



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

MAJOR TRANSACTIONS

ACQUISITION OF 50% OF NOS. 1 & 1E, LA SALLE ROAD, KOWLOON TONG, KOWLOON AND FORMATION OF A JOINT VENTURE COMPANY FOR ITS RE-DEVELOPMENT

The Directors announce that on 23 December 2004, Media Group (a wholly owned subsidiary of Hanison) entered into a joint venture agreement with Goldstore in respect of the subscription of 50% of the shares in Crown Cosmos by each of Media Group and Goldstore and regulation of the relationship between shareholders in Crown Cosmos. In addition, on 23 December 2004, Poly Rising, a wholly owned subsidiary of Crown Cosmos as at the date of this announcement, was informed in writing that the Tender it had submitted to purchase the Property had been accepted by Viewfull.

The Purchase Price for the Property amounts to approximately HK\$171 million. Hanison anticipates that the estimated development costs in respect of the Property will amount to approximately HK\$135.4 million. The commitment for half of the Purchase Price and the anticipated development costs for the Property to be contributed by the Group under the terms of the JV Agreement amounts in aggregate to approximately HK\$153.2 million which exceeds 25% but is less than 100% of the market capitalisation of Hanison of approximately HK\$241.1 million (based on the average closing price of Hanison's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the acceptance of the Tender). Accordingly, the Acquisition and the Joint Venture in aggregate constitute major transactions for Hanison under Rule 14.06(3) of the Listing Rules and approval from shareholders of Hanison is required to be obtained under the Listing Rules.

Hanison has sought confirmation from the Stock Exchange that the requirement to hold an extraordinary general meeting of Hanison under Rule 14.44(2) of the Listing Rules to approve the Transactions need not be undertaken upon fulfillment of the conditions set out in Rule 14.44 of the Listing Rules in order to reduce unnecessary delay and administrative costs and expenses on the basis that Great Wisdom and Novantenor, being the majority shareholders of Hanison (with approximately 66.63% of its issued share capital in aggregate), constitute shareholders of Hanison with no material interest in the Transactions which is different from that of any other shareholder of Hanison for the purposes of voting on resolution(s) to be proposed at such extraordinary general meeting of Hanison to approve the Transactions. On 23 December 2004, such approvals were obtained from each of Great Wisdom and Novantenor in respect of 66.63% of their aggregated shareholding interests in Hanison thereby providing Hanison with the requisite majority shareholders' approvals of the Transactions without the unnecessary delay or costs of an extraordinary general meeting of Hanison being incurred.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, none of Great Wisdom, Novantenor nor any of their respective subsidiaries or associates has any interest in the Transactions which is different from that of any other shareholder of Hanison and none of Great Wisdom, Novantenor, any of their respective subsidiaries or associates or any other shareholder of Hanison need to abstain from such voting process as regards the Transactions.

A circular containing details of the Transactions will be despatched to shareholders of Hanison within 21 days after the publication of this announcement.

BACKGROUND

The Directors announce that on 23 December 2004, Media Group (a wholly owned subsidiary of Hanison) has entered into a joint venture agreement with Goldstore in respect of the subscription of 50% of the shares in Crown Cosmos by each of Media Group and Goldstore and regulation of the relationship between shareholders in Crown Cosmos. In addition, on 20 December 2004, Poly Rising, submitted a tender to purchase the Property for a sum of approximately HK\$171 million from Viewfull subject to the terms and conditions of the Tender. Under the Tender, a binding contract for the sale and purchase of the Property would be constituted upon acceptance of the Tender by Viewfull. On 23 December 2004, Viewfull informed Poly Rising in writing that the Tender had been accepted. Further terms and conditions of the Tender are stated in the section of this announcement headed "Terms of the Tender" below.

TERMS OF THE JOINT VENTURE

Date:

23 December 2004

Parties:

Media Group and Goldstore

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

Purpose of the Joint Venture:

Crown Cosmos was formed as a joint venture arrangement for the sole purpose of redeveloping the Property upon completion of the Acquisition.

