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If you have sold or transferred all your shares in Hanison Construction Holdings Limited, you should at once hand this circular to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

DISCLOSEABLE TRANSACTIONS

- (1) ACQUISITION OF PROPERTIES AND**
- (2) ACQUISITION OF SHARES**

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:—

“associate”	has the meaning ascribed thereto in the Listing Rules
“Capital Full”	Capital Full Investment Limited, a wholly-owned subsidiary of Van Shung Chong
“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
“Emwell”	Emwell Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	29 September 2005, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“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 with limited liability and a wholly-owned subsidiary of the Company
“Molex”	Molex Hong Kong/China Limited
“Properties”	details of which are set out in the section headed “The Properties”
“Properties Acquisition”	the acquisition by Emwell of the Properties from Molex pursuant to the terms of the Provisional Agreement
“Provisional Agreement”	the provisional agreement for sale and purchase entered into between Emwell and Molex in relation to the Properties Acquisition

DEFINITIONS

“Sale Shares”	the entire issued share capital consisting of 380 Class “A” voting shares of HK\$1.00 each and 10,000 Class “B” non-voting deferred shares of HK\$1.00 each of Senior Rich
“Sale Shares Acquisition”	the acquisition by Media Group of the Sale Shares from Capital Full pursuant to the terms of the Sale Shares Agreement
“Sale Shares Agreement”	the agreement for sale and purchase entered into between Media Group, Capital Full and Van Shung Chong in relation to the Sale Shares Acquisition
“Senior Rich”	Senior Rich Development Limited, a company incorporated in Hong Kong with limited liability whose entire issued share capital is held by Capital Full, and an indirect wholly-owned subsidiary of Van Shung Chong
“Senior Rich Property”	the lands registered in the Land Registry as Lots Nos. 163A, 163B, 164, 165B, 165RP, 166RP, 167RP, 168, 169, 170 and 171 all in D.D. No. 128, Yuen Long, New Territories
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Van Shung Chong”	Van Shung Chong Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange

LETTER FROM THE BOARD



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)

Directors:—

Mr. Cha Mou Sing, Payson (*Chairman*) *
Mr. Wong Sue Toa, Stewart (*Managing Director*)
Mr. Tai Sai Ho (*General Manager*)
Mr. Cha Mou Daid, Johnson *
Mr. Cha Yiu Chung, Benjamin *
Mr. Chan Pak Joe **
Dr. Lam Chat Yu
Dr. Peter Lau Tze Yiu **
Mr. Shen Tai Hing
Dr. Sun Tai Lun **

Registered Office:—

P.O. Box 309, Uglan House
South Church Street, George Town
Grand Cayman, Cayman Islands
British West Indies

Principal Office in Hong Kong:—

Unit 1, 4/F., Block B
Shatin Industrial Centre
5-7 Yuen Shun Circuit
Shatin, New Territories
Hong Kong

* *Non-executive Director*

** *Independent Non-executive Director*

4 October 2005

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTIONS

(1) ACQUISITION OF PROPERTIES AND (2) ACQUISITION OF SHARES

INTRODUCTION

The Directors announced that on 13 September 2005, Emwell, an indirect wholly-owned subsidiary of the Company, entered into the Provisional Agreement with Molex in relation to the Properties Acquisition.

On 20 September 2005, the Directors announced that Media Group, a wholly-owned subsidiary of the Company, entered into the Sale Shares Agreement with Van Shung Chong and Capital Full (a wholly-owned subsidiary of Van Shung Chong) on 16 September 2005 in relation to the Sale Shares Acquisition.

LETTER FROM THE BOARD

A. THE PROVISIONAL AGREEMENT

Date

13 September 2005

Parties

The purchaser: Emwell

The vendor: Molex

To the best of the Directors' knowledge, information and belief and having made reasonable enquiry, each of Molex and its ultimate beneficial owners is a third party independent of the Company and its connected persons as defined in the Listing Rules. The principal business of Molex is manufacturing of electronic, electrical and fiber optic interconnection products and systems.

