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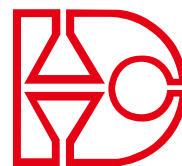


HKR INTERNATIONAL LIMITED

香港興業國際集團有限公司*

*(Incorporated in the Cayman Islands
with limited liability)*

(Stock Code: 00480)



興勝創建控股有限公司*

HANISON CONSTRUCTION HOLDINGS LIMITED

*(Incorporated in the Cayman Islands
with limited liability)*

(Stock Code: 00896)

JOINT ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS

HKRI and Hanison have entered into the Agreement to govern the outline terms upon which members of the HKRI Group and members of the Hanison Group propose to engage in the Construction Transactions and the Renovation Transactions during the three financial years ending 31 March 2013.

HKRI together with its wholly-owned subsidiary holds approximately 49% of the issued share capital of Hanison, and is, therefore, a substantial shareholder and connected person of Hanison. Accordingly, the Agreement represents a continuing connected transaction for Hanison and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

In addition, the Major Shareholders of HKRI are, between them, directly or indirectly interested in more than 30% of Hanison (including, for these purposes, their interests in Hanison held, indirectly, through HKRI), making Hanison a connected person of HKRI. Accordingly, the Agreement represents a continuing connected transaction for HKRI and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Independent board committees for HKRI and Hanison have been constituted to make recommendations to the HKRI Independent Shareholders and the Hanison Independent Shareholders, respectively, in respect of a resolution to approve the Agreement. An independent financial adviser has been appointed by each of HKRI and Hanison to advise the independent board committees for HKRI and Hanison, and the HKRI Independent Shareholders and the Hanison Independent Shareholders, respectively, as to whether the terms of the Agreement are fair and reasonable so far as the shareholders of HKRI and Hanison are concerned.

The Major Shareholders and their respective associates will abstain from voting at the HKRI EGM on the resolution to approve the Agreement. In addition, HKRI, the Major Shareholders and their respective associates will abstain from voting at the Hanison EGM on the resolution to approve the Agreement.

A circular containing, among other things, details of the Agreement, the advice of the independent financial adviser appointed by HKRI and the recommendations of its independent board committee, together with a notice convening the HKRI EGM will be despatched to the shareholders of HKRI as soon as practicable.

In addition, a circular containing, among other things, details of the Agreement, the advice of the independent financial adviser appointed by Hanison and the recommendations of its independent board committee, together with a notice convening the Hanison EGM will be despatched to the shareholders of Hanison as soon as practicable.

An announcement on the results of the HKRI EGM and the Hanison EGM in respect of the Agreement will be made by HKRI and Hanison, respectively, as soon as practicable after the conclusion of the HKRI EGM and the Hanison EGM, in compliance with the requirements under the Listing Rules.

BACKGROUND

Reference is made to the joint announcement dated 31 January 2007 for the Construction and Renovation Services Framework Agreement dated 30 January 2007, whereby members of the Hanison Group have been providing the Services to members of the HKRI Group pursuant to continuing connected transactions as approved from time to time by the independent shareholders of both HKRI and Hanison. The last such independent shareholder approvals were obtained at respective extraordinary general meetings of HKRI and Hanison convened and held on 21 March 2007, and are due to expire on 31 March 2010.

HKRI is a property developer whose prospective developments include residential, commercial and recreational projects, for which the HKRI Group proposes, from time to time, to request tenders. Both HKRI and Hanison anticipate that the Hanison Group will wish to tender for some or all of these projects.

In addition, HKRI anticipates the prospect of engaging Hanison in relation to certain renovation works which members of the HKRI Group may from time to time require in relation to the properties and developments owned, operated or managed by members of the HKRI Group. The HKRI Group may or may not open such renovation works to tender depending on the size of the works involved.

HKRI and Hanison have entered into the Agreement to provide a framework for governing the outline terms upon which members of the HKRI Group and members of the Hanison Group propose to engage in the Construction Transactions and the Renovation Transactions during the three financial years ending 31 March 2013.

