

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**HKRI 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 2016.

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 of the Listing Rules.

In addition, the Controlling Shareholders of HKRI are, between them, directly or indirectly interested in more than 30% of Hanison (including, for this purpose, their interests in Hanison held indirectly through HKRI), making Hanison an associate of them and hence 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 of the Listing Rules.

Independent board committees for HKRI and Hanison have been constituted to make recommendations to the HKRI Independent Shareholders and Hanison Independent Shareholders, respectively, in respect of a resolution to approve the Agreement including the relevant annual caps and the transactions contemplated thereunder. 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 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 Controlling Shareholders and their respective associates will abstain from voting at the HKRI EGM on the underlying resolution. In addition, HKRI together with its wholly-owned subsidiary, the Controlling Shareholders and their respective associates will abstain from voting at the Hanison EGM on the underlying resolution.

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 HKRI EGM will be despatched to the shareholders of HKRI around 15 January 2013.

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 Hanison EGM will be despatched to the shareholders of Hanison around 15 January 2013.

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

## **BACKGROUND**

Reference is made to the joint announcement dated 20 January 2010, the circular of HKRI dated 9 February 2010 and the circular of Hanison dated 10 February 2010 for the Construction and Renovation Services Framework Agreement dated 20 January 2010, 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 shareholders' approvals were obtained at the extraordinary general meetings of HKRI and Hanison convened and held on 9 March and 22 March 2010 respectively, and are due to expire on 31 March 2013.

HKRI has a 100% owned industrial building namely, CDW Building in Tsuen Wan which it proposes to undergo large scale alteration and construction works (without demolition) and other land banks in Hong Kong for development, particularly for the projects in Discovery Bay, Lantau Island which it proposes to develop overtime in phases. The development projects in Discovery Bay and elsewhere in Hong Kong will include residential, commercial, school and recreational projects, for which the HKRI Group proposes, from time to time, to request tenders. All construction projects are subject to the prescribed tendering procedures and scrutinised by independent consultants to secure the fairness and reasonableness on awarding contracts to any contractor. 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 2016.

## THE AGREEMENT

Date of Agreement: 20 December 2012

Parties: (1) HKRI  
(2) Hanison

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 Construction 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 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 particulars and the terms upon which particular Services will be rendered by the Hanison Group to the HKRI Group. The terms of each such subsidiary agreement must (i) comply with the terms of the Agreement; and (ii) be in compliance with the relevant requirements under the Listing Rules. Each such subsidiary agreement entered into pursuant to the Agreement, unless the Agreement is renewed in accordance with the Agreement, shall terminate, or be deemed to have been terminated, upon the termination of the Agreement.

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-contractors' costs as well as any other material factors agreed on a project by project basis. Payment of contract sum is effected in stages based on certified amount of work done with reference to level of work completed.

Annual Caps: The total value of the Construction Transactions to be entered into between the HKRI Group and the Hanison Group (in terms of certified amount of work done) for each of the three financial years ending 31 March 2016 shall not exceed the following (except as noted below):

1 April 2013 – 31 March 2014	HK\$320 million
1 April 2014 – 31 March 2015	HK\$430 million
1 April 2015 – 31 March 2016	HK\$610 million

The total value of Renovation Transactions to be entered into between the HKRI Group and the Hanison Group (in terms of certified / agreed amount of work done) for each of the three financial years ending 31 March 2016 shall not exceed the following (except as noted below):

1 April 2013 – 31 March 2014	HK\$50 million
1 April 2014 – 31 March 2015	HK\$50 million
1 April 2015 – 31 March 2016	HK\$50 million

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

Term: The Agreement will take effect as from 1 April 2013 and will continue thereafter for a term expiring on 31 March 2016. The parties agree to, prior to 31 March 2016 and subject to compliance with the Listing Rules and all applicable laws, to seek the approval of the HKRI Independent Shareholders and the Hanison Independent Shareholders to renew the Agreement for a further term of three years or to enter into a new agreement substantially in the same form as the Agreement, in either case, with effect from 1 April 2016. If either party fails to secure the aforesaid approval of its independent shareholders, the Agreement and each subsidiary agreement entered into under the Agreement shall terminate or be deemed to have been terminated effective on 1 April 2016. In any event that any subsidiary agreement which is terminated has not been completed at the time of termination, in relation to each such uncompleted subsidiary agreement, the parties shall make the arrangement or settlement in accordance with the Agreement including but not limited to seeking separate independent shareholders' approvals on those uncompleted agreements.