The Properties

The Properties comprise Workshops 9 to 13 (both inclusive) on 2nd Floor of Block A with a gross area of 28,475 sq. ft. and Car Parking Spaces V49, V50, L42 and L45 on 2nd Floor of Shatin Industrial Centre, Nos. 5-7 Yuen Shun Circuit, Shatin, New Territories. The Properties can be used for industrial purposes.

Consideration and payment term

The consideration for the Properties Acquisition is HK\$27,030,000 and is payable in cash in the following manner:

- (1) an initial deposit of HK\$1,020,000 was paid by Emwell to Molex's solicitors as stakeholder upon signing of the Provisional Agreement;
- (2) a further deposit of HK\$1,683,000 was paid to Molex's solicitors as stakeholder upon signing of the formal agreement for sale and purchase on 26 September 2005;
- (3) the balance of the consideration of HK\$24,327,000 shall be payable upon completion of the Properties Acquisition.

The initial and further deposits will not be released to Molex unless and until Molex has proved good title to the Properties. If Molex is unable to prove good title to the Properties, Molex shall forthwith return all deposits received (without interest) to Emwell.

LETTER FROM THE BOARD

The consideration was determined after arm's length negotiations between the parties to the Provisional Agreement with reference to an analysis undertaken by the Group's property department of the transaction prices for comparable properties in the area in which the Properties are situated, and the current property market prices for industrial buildings of similar nature in the same vicinity. Based on the analysis, the Directors considered that the consideration is comparable with the current market prices. No independent valuation had been conducted on the Properties. The Directors are also of the view that the Properties Acquisition is fair and reasonable and in the best interests of the Company and its shareholders as a whole. We expect that approximately half of the acquisition cost will be funded from the Group's internal resources and the rest will be financed by bank borrowings.

Apart from the purchase of a workshop and a car parking space of Shatin Industrial Centre in April 2005 from an independent third party (not being Molex) and save as disclosed herein, the Group has not purchased other properties in Shatin Industrial Centre within the past 12 months or from Molex, its beneficial owners or their respective associates.

Completion

Completion of the Properties Acquisition shall take place on or before 31 March 2006, provided that Molex is entitled to the following options by serving a written notice on Emwell within the period between 1 January 2006 to 31 January 2006:

- (a) to extend the date of completion to no later than 30 June 2006 and Emwell shall in such event pay a further deposit and part payment of the consideration in the sum of HK\$2,703,000 to Molex or its solicitors as stakeholder (as the case may be) within 14 working days from receipt of the said notice; or
- (b) to complete the Properties Acquisition on or before 31 March 2006 but with the right to occupy the Properties under a lease to be granted to Molex by Emwell for a term of 3 months from the date of completion.

Subject to option (b) above, Molex shall deliver vacant possession of the Properties to Emwell on completion. Further announcement will be made by the Company if completion does not take place by 31 March 2006 or such later date pursuant to option (a) above which shall not in any event be later than 30 June 2006.

Reasons for the Properties Acquisition

The Company intends to use the Properties for rental purposes and investment purposes. The current market rental for similar properties is around HK\$4 to HK\$6 per sq. ft. and we expect the yield to be approximately 8% p.a. The Directors are of the view that the Properties Acquisition provides a desirable opportunity for the Group to broaden the portfolio of its property investment division.

LETTER FROM THE BOARD

B. THE SALE SHARES AGREEMENT

Date

16 September 2005

Parties

The purchaser: Media Group

The vendor: Capital Full (a wholly-owned subsidiary of Van Shung Chong) and its principal activity is investment holding

The vendor's guarantor: Van Shung Chong and its group's principal activities are trading and stockholding of construction materials and manufacturing and trading of industrial products

To the best of the Directors' knowledge, information and belief and having made reasonable enquiry, each of Capital Full, Van Shung Chong, its substantial shareholders and their respective associates is a third party independent of the Company and its connected persons as defined in the Listing Rules.