CONSTRUCTION AND RENOVATION SERVICES FRAMEWORK AGREEMENT

Date of Agreement: 20 January 2010

Parties: (1) HKRI
(2) Hanison

Provision of Services: The Agreement represents a framework agreement pursuant to which it is envisaged by the parties that members of the Hanison Group will provide the Services to members of the HKRI Group in relation to all Building Projects which form the subject of the Construction Transactions entered into between the members of the HKRI Group and members of the Hanison Group, and all Renovation Projects which form the subject of the Renovation Transactions entered into between members of the HKRI Group and members of the Hanison Group.

Relevant members of the HKRI Group and relevant members of the Hanison Group will enter into subsidiary agreements covering the Construction Transactions and the Renovation Transactions envisaged under the Agreement. Each such subsidiary agreement will set out the specific detailed terms upon which particular Services will be rendered by the Hanison Group to the HKRI Group. The terms of each such subsidiary agreement must comply with (i) the terms of the Agreement; and (ii) relevant requirements under the Listing Rules.

The Construction Transactions and the Renovation Transactions to be entered into by the HKRI Group and the Hanison Group must be on normal commercial terms or terms no less favourable to the HKRI Group than those offered by the Hanison Group to independent third parties. The calculation of payments to be made shall be determined by reference to the size, nature and anticipated duration of the projects, the location, complexity of work and sub-contracting costs as well as any other material factors agreed on a project by project basis. Payment of contract sum is by stages based on certified amount of work done with reference to the level of work completed.

Annual Caps: The total value of the Construction Transactions to be entered into between the Hanison Group and the HKRI Group (in terms of revenue recognition) for each of the three years ending 31 March 2013 shall not exceed the following (except as noted below):–

1 April 2010 – 31 March 2011	HK\$600 million
1 April 2011 – 31 March 2012	HK\$400 million
1 April 2012 – 31 March 2013	HK\$400 million

Since the total value of the Construction Transactions entered into by the HKRI Group and the Hanison Group are recorded in terms of revenue recognition, the balance of any outstanding Construction Transactions secured from previous years but not yet completed will be carried forward and reflected in the annual cap(s) of the next following year(s). It is anticipated that a major portion of revenue from certain outstanding Construction Transactions will be carried forward and certified within the year ending 31 March 2011, hence the annual cap for the year ending 31 March 2011 being significantly higher than the annual caps of the previous years.

The total value of the Renovation Transactions to be entered into between the Hanison Group and the HKRI Group (in terms of revenue recognition) for each of the three years ending 31 March 2013 shall not exceed the following (except as noted below):–

1 April 2010 – 31 March 2011	HK\$50 million
1 April 2011 – 31 March 2012	HK\$50 million
1 April 2012 – 31 March 2013	HK\$50 million

In view of the substantial recovery of the local property market, HKRI anticipates that there is likely to be an increase in the number of the Renovation Transactions in the coming years as compared to recent years.

In the event that the total value of the Construction Transactions or Renovation Transactions exceeds the relevant amounts set out above for any year, such transactions will be subject to review and re-approval by the HKRI Independent Shareholders and the Hanison Independent Shareholders either at the respective companies' next following annual general meetings or at extraordinary general meetings of HKRI and Hanison convened for the purpose.

The annual caps in respect of the Construction Transactions referred to above were, in the first instance, determined and proposed by HKRI, based upon its own confidential assumptions as to its anticipated development plans for the three years ending 31 March 2013 (being information that it would not be appropriate for HKRI to share with Hanison or any other prospective tenderer) and other factors such as (i) the anticipated average construction costs per square metre for a range of standards and styles of residential and non-residential developments of the HKRI Group;

(ii) the estimated success rate of the Hanison Group tendering for the Construction Transactions, based upon the historical tendering success rate of the Hanison Group over the past three years; (iii) the estimated value of the Construction Transactions to be settled for existing contracts awarded to the Hanison Group up to the year ending 31 March 2010; and (iv) a 10% contingency for possible projects not yet identified for working out the annual caps for the moment.

The basis for calculating the caps, as determined by HKRI, has been considered by Hanison, which (although not having the benefit of knowing HKRI's planned development schedule) has determined such basis to be fair and reasonable based upon factors such as the historic revenues earned by the Hanison Group from construction work for the HKRI Group.