Principal terms of the JV Agreement:

The principal terms agreed by Media Group and Goldstore under the JV Agreement include the following:

- (1) Crown Cosmos will be owned as to 50% by Media Group and the remaining 50% by Goldstore;
- (2) a wholly owned subsidiary of Crown Cosmos formed for the purpose of the Acquisition, being Poly Rising as at the date of this announcement;
- (3) all capital commitments of Crown Cosmos including all land, construction and development costs and expenses and any other expenses and costs arising out of and in connection with the Property and Crown Cosmos and the establishment of the Joint Venture will be shared equally between Media Group and Goldstore and contributed to Crown Cosmos as necessary in the form of equity capital, bank loans or shareholders loans;
- (4) any and all distributable profits arising out of and in connection with the Property and Crown Cosmos will be distributed to Media Group and Goldstore as its shareholders in the form of dividends in proportion to each of their respective shareholding interests in Crown Cosmos and in accordance with the articles of association of Crown Cosmos;
- (5) the land, construction and development costs and expenses of the Property (including the Purchase Price payable for the Acquisition and the establishment of the Joint Venture) are estimated to be in the region of approximately HK\$306.4 million as at the date hereof and such redevelopment of the Property is expected to be completed in 2007; and

- (6) both Media Group and Goldstore shall each be entitled to appoint 2 directors of Crown Cosmos with equal voting rights and the chairman of the board of directors of Crown Cosmos shall not be entitled to a casting vote.

For accounting purposes, the Transactions will be recorded as an investment in a jointly controlled entity in the accounts of Hanison. Under the Joint Venture, each of Media Group and Goldstore will subscribe for 1 share of US\$1 each in Crown Cosmos. The remaining anticipated costs relate to the Purchase Price and cost of the redevelopment of the Property through the Joint Venture. Hanison notes the requirements under Rule 14.15(2) of the Listing Rules and will carry out the relevant calculations at the time actual sums are made for the purposes of the redevelopment of the Property.

TERMS OF THE TENDER

Acceptance Date:

23 December 2004

Parties:

Vendor : Viewfull

Purchaser : Poly Rising

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

Property:

The Property comprises the messuages erections and buildings known as Nos. 1 and 1E La Salle Road, Kowloon Tong, Kowloon, Hong Kong for residential use (New Kowloon Inland Lot No. 2617).

Completion Date:

30 June 2005

Purchase Price:

The Purchase Price amounts to approximately HK\$171 million in cash which was determined by reference to the open market value of the Property in comparison to sale and purchase of other properties in the vicinity, payable in the following manner:

- (1) an initial deposit of HK\$7,500,000 in cash was paid to Viewfull upon submission of the Tender;
- (2) a further deposit in an amount representing 10% of the Purchase Price less the initial deposit in cash will be payable on or before 29 December 2004; and
- (3) the balance of the Purchase Price shall be payable in cash on or before the Completion Date.

Hanison anticipates that the Purchase Price and the estimated construction and development costs in respect of the Property will be funded from internal resources of, and/or bank loans obtained by, Crown Cosmos and/or Poly Rising and/or shareholders' loans (as necessary) from the Group and the Goldstore Group to Crown Cosmos in proportion to their respective shareholding interests in Crown Cosmos, the terms of which shareholders' loans shall be determined at the relevant time by the Group and the Goldstore Group. The Tender was conducted on a competitive public open tender process. Although no valuation was carried out by independent valuers as at the date of this announcement, Hanison has internally undertaken its own valuation exercise in respect of the Property which included an analysis of transactions for comparable properties in the area in which the Property is situated during the week beginning 29 November 2004. However, it is anticipated that a valuation report will be obtained for inclusion in the circular to be issued by Hanison in respect of the Transactions in compliance with the Listing Rules (as applicable).