Assets to be acquired

Pursuant to the Sale Shares Agreement, Media Group has agreed, amongst other things, to acquire the Sale Shares from Capital Full for a consideration of HK\$34,468,455. Capital Full and Van Shung Chong (being Capital Full's guarantor) have jointly and severally provided certain warranties and indemnities in connection with, including but not limited to the general commercial, taxation, corporate and accounting matters of Senior Rich and the title of the Senior Rich Property, to Media Group under the Sale Shares Agreement.

Senior Rich is a property investment company which owns the Senior Rich Property, with total site area of approximately 211,266 sq. ft. The Senior Rich Property can be used for agricultural use. A waiver has been granted by the Government to Senior Rich for making use of majority area of the Senior Rich Property for industrial storage subject to, inter alia, three calendar months' notice of determination in writing given by either party to the other.

At present, approximately 120,000 sq. ft. of the Senior Rich Property is leased by Senior Rich to a third party independent of the Company and its connected persons (as defined in the Listing Rules), at a monthly rental of HK\$60,000 for a term up to 14 November 2006. Apart from such tenancy, Capital Full shall deliver vacant possession of the Senior Rich Property to Media Group on completion of the Sale Shares Acquisition.

For the year ended 31 March 2004, the audited net profit before and after taxation and extraordinary items of Senior Rich were HK\$163,623 and HK\$101,061. For the year ended 31 March 2005, the audited net profit before and after taxation and extraordinary items of Senior Rich were HK\$42,416 and HK\$34,994. As at 31 March 2005, the audited net asset value was HK\$33,361,108.

LETTER FROM THE BOARD

Save as disclosed herein, the Group has not purchased other properties within the proximity of the Senior Rich Property, or any properties and shares of any company from Capital Full, Van Shung Chong, its substantial shareholders or their respective associates, within the past 12 months.

Consideration and payment terms

The consideration for the Sale Shares Acquisition is HK\$34,468,455 and is payable in cash in full as follows:

- (1) an initial deposit of HK\$2,000,000 was paid by Media Group to Capital Full's solicitors as stakeholder upon signing of the Sale Shares Agreement;
- (2) a further deposit of HK\$1,450,621.7 and a part payment of HK\$3,406,978.3 shall be payable to Capital Full's solicitors as stakeholder on or before 6 October 2005;
- (3) subject to the adjustment of the excess or shortfall of the net asset values of Senior Rich (apart from the value of the Senior Rich Property) as shown in the management accounts and the audited accounts to be prepared for the period up to the date of completion, the balance of the consideration of HK\$27,610,855 shall be payable upon completion of the Sale Shares Acquisition. The Directors do not expect there will be a large discrepancy between the said net asset values.

The initial and further deposits and part payment will not be released to Capital Full unless and until Capital Full has proved good title to the Senior Rich Property.

The consideration was determined after arm's length negotiations between the parties to the Sale Shares Agreement with reference to the net asset value of Senior Rich and an analysis undertaken by the Group's property department of the transaction prices for comparable properties in the area in which the Senior Rich Property is situated. Based on the analysis, the Directors considered that the book value of HK\$34,288,000 of the Senior Rich Property is comparable with the current market prices. No independent valuation had been conducted on the Senior Rich Property. The Directors are also of the view that the Sale Shares Acquisition is fair and reasonable and in the best interests of the Company and its shareholders as a whole. We expect that approximately half of the acquisition cost will be funded from the Group's internal resources and the rest will be financed by bank borrowings.

Conditions

Completion of the Sale Shares Acquisition is conditional upon, inter alia, the following conditions:

- (a) completion by Media Group of the due diligence investigation not less than 7 days before the date of completion and Media Group being satisfied with the results thereof and the warranties and undertakings of the Sale Shares Agreement being true and correct;

LETTER FROM THE BOARD

(b) proof of good title to the Senior Rich Property by Capital Full to Media Group.

