and/or the Management Agreement such that the transactions contemplated thereunder would no longer comply with conditions specified in sub paragraphs (i) and/or (ii) above, the Company shall take immediate steps to ensure full compliance with the relevant requirements, unless a separate waiver is obtained from the Stock Exchange.

REASONS FOR ENTERING INTO THE SOLE MARKETING AND LEASING AGREEMENT AND THE MANAGEMENT AGREEMENT

The Directors believe that the Sole Marketing and Leasing Agreement and the Management Agreement provide a desirable opportunity for the Group to expand its existing scope of business within an area with which it is familiar, and in respect of which the Company's management has the requisite knowledge and expertise. Moreover, the Sole Marketing and Leasing Agreement, in particular, is expected to provide a reliable positive revenue stream.

ACQUISITION OF CDWBSL

CDWBSL, is a wholly-owned subsidiary of the Company and was acquired by the Company from CDW Company on 28 November 2002 for a total consideration of HK\$2,496, being equal to its net asset value, which was paid in full by the Company in cash. CDWBSL was purchased, in anticipation of entering into the Management Agreement. The business of CDWBSL prior to the Company's acquisition related to the provision of property management services at the CDW Building and CDWBSL had been providing such services since its incorporation in 2001 pursuant to an informal arrangement with its then parent company, CDW Company. So far as the Directors are aware, the terms detailed in the Management Agreement, save for the duration and termination therein, substantially reflect the terms of the services provided by CDWBSL before the acquisition of its shares by the Company. The Directors (including the independent non-executive Directors) are of the view that the acquisition of CDWBSL was effected on normal commercial terms, entered into on an arm's length basis and is fair and reasonable so far as the independent shareholders of the Company are concerned.

The Company chose to acquire CDWBSL (rather than enter into the Management Agreement through an existing subsidiary within the Group, other than CDWBSL) on the basis that CDWBSL is the legal entity with which existing tenants in the CDW Building are familiar, and because CDWBSL already has all requisite licences and staff necessary to carry out and fulfil all obligations under the Management Agreement.

FURTHER INFORMATION ABOUT THE COMPANY AND THE CHA FAMILY

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. Hanison Project Management and CDWBSL are wholly owned subsidiaries of the Company.

The Cha Family is a substantial shareholder of the Company. As at the date hereof, the Cha Family directly and indirectly holds 74.6% of the issued share capital of the Company. The CDW Company is the owner of the leasehold interest in the CDW Building with an outstanding lease term due to expire in 2047.

EXPRESSIONS USED IN THIS ANNOUNCEMENT:

Expressions used in this announcement have the following meanings:—

"CDWBSL"	CDW Building Services Limited, a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of the Company
"CDW Building"	a 27 storey industrial building of approximately 972,663 square feet located at nos. 382-392 Castle Peak Road and nos. 27-37 Mei Wan Street, Tsuen Wan, New Territories, the leasehold interest in which is owned by the CDW Company
"CDW Company"	CDW Building Limited, a company incorporated in the Cayman Islands with limited liability, the majority shareholding interest of which is indirectly held by LBJ Regents
"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
"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
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries from time to time
"Hanison Project Management"	Hanison Project Management Limited, a company incorporated in Hong Kong with limited liability, being a wholly owned subsidiary of the Company
"LBJ Regents"	LBJ Regents Limited is the trustee of certain discretionary trusts of which members of the Cha Family are among the beneficiaries
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 3 December, 2002