The annual caps in respect of the Renovation Transactions are based upon an average cost of the renovation work performed by the Hanison Group for the HKRI Group over the two and a half years ended 30 September 2009 and the estimated Renovation Transactions for the three years ending 31 March 2013.

Term: The Agreement will take effect as from 1 April 2010 and will continue thereafter for a term expiring on 31 March 2013. Upon the expiry of the Agreement, the parties may renew the Agreement subject to compliance with the Listing Rules and all applicable laws.

PARTICULARS OF PAST CONTINUING CONNECTED TRANSACTIONS

Shareholders of HKRI and Hanison are reminded that the annual caps approved by the HKRI Independent Shareholders and the Hanison Independent Shareholders in March 2007 and the actual values on the aggregate turnover paid and/or payable by the HKRI Group to the Hanison Group in respect of the Construction Transactions and the Renovation Transactions over the three financial years ending 31 March 2010 were:

Construction Transactions

Financial Year	Annual Cap	Total Transaction Value
1 April 2007 – 31 March 2008	HK\$450 million	HK\$136.6 million
1 April 2008 – 31 March 2009	HK\$450 million	HK\$230.7 million
1 April 2009 – 31 March 2010	HK\$450 million	HK\$103.7 million ^{note}

Renovation Transactions

Financial Year	Annual Cap	Total Transaction Value
1 April 2007 – 31 March 2008	HK\$20 million	HK\$0.5 million
1 April 2008 – 31 March 2009	HK\$20 million	HK\$0.6 million
1 April 2009 – 31 March 2010	HK\$20 million	Nil ^{note}

Note: Being the total transaction value of the Construction Transactions and the Renovation Transactions made up to 31 December 2009.

REASONS FOR AND BENEFITS OF THE AGREEMENT

The principal business activity of HKRI is investment holding. Its subsidiaries are principally engaged in property development and management, the provision of essential and recreational services for residential housing and leisure projects in Discovery Bay, Lantau Island, property investment, hotel operation, healthcare services, manufacturing and other investments.

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 commissioning of the Services and the provisioning of the Services represent activities within the ordinary and usual course of business of the HKRI Group and the Hanison Group respectively. Moreover, the Agreement provides the basic framework for future transactions of a revenue nature for each of the HKRI Group and the Hanison Group and which each regards as being essential to the continued operation and growth of their respective businesses.

OPINIONS OF THE DIRECTORS

Members of the HKRI Board (subject, in the case of the independent non-executive directors of HKRI, to the advice of the independent financial adviser appointed by HKRI as regards the Agreement, details of which will be set out in the circular to be despatched to shareholders of HKRI) are of the opinion that the Agreement reflects terms that are fair and reasonable so far as its shareholders are concerned and is in the interests of HKRI and its shareholders as a whole.

Members of the Hanison Board (subject, in the case of the independent non-executive directors of Hanison, to the advice of the independent financial adviser appointed by Hanison as regards the Agreement, details of which will be set out in the circular to be despatched to shareholders of Hanison) are of the opinion that the Agreement reflects terms that are fair and reasonable so far as its shareholders are concerned and is in the interests of Hanison and its shareholders as a whole.

LISTING RULES IMPLICATIONS

HKRI together with its wholly-owned subsidiary holds approximately 49% of the issued share capital of Hanison, and is, therefore, a substantial shareholder and a connected person of Hanison. Accordingly, the Agreement represents a continuing connected transaction for Hanison and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Moreover, as Hanison is an associate of the Major Shareholders of HKRI who, between them, are directly or indirectly interested in more than 30% of Hanison (including, for these purposes, their interests in Hanison held, indirectly, through HKRI), Hanison is a connected person of HKRI. Accordingly, the Agreement represents a continuing connected transaction for HKRI and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The independent board committees for HKRI and Hanison have been constituted to make recommendations to the HKRI Independent Shareholders and the Hanison Independent Shareholders respectively, in respect of resolutions to approve the Agreement. An independent financial adviser has been appointed by each of HKRI and Hanison to advise the independent board committees for HKRI and Hanison, and the HKRI Independent Shareholders and the Hanison Independent Shareholders, respectively, as to whether the terms of the Agreement are fair and reasonable so far as the shareholders of HKRI and Hanison are concerned.