If any of the conditions is not satisfied (or is not waived) by the date of completion, Media Group may by written notice rescind the Sale Shares Agreement and Capital Full shall forthwith return all deposits and part payments received (without interest) to Media Group.

Completion

Subject to the fulfillment (or waiver) of the conditions of the Sale Shares Agreement, completion of the Sale Shares Acquisition shall take place on or before 9 November 2005. Further announcement will be made by the Company if completion does not take place by 9 November 2005.

Reasons for the Sale Shares Acquisition

The Company intends to use around half of the area of the Senior Rich Property for rental purposes, and the remaining part as the Group's own warehouse. The Group is currently renting a piece of land from an outside party for warehouse purposes and additional warehousing space is required. The Directors believe that the Sale Shares Acquisition will help the Group to save paying high rent for warehousing space and will provide a stable rental income source for the Group. The current market rental for similar properties is around HK\$0.8 to HK\$1 per sq. ft. and we expect the yield to be approximately 6% p.a. The Directors are of the view that the Sale Shares Acquisition is fair and reasonable and in the interests of the Company and its shareholders as a whole.

C. GENERAL INFORMATION AND LISTING RULES IMPLICATIONS

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 properties investment and development. The principal businesses of Emwell and Media Group are property investment and investment holding respectively.

Each of the Properties Acquisition and the Sale Shares Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

LETTER FROM THE BOARD

D. FINANCIAL EFFECTS OF THE PROPERTY ACQUISITION AND THE SALE SHARES ACQUISITION

As at 31 March 2005, the working capital of the Group was HK\$227,451,000. The total consideration for the Properties Acquisition and the Sale Shares Acquisition represented approximately 27.0% of the working capital of the Group as at 31 March 2005. Taking into account of the Group's revenue streams, credit requirements, banking facilities available and the income to be generated from the Properties and the Senior Rich Property, the Company considers that the Group has sufficient working capital to meet its ongoing business requirements. The current working capital ratio of the Group will decrease from approximately 1.6 to approximately 1.4 immediately upon completion of the Properties Acquisition and the Sale Shares Acquisition.

The Group had net borrowings (total bank borrowings less total bank balances and cash) of HK\$13,000,000 and the gearing ratio for the Group (being the net borrowings divided by Shareholders' funds) was 0.03 as at 31 March 2005. The Group anticipates that it will require additional bank loans of approximately HK\$14,000,000 and HK\$20,000,000 to finance the Properties Acquisition and the Sale Shares Acquisition respectively, and the remaining part of the consideration will be paid out of the Group's internal resources. Accordingly, the Group anticipates that its net borrowings will amount to approximately HK\$47,000,000 after completion of the Properties Acquisition and the Sale Shares Acquisition, and the gearing ratio of the Group upon completion of the said acquisitions will be approximately 0.1. The Directors consider that it will not adversely affect the cash position of the Group.

The income generated from the Properties and the Senior Rich Property is rental income. The annual profit before taxation generated from these properties is estimated to be approximately HK\$1 million.

E. ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the Appendix in this circular.

Yours faithfully,
For and on behalf of the Board
Hanison Construction Holdings Limited
Wong Sue Toa, Stewart
Managing Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the following Directors of the Company were interested, or were deemed to be interested in the following long and short positions in the Shares, underlying Shares of equity derivatives and debentures of the Company which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (“SFO”); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) adopted by the Company to be notified to the Company and the Stock Exchange:

Long positions in Shares

Name	Capacity	No. of ordinary Shares			Total no. of ordinary Shares	% of issued share capital
		Personal interests	Corporate interests	Other interests		
Cha Mou Sing, Payson	Beneficial owner, interest of controlled corporation and beneficiary of discretionary trusts	459,541	512,616 (Note 1)	104,263,263 (Note 2)	105,235,420	23.74%
Cha Mou Daid, Johnson	Beneficiary of discretionary trusts	—	—	105,783,769 (Note 2)	105,783,769	23.87%
Cha Yiu Chung, Benjamin	Beneficiary of discretionary trusts	—	—	104,263,263 (Note 2)	104,263,263	23.52%
Wong Sue Toa, Stewart	Beneficial owner and interest of controlled corporation	3,718,409	2,823,786 (Note 3)	—	6,542,195	1.48%
Tai Sai Ho	Beneficial owner	376,875	—	—	376,875	0.09%
Shen Tai Hing	Beneficial owner	8,202	—	—	8,202	0.0019%

Notes:

- (1) The Shares are held by a corporation in which the relevant director is deemed to be interested by virtue of Part XV of the SFO.