## **BASIS ON DETERMINATION OF ANNUAL CAPS**

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 financial years ending 31 March 2016 (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 in terms of certified amount of work done; (ii) the estimated adjusted success rate of the Hanison Group tendering for the Construction Transactions, based upon the historical tendering success rate and participation rate of the Hanison Group over the past six years; (iii) a contingency for possible projects not yet identified for working out the annual caps for the moment; (iv) a buffer in respect of projected projects to allow for further upward adjustment in estimated certified sum in relevant years, whether because of

acceleration or alteration of construction or delivery schedules which are not within HKRI's control; and (v) 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 2013.

The annual caps, as determined by HKRI, have been reviewed and considered by Hanison, which (although not having the benefit of knowing HKRI's planned development schedule) has determined them to be fair and reasonable based upon the aforementioned basis of calculation.

The annual caps in respect of Renovation Transactions are based upon (i) the estimated average cost of renovation work; (ii) estimated Renovation Projects for the three financial years ending 31 March 2016; and (iii) a contingency for possible additional renovation works.

## **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 2010 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 2013 were:

### **Construction Transactions**

Financial Year	Annual Cap	Total Transaction Value
1 April 2010 – 31 March 2011	HK\$600 million	HK\$192 million
1 April 2011 – 31 March 2012	HK\$400 million	HK\$242 million
1 April 2012 – 31 March 2013	HK\$400 million	HK\$62 million <sup>note</sup>

### **Renovation Transactions**

Financial Year	Annual Cap	Total Transaction Value
1 April 2010 – 31 March 2011	HK\$50 million	HK\$59,000
1 April 2011 – 31 March 2012	HK\$50 million	HK\$3,000
1 April 2012 – 31 March 2013	HK\$50 million	Nil <sup>note</sup>

*Note: Being the total transaction value of the Construction Transactions and the Renovation Transactions made up to 31 October 2012.*

## **REASONS FOR AND BENEFITS OF THE AGREEMENT**

The principal business activity of HKRI is investment holding. Its subsidiaries are principally engaged in property development, property investment, property management and related services, hotel and hospitality businesses and healthcare services.

The principal business activity of Hanison is investment holding. Its subsidiaries are principally engaged in construction, interior and renovation works, supply and installation of

building materials, property investment, property development, provision of property agency and management services and sale of health products.

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 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 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 represents business that is in the ordinary and usual course for HKRI. They are also of the opinion that the Agreement reflects normal commercial terms that are arm's length and 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 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 represents business that is in the ordinary and usual course for Hanison. They are also of the opinion that the Agreement reflects normal commercial terms that are arm's length and 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 of the Listing Rules.

Moreover, as Hanison is an associate of the Controlling Shareholders of HKRI who, between them, are directly or indirectly interested in more than 30% of Hanison (including, for this purpose, 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 of 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 resolutions to approve the Agreement including the relevant annual caps and the transactions contemplated thereunder. 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 Controlling Shareholders and their respective associates will abstain from voting at HKRI EGM on the underlying resolution. In addition, HKRI, the Controlling Shareholders and their respective associates will abstain from voting at Hanison EGM on the underlying resolution.

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 HKRI EGM will be despatched to the shareholders of HKRI around 15 January 2013.

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 Hanison EGM will be despatched to the shareholders of Hanison around 15 January 2013.

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

## **GENERAL**

Shareholders of HKRI and Hanison should note that, apart from the existing construction and renovation contracts, 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 and the transactions contemplated thereunder. 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"	The conditional Construction and Renovation Services Framework Agreement dated 20 December 2012 made between HKRI and Hanison subject to approvals from the HKRI Independent Shareholders and the Hanison Independent Shareholders;
"associate"	has the meaning ascribed to it under the Listing Rules;
"CHA family"	the family of the late Dr CHA Chi Ming, the founder and ex-chairman of HKRI;
"Construction Project"	any project relating to (i) the construction of residential, commercial, school, hotel and recreational properties, buildings and related infrastructure and facilities of land bank in Discovery Bay and elsewhere in Hong Kong ; and (ii) the large scale alteration and construction works (without

demolition) in respect of CDW Building for which the HKRI Group may from time to time seek tenders;

"Construction Transactions" the 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 2016 in relation to any Construction Project(s) in respect of any tender from the Hanison Group accepted by the HKRI Group;