The Major Shareholders and their respective associates will abstain from voting at the HKRI EGM on the resolution to approve the Agreement. In addition, HKRI, the Major Shareholders and their respective associates will abstain from voting at the Hanison EGM on the resolution to approve the Agreement.

A circular containing, among other things, details of the Agreement, the advice of the independent financial adviser appointed by HKRI and the recommendations of its independent board committee, together with a notice convening the HKRI EGM will be despatched to the shareholders of HKRI as soon as practicable.

In addition, a circular containing, among other things, details of the Agreement, the advice of the independent financial adviser appointed by Hanison and the recommendations of its independent board committee, together with a notice convening the Hanison EGM will be despatched to the shareholders of Hanison as soon as practicable.

An announcement on the results of the HKRI EGM and the Hanison EGM in respect of the Agreement will be made by HKRI and Hanison, respectively, as soon as practicable after the conclusion of the HKRI EGM and the Hanison EGM, in compliance with the requirements under the Listing Rules.

GENERAL

Shareholders of HKRI and Hanison should note that, apart from the existing construction contracts relating to development projects at Discovery Bay, the Construction Transactions and the Renovation Transactions have yet to be entered into, and may ultimately not materialise. In particular, the Construction Transactions may not arise, for example, because HKRI awards the relevant tenders to other contractors or because the HKRI Independent Shareholders and/or the Hanison Independent Shareholders do not give their consent to HKRI and/or Hanison respectively for entering into the Agreement. Accordingly, shareholders of HKRI and Hanison and other investors are advised to exercise caution when dealing in the securities of HKRI and/or Hanison.

DEFINITIONS

In this announcement, the following terms have the following meanings:–

“Agreement”	Construction and Renovation Services Framework Agreement dated 20 January 2010 made between HKRI and Hanison;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Building Project”	each project relating to the construction of residential, commercial, hotel and recreational properties, buildings and related infrastructure and facilities for which HKRI may from time to time seek tenders;
“Construction Transactions”	transactions between any member(s) of the HKRI Group on the one hand and any member(s) of the Hanison Group on the other to be entered into during the three financial years ending 31 March 2013 in relation to any Building Project in respect of any tender from the Hanison Group accepted by the HKRI Group;
“Continuing Connected Transactions”	the Construction Transactions and the Renovation Transactions;
“Hanison”	Hanison Construction Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued share capital of which is listed on the main board of the Stock Exchange. Hanison is indirectly owned as to approximately 49% by HKRI;
“Hanison Board”	board of directors of Hanison;

“Hanison EGM”	extraordinary general meeting of Hanison to be convened for the purpose of approving the Agreement and the Continuing Connected Transactions, and any adjournment thereof;
“Hanison Group”	Hanison and its subsidiaries from time to time;
“Hanison Independent Shareholders”	independent shareholders of Hanison excluding, for all purposes in connection with the approval of the Agreement, HKRI, the Major Shareholders and their respective associates;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKRI”	HKR International Limited, a company incorporated in the Cayman Islands with limited liability, the issued securities of which are listed on the main board of the Stock Exchange;
“HKRI Board”	board of directors of HKRI;
“HKRI EGM”	extraordinary general meeting of HKRI to be convened for the purpose of approving the Agreement and the Continuing Connected Transactions, and any adjournment thereof;
“HKRI Group”	HKRI and its subsidiaries from time to time;
“HKRI Independent Shareholders”	independent shareholders of HKRI excluding, for all purposes in connection with the approval of the Agreement, the Major Shareholders and their respective associates;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Major Shareholders”	CCM Trust (Cayman) Limited (“CCM”), CDW Holdings Limited (“CDW”), Mingly Asia Capital Limited (“Mingly”), LBJ Regents Limited (“LBJ”) and Mr CHA Mou Sing Payson who are, together, directly or indirectly interested in approximately 50.83% of HKRI and approximately 24.40% of Hanison

(excluding, for these purposes, their interest in Hanison held, indirectly, through HKRI), where:

