



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 TRANSACTION SKW DEVELOPMENT AGREEMENT

The Directors announce that on 20th December, 2005, HCL (a wholly owned subsidiary of the Company) entered into a development agreement with (i) the Company; (ii) FYL (a wholly owned subsidiary of SHK); and (iii) SHK in respect of the joint development of the SKW Site.

Under the terms of the SKW Development Agreement, the Group has an obligation to fund approximately HK\$231.5 million, representing 23.63% of the anticipated Project Costs. This estimate exceeds 25% but is less than 100% of one or more of the percentage ratios as defined in Rule 14.07 of the Listing Rules. Accordingly, the SKW Development Agreement constitutes a major transaction (acquisition) for the Company under Rule 14.06(3) of the Listing Rules and approval from shareholders of the Company is required to be obtained under the Listing Rules.

Great Wisdom and Novantenor, being the closely allied group of shareholders of the Company (with approximately 66.63% of its issued share capital in aggregate), and not having an interest in the transaction that is different from any other shareholders of the Company, gave their written approval to the SKW Development Agreement on 20th December, 2005. Since no shareholder of the Company is required to abstain from voting on the resolution to approve the SKW Development Agreement, the Company will not hold a physical shareholders' meeting to approve the transaction pursuant to Rule 14.44 of the Listing Rules.

A circular containing details of the SKW Development Agreement will be despatched to shareholders of the Company as soon as practicable after the publication of this announcement in accordance with the Listing Rules.

BACKGROUND

The Directors announce that on 20th December, 2005, HCL (a wholly owned subsidiary of the Company) entered into a development agreement with (i) the Company; (ii) FYL (a wholly owned subsidiary of SHK) and (iii) SHK in respect of the joint development of the SKW Site.

Each of FYL and HCL is currently interested in various lots of land adjacent and/or near to each other, which, upon execution of a deed of exchange to merge the ownership, would be owned in the ratio of 76.37% and 23.63% respectively (on which the Relevant Shares are based). Currently, part of such land lots is leased out to independent third parties.

Under the terms of the SKW Development Agreement, the Group has an obligation to fund approximately HK\$231.5 million, representing 23.63% of the anticipated Project Costs.

Further terms and conditions of the SKW Development Agreement are stated in the section of this announcement headed "SKW Development Agreement" below.

SKW DEVELOPMENT AGREEMENT

Date: 20th December, 2005

Parties: (1) FYL
(2) HCL
(3) SHK
(4) the Company

Principal terms of the SKW Development Agreement:

The principal terms of the SKW Development Agreement are as follows:

- (1) the parties shall jointly make an application to the Town Planning Board for planning permission for development of the SKW Site as a residential development;
- (2) FYL and HCL will, after obtaining the planning permission from the Town Planning Board, execute a deed of exchange to merge the ownership of such land lots as identified in the SKW Development Agreement. All of the land would be owned by FYL and HCL as tenants in common in the Relevant Shares;
- (3) The Project Costs shall be borne by the FYL and HCL in the Relevant Shares;
- (4) a subsidiary of SHK shall be appointed as the project manager and to act on behalf of FYL and HCL for the Project;
- (5) a project management committee comprising four persons appointed by FYL and two persons appointed by HCL respectively shall be formed to supervise and approve any matters in respect of the Project;
- (6) the main construction contracts of the SKW Development shall be awarded to a joint venture construction company (the "Main Contractor"), which shall be owned as to 50% by a subsidiary of SHK and as to the other 50% by a subsidiary of the Company. The Main Contractor shall comprise four directors, with two being appointed by each party;
- (7) a marketing committee comprising two persons appointed by FYL and one person appointed by HCL shall be formed to supervise and approve any matters in respect of the marketing and sales activities;
- (8) the parties shall appoint a subsidiary of SHK as the marketing and sales agent for the sale of the units of the SKW Development;
- (9) in the event that the land premium offered by the Government to be payable for the SKW Development is acceptable to FYL, but not to HCL, FYL shall be entitled to serve a notice on HCL to require HCL to sell all its interest in the SKW Site free from encumbrances to FYL at market price;
- (10) the SKW Development Agreement may be terminated if (i) the basic terms and conditions to be offered by the Government for the purpose of the regrant are not available on or before 31 December 2008 (the "Expiration Date", which may be extended for one year by either party serving a written notice to the other prior to the Expiration Date), or (ii) such basic terms are available by the Expiration Date, but (a) the land premium offered by the Government is not acceptable to both FYL and HCL; or (b) no purchase notice (as mentioned in paragraph (9) above) has been served by FYL; and
- (11) the performance of FYL and HCL under the SKW Development Agreement shall be guaranteed by SHK and the Company respectively.

If HCL sells all its interest in the SKW Site under paragraph (9) above, the Company will comply with the relevant requirements under the Listing Rules.

The Company anticipates that the contribution to be made by the Group under the SKW Development Agreement in respect of the SKW Site will be funded from internal resources of, and/or bank loans obtained by the Group.