"Continuing Connected Transactions" the Construction Transactions and the Renovation Transactions;

"Controlling Shareholders" comprise the stakeholders of the CHA family with interests in HKRI and Hanison, namely CCM Trust (Cayman) Limited ("CCM"), Mingly Asia Capital Limited ("Mingly") and LBJ Regents Limited ("LBJ"), Mr CHA Mou Sing Payson and Mr CHA Mou Zing Victor, together, directly or indirectly interested in approximately 49.85% of HKRI and approximately 23.81% of Hanison (excluding their interest in Hanison held indirectly through HKRI which is approximately 49%), where:

- (a) CCM is a company incorporated in the Cayman Islands with limited liability and which has a direct interest in HKRI of approximately 38.44% and in Hanison of approximately 19.30%. CCM (which is also indirectly interested in the shares of HKRI held via its subsidiary Mingly, as described in (b) below) is the corporate trustee of certain but not identical 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) Mingly is a company incorporated in the British Virgin Islands with limited liability, indirectly owned as to 87.50% by CCM, and which has a direct interest in HKRI of approximately 3.04%;
- (c) LBJ is a company incorporated in the British Virgin Islands with limited liability and which has a direct and indirect interest in HKRI of approximately 7.86% and in Hanison of approximately 4.23%. LBJ is the corporate trustee for certain but not identical 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;

(d) Save as mentioned above, Mr CHA Mou Sing Payson has direct and other indirect interests in HKRI of approximately 0.42% and in Hanison of approximately 0.25%; and

(e) Save as mentioned above, Mr CHA Mou Zing Victor has a direct interest in HKRI of approximately 0.08% and in Hanison of approximately 0.03%;

"Hanison"	Hanison Construction Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the securities of which are listed on the main board of the Stock Exchange (stock code : 00896). Hanison is indirectly owned as to approximately 49% by HKRI;
"Hanison Board"	the 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"	the independent shareholders of Hanison excluding, for all purposes in connection with the approval of the Agreement and the Continuing Connected Transactions, HKRI and its wholly-owned subsidiary, the Controlling 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 and the securities of which are listed on the main board of the Stock Exchange (stock code : 00480);
"HKRI Board"	the 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"	the independent shareholders of HKRI excluding, for all purposes in connection with the approval of the Agreement and the Continuing Connected Transactions, the Controlling 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 as amended from time to time;
"Renovation Project"	any project relating to the ordinary maintenance and renovation services or assistance in relation to the properties owned, operated or managed from time to time by members of the HKRI Group;
"Renovation Transactions"	the 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 2016 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**  
*Managing Director*

By order of the Board  
**Hanison Construction Holdings Limited**  
**WONG Sue Toa Stewart**  
*Managing Director*

Hong Kong, 20 December 2012

*As at the date of this announcement, the board of directors of HKRI comprises:*

***Chairman***

*Mr CHA Mou Sing Payson*

***Deputy Chairman & Managing Director***

*Mr CHA Mou Zing Victor*

***Executive Directors***

*Mr CHA Yiu Chung Benjamin*

*Mr CHUNG Sam Tin Abraham*

*Mr TANG Moon Wah*

***Non-executive Directors***

*The Honourable Ronald Joseph ARCULLI*

*Mr CHA Mou Daid Johnson*

*Mr CHEUNG Tseung Ming*

*Ms WONG CHA May Lung Madeline*

***Independent Non-executive Directors***

*Dr CHENG Kar Shun Henry*

*Dr CHEUNG Kin Tung Marvin*

*Mr CHEUNG Wing Lam Linus*

*Ms HO Pak Ching Loretta*

*Dr QIN Xiao*

*As at the date of this announcement, the board of directors of Hanison comprises:*

***Non-executive Chairman***

*Mr CHA Mou Sing Payson*

***Non-executive Directors***

*Mr CHA Mou Daid Johnson*

*Mr CHA Yiu Chung Benjamin*

***Executive Directors***

*Mr WONG Sue Toa Stewart (Managing Director)*

*Mr TAI Sai Ho (General Manager)*

*Dr LAM Chat Yu*

***Independent Non-executive Directors***

*Mr CHAN Pak Joe*

*Dr LAU Tze Yiu Peter*

*Dr SUN Tai Lun*

*\* Registered under Part XI of the Companies Ordinance, Chapter 32 of the laws of Hong Kong*