- (a) CCM is a company incorporated in the Cayman Islands with limited liability and which has a direct interest in HKRI of approximately 35.65% and in Hanison of approximately 17.63%. CCM (which is also indirectly interested in the shares of HKRI and Hanison held via its subsidiary, CDW, as described in (b) below, and Mingly, as described in (c) below) is the corporate trustee of certain discretionary trusts of which members of the classes of discretionary beneficiaries comprise the late Dr CHA Chi Ming's issue, including Mr CHA Mou Sing Payson, Mr CHA Mou Zing Victor, Mr CHA Mou Daid Johnson, Mr CHA Yiu Chung Benjamin and Ms WONG CHA May Lung Madeline, who are directors of HKRI and/or Hanison;
- (b) CDW is a company incorporated in the Cayman Islands with limited liability, owned as to 52.24% by CCM, and which has a direct interest in HKRI of approximately 5.36% and in Hanison of approximately 3.19%;
- (c) Mingly is a company incorporated in the Cayman Islands with limited liability, indirectly owned as to 85.68% by CCM, and which has a direct interest in HKRI of approximately 3.04%;
- (d) LBJ is a company incorporated in the British Virgin Islands with limited liability and which has a direct interest in HKRI of approximately 6.41% and in Hanison of approximately 3.36%. LBJ is the corporate trustee for certain discretionary trusts of which members of the classes of discretionary beneficiaries comprise the late Dr CHA Chi Ming's issue, including Mr CHA Mou Sing Payson, Mr CHA Mou Zing Victor, Mr CHA Mou Daid Johnson, Mr CHA Yiu Chung Benjamin and Ms WONG CHA May Lung Madeline, who are directors of HKRI and/or Hanison; and
- (e) Mr CHA Mou Sing Payson has direct and indirect interests in HKRI of approximately 0.37% and in Hanison of approximately 0.22%.

“Renovation Project”	any project relating to renovation services or assistance in relation to the properties owned, operated or managed from time to time by the HKRI Group;
“Renovation Transactions”	transactions between member(s) of the HKRI Group on the one hand and any member(s) of the Hanison Group on the other to be entered into during the three financial years ending 31 March 2013 in relation to any Renovation Project(s);
“Services”	means construction, interior and renovation, maintenance and related services including the provision of services as main contractor and sub-contractor for a variety of works including superstructure, foundation, infrastructure facilities, maintenance construction renovation and interior decoration provided from time to time by members of the Hanison Group to members of the HKRI Group; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By order of the Board
HKR INTERNATIONAL LIMITED
CHA Mou Zing Victor
Deputy Chairman & Managing Director

By order of the Board
HANISON CONSTRUCTION HOLDINGS LIMITED
WONG Sue Toa Stewart
Managing Director

Hong Kong, 20 January 2010

As at the date of this announcement, the HKRI Board comprises:

Chairman

Mr CHA Mou Sing Payson

Deputy Chairman & Managing Director

Mr CHA Mou Zing Victor

Executive Directors

Mr CHEUNG Tseung Ming

Mr CHUNG Sam Tin Abraham

Mr TANG Moon Wah

Non-executive Directors

The Honourable Ronald Joseph ARCULLI

Mr CHA Mou Daid Johnson

Mr CHEUNG Wing Lam Linus

Ms HO Pak Ching Loretta

Ms WONG CHA May Lung Madeline

Independent Non-executive Directors

Dr CHENG Kar Shun Henry

Dr The Honourable CHEUNG Kin Tung Marvin

Dr QIN Xiao

As at the date of this announcement, the Hanison Board comprises:

Non-executive Chairman

Mr CHA Mou Sing Payson

Executive Directors

Mr WONG Sue Toa Stewart (*Managing Director*)

Mr TAI Sai Ho (*General Manager*)

Dr LAM Chat Yu

Mr SHEN Tai Hing

Non-executive Directors

Mr CHA Mou Daid Johnson

Mr CHA Yiu Chung Benjamin

Independent Non-executive Directors

Mr CHAN Pak Joe

Dr LAU Tze Yiu Peter

Dr SUN Tai Lun

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