- (2) These Shares are held under certain discretionary trusts, of which Mr. Cha Mou Sing, Payson, Mr. Cha Mou Daid, Johnson and Mr. Cha Yiu Chung, Benjamin are members of the class of discretionary beneficiaries comprising Dr. Cha Chi Ming and his issue under certain but not identical discretionary trusts .
- (3) Mr. Wong Sue Toa, Stewart's corporate interests in the Company arise from the fact that he owns 50% of the share capital of a corporation, which as at the Latest Practicable Date, held 2,823,786 Shares.

Save as disclosed in this circular, as at the Latest Practicable Date, none of Directors of the Company were interested, or were deemed to be interested in long or short positions in the Shares, underlying Shares of equity derivatives and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code adopted by the Company to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WITH NOTIFIABLE INTERESTS

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (other than the Directors of the Company) had an interest in the following long positions in the Shares and underlying Shares of equity derivatives which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group:

Interests in the Company

Name	Capacity	Number of ordinary Shares	Long/Short Position	% of issued share capital
Great Wisdom Holdings Limited ("Great Wisdom") (Note 1)	Beneficial owner	217,185,676	Long Position	49.0%
HKRI International Limited ("HKRI") (Note 1)	Interest of controlled corporation	217,185,957	Long Position	49.0%
LBJ Regents Limited ("LBJ Regents") (Note 2)	Trustee and interest of controlled corporations	29,052,705	Long Position	6.55%
Novantenor (Note 3)	Trustee and interest of controlled corporations	295,320,953	Long Position	66.63%

Notes:

- (1) Great Wisdom is a wholly-owned subsidiary of HKRI and therefore HKRI is deemed to be interested in the 217,185,676 Shares held by Great Wisdom in accordance with the SFO.
- (2) These Share interests comprise 14,911,093 Shares directly held by LBJ Regents, 14,141,612 Shares indirectly held by LBJ Regents through a subsidiary held as to approximate by 52.24% by LBJ Regents. LBJ Regents is holding these Shares and the shares in HKRI 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.
- (3) These share interests comprise 78,134,996 shares directly held by Novantenor and 217,185,957 shares held by HKRI. As at the Latest Practicable Date, Novantenor directly held approximately 37.46% interest in HKRI and pursuant to the SFO, Novantenor is deemed to be interested in the 217,185,957 Shares held by HKRI. Novantenor is holding these Shares and the shares in HKRI as the trustee of certain irrevocable discretionary trusts of which members of the Cha Family (as defined above) are among the discretionary objects.

Save as disclosed in this circular, the Directors are not aware of any person who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying Shares of equity derivatives which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or was proposing to enter into any service contract with the Company or any subsidiary of the Company (except those which would expire within one year or was determinable by the employing company within one year without payment of compensation other than statutory compensation).

5. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, the interests of Directors and their associates in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules were as follows:

Name of Director <i>(Note 1)</i>	Name of Company	Nature of interest	Competing business <i>(Note 2)</i>
Cha Mou Sing, Payson	HKRI	Director; and a member of the class of discretionary beneficiaries of certain, discretionary trusts of which the trustee is deemed a substantial shareholder under Part XV of the SFO	(a) Property development and investment (b) Property management, leasing and marketing services
	CDW Building Limited	Director; and a member of the class of discretionary beneficiaries of certain discretionary trusts of which the trustee is deemed an indirect substantial shareholder under Part XV of the SFO	Property investment
Cha Mou Daid, Johnson	HKRI	