Other terms:

- (1) Upon completion of the Acquisition, Viewfull shall deliver vacant possession of the Property.
- (2) The Property is sold to Poly Rising on an “as is” basis.
- (3) All stamp duties and land registration fees payable in connection with the Acquisition shall be borne by Poly Rising and each party shall bear its own legal costs.

Whilst it is proposed as at the date hereof that the Property be utilised for redevelopment into residential units, no concrete plans have been made with regards to the Property.

GENERAL

The Directors believe that terms of the Acquisition and the Joint Venture (including the estimated construction and development costs in respect of the Property) are fair and reasonable and in the interests of Hanison and its shareholders as a whole.

To the best of the Directors’ knowledge, information and belief and having made reasonable enquiry, each of Goldstore and Viewfull and their ultimate beneficial owners are third parties independent of and are not connected with Hanison and its connected persons.

REASONS FOR THE ACQUISITION AND THE JOINT VENTURE

Members of the Group and the Goldstore Group have entered into joint ventures on construction projects in the past. The Group has been partners with certain members of the Goldstore Group to undertake construction project work since 2001. As their relationship during such previous projects have been smoothly managed on a friendly and co-operative basis, it was proposed that the current Transactions be undertaken between the Group and the Goldstore Group. The Directors believe that the development of the Property would enhance the Group’s profile in the property market in Hong Kong and provide a further avenue for the growth and profitability of the Group in the future.

LISTING RULES IMPLICATIONS OF THE TRANSACTIONS

The Purchase Price for the Property amounts to approximately HK\$171 million. Hanison anticipates that the estimated development costs in respect of the Property will amount to approximately HK\$135.4 million. The commitment for half of the Purchase Price and the anticipated development costs for the Property to be contributed by the Group under the terms of the JV Agreement amounts in aggregate to approximately HK\$153.2 million which exceeds 25% but is less than 100% of the market capitalisation of Hanison of approximately HK\$241.1 million (based on the average closing price of Hanison’s shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of the acceptance of the Tender). Accordingly, the Acquisition and the Joint Venture in aggregate constitute major transactions for Hanison under Rule 14.06(3) of the Listing Rules and approval from shareholders of Hanison is required to be obtained under the Listing Rules.

Hanison has sought confirmation from the Stock Exchange that the requirement to hold an extraordinary general meeting of Hanison under Rule 14.44(2) of the Listing Rules to approve the Transactions need not be undertaken upon fulfillment of the conditions set out in Rule 14.44 of the Listing Rules in order to reduce unnecessary delay and administrative costs and expenses on the basis that Great Wisdom and Novantenor, being the majority shareholders of Hanison (with approximately 66.63% of its issued share capital in aggregate), constitute shareholders of Hanison with no material interest in the Transactions which are different from any other shareholders of Hanison for the purposes of voting on resolution(s) to be proposed at such extraordinary general meeting of Hanison to approve the Transactions.

Great Wisdom and Novantenor constitute a “closely allied group of shareholders” for the purposes of Rules 14.44 and 14.45 of the Listing Rules on the following basis:

- (1) Great Wisdom has remained a shareholder of Hanison since its listing on the Stock Exchange on 10 January 2002 and Novantenor became a shareholder of Hanison on 21 July 2004;
- (2) Novantenor and HKRI would together be regarded as “acting in concert” for the purposes of the Hong Kong Code on Takeovers and Mergers;
- (3) Novantenor holds shares in Hanison 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; and
- (4) Novantenor holds approximately 37.46% of the issued share capital of HKRI as at the date hereof whilst Great Wisdom is a wholly-owned subsidiary of HKRI.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, none of Great Wisdom, its beneficial owner, Novantenor nor any of their respective subsidiaries or associates has any interest in the Transactions which is different from that of any other shareholder of Hanison and none of Great Wisdom, its beneficial owner, Novantenor, any of their respective subsidiaries or associates or any other shareholder of Hanison need to abstain from such voting process as regards the Transactions.