GENERAL

The Directors believe that the terms of the SKW Development Agreement (including the estimated Project Costs) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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

REASONS FOR THE SKW DEVELOPMENT

It is in line with the strategy of the Group to enter into joint venture arrangements to capitalize on growth opportunities, so that the Group can allocate its resources to a wider overall range of investments. By entering into joint venture arrangements, the Group will be able to capitalize on growth opportunities and benefit from risk diversification. The Group can also allocate its resources to a wider overall range of investments to strengthen its core business, or to participate in projects with other joint venture partners. SHK is a long-established, prestigious and leading property developer in Hong Kong. The Group believes that the joint development with SHK would strengthen and enhance the Group's competitive edge in the property industry, bring a synergistic effect on the Group's overall business and provide a further avenue for the growth and profitability of the Group in the future.

LISTING RULES IMPLICATIONS OF THE TRANSACTION

Under the terms of the SKW Development Agreement, the Group has an obligation to fund approximately HK\$231.5 million, representing 23.63% of the anticipated Project Costs. This estimate exceeds 25% but is less than 100% of one or more of the percentage ratios as defined in Rule 14.07 of the Listing Rules. Accordingly, the SKW Development Agreement constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules and approval from shareholders of the Company is required to be obtained under the Listing Rules.

Great Wisdom and Novantenor, being the closely allied group of shareholders of the Company (with approximately 66.63% of its issued share capital in aggregate), and not having an interest in the transaction that is different from any other shareholders of the Company, gave their written approval to the SKW Development Agreement on 20th December, 2005. Since no shareholder of the Company is required to abstain from voting on the resolution to approve the SKW Development Agreement, the Company will not hold a physical shareholders' meeting to approve the transaction pursuant to Rule 14.44 of the Listing Rules.

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 the Company since its listing on the Stock Exchange on 10th January, 2002 and Novantenor became a shareholder of the Company on 21st 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 the Company as the trustee of certain irrevocable discretionary trusts of which members of the Cha Family are among the discretionary objects;
- (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; and
- (5) each of Great Wisdom and Novantenor has voted in similar pattern on shareholders' resolutions of the Company in the past other than routine resolutions at annual general meetings.

The Company 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 SKW Development.

INFORMATION ON THE COMPANY, THE SHK GROUP, HCL AND FYL

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. HCL is wholly owned by the Company.

The principal business activities of the SHK Group are development of and investment in properties for sale and rent. FYL is wholly owned by SHK.

A circular containing details of the SKW Development Agreement will be despatched to shareholders of the Company as soon as practicable after the publication of this announcement in accordance with the Listing Rules.

DEFINITIONS

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

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| "associates" | has the meaning ascribed thereto in the Listing Rules |
| "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 |
| "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 |
| "FYL" | Fill Year Limited, a company incorporated in Hong Kong and an indirectly wholly owned subsidiary of SHK |
| "Government" | The Government of Hong Kong |
| "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 the Company and a wholly owned subsidiary of HKRI |
| "Group" | the Company and its subsidiaries |
| "HCL" | Heatex Ceramic Limited, a company incorporated in Hong Kong and an indirectly wholly owned subsidiary of the Company |
| "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 the Company as to 49% of its issued share capital through its wholly owned subsidiary, Great Wisdom |
| "HK\$" / "Hong Kong" | Hong Kong dollars, the lawful currency of Hong Kong |
| "Listing Rules" | the Hong Kong Special Administrative Region of the People's Republic of China the Rules Governing the Listing of Securities on the Stock Exchange |
| "Novantenor" | Novantenor Limited, the trustee of certain irrevocable discretionary trusts directly holding approximately 17.63% of the shares in the Company and of which members of the Cha Family 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 the Company held by HKRI under the Securities and Futures Ordinance |
| "Project" | the application for planning permission, the obtaining of vacant possession of the SKW Site, the application for the surrender and regrant of the SKW Site and the construction of the SKW Development |
| "Project Costs" | all costs and expenses (including, but not limited to, land costs, land premium to be assessed by the relevant authorities, sales and marketing expenses, construction costs, interest, project management fees and professional fees) incurred in respect of the Project |
| "Relevant Shares" | the ratio of 76.37% in FYL and 23.63% in HCL |
| "SHK" | Sun Hung Kai Properties Limited, a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange |
| "SHK Group" | SHK and its subsidiaries |
| "SKW Development" | development of the SKW Site as a residential development |
| "SKW Development Agreement" | A development agreement dated 20th December, 2005 entered into between FYL, HCL, SHK and the Company in respect of the SKW Development |
| "SKW Site" | the various land lots in Demarcation District Nos. 374 and 375 in So Kwun Wat, the New Territories, Hong Kong as identified in the SKW Development Agreement |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Town Planning Board" | The Town Planning Board as established pursuant to the Town Planning Ordinance (Chapter 131 of the Laws of Hong Kong) |

By Order of the Board
Lo Kai Cheong
Company Secretary

Hong Kong, 20th December, 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.