On 23 December 2004, such approvals were obtained from each of Great Wisdom and Novantenor in respect of 66.63% of their aggregated shareholding interests in Hanison thereby providing Hanison with the requisite majority shareholders’ approvals of the Transactions without the unnecessary delay or costs of an extraordinary general meeting of Hanison being incurred.

INFORMATION ON HANISON, THE GOLDSTORE GROUP AND VIEWFULL

The principal business activity of Hanison 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.

The principal business activities of the Goldstore Group is in the facilities, contracting, transport, financial and environmental services businesses, the development, investment, operation and/or management of and in toll roads, expressways, bridges and tunnel, power plants, water treatment and waste management plants and the development, investment, operation and management of container handling, logistics and warehousing business.

As far as the Directors are aware, Viewfull is the registered owner of the Property which is currently occupied for residential purposes.

A circular containing details of the Acquisition and the Joint Venture will be despatched to shareholders of Hanison within 21 days 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:

“Acquisition”	the acquisition of the Property pursuant to the terms of the Tender
“associates”	has the meaning ascribed thereto in the Listing Rules
“Completion Date”	30 June 2005
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Crown Cosmos”	Crown Cosmos Investments Limited, a company incorporated in the British Virgin Islands, which is owned as to 50% by Media Group and the remaining 50% by Goldstore in accordance with the terms of the JV Agreement
“Director(s)”	the director(s) of Hanison
“Goldstore”	Goldstore Investments Limited, a company incorporated in Hong Kong and an independent third party of Hanison and its connected persons
“Goldstore Group”	Goldstore, its holding company (being a company listed on the Stock Exchange) and subsidiaries of such holding company
“Great Wisdom”	Great Wisdom Holdings Limited, a company incorporated in the British Virgin Islands, a controlling shareholder (as defined in the Listing Rules) with approximately 49% shareholding interest in Hanison and a wholly owned subsidiary of HKRI
“Group”	Hanison and its subsidiaries
“Hanison”	Hanison Construction Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“HKRI”	HKR International Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange and an indirect controlling shareholder of Hanison as to 49% of its issued share capital through its wholly owned subsidiary, Great Wisdom
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Joint Venture”	the subscription of 50% of the shares in Crown Cosmos by each of Media Group and Goldstore for the Acquisition and the redevelopment of the Property through Poly Rising in accordance with the terms of the JV Agreement
“JV Agreement”	a joint venture agreement dated 23 December 2004 entered into between Media Group, Goldstore and Crown Cosmos in respect of the subscription of the shares in Crown Cosmos and regulation of the relationship between shareholders in Crown Cosmos
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Media Group”	Media Group International Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of Hanison
“Novantenor”	Novantenor Limited, the trustee of certain irrevocable discretionary trusts directly holding approximately 17.63% of the shares in Hanison and 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. As Novantenor Limited also holds approximately 37.46% shareholding interest in HKRI, it is deemed to be interested in the 49% shareholding interest in Hanison held by HKRI under the Securities and Futures Ordinance
“Poly Rising”	Poly Rising Development Limited, a company incorporated in Hong Kong, pursuant to the Joint Venture, became a wholly owned subsidiary of Crown Cosmos as at the date of this announcement
“Property”	Nos. 1 and 1E La Salle Road, Kowloon Tong, Kowloon, Hong Kong as further described in the section headed “Terms of the Tender” in this announcement
“Purchase Price”	approximately HK\$171 million to be payable by Poly Rising to Viewfull as consideration for the Property
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tender”	a memorandum issued by Viewfull setting out details of the Property and terms and conditions of the Property for sale by tender
“Viewfull”	Viewfull Limited, a company incorporated in Hong Kong with limited liability together with its ultimate beneficial owner are independent third parties of Hanison and its connected persons; and
“Transactions”	the Acquisition and the Joint Venture

By Order of the Board
Lo Kai Cheong
Company Secretary

Hong Kong, 23 December 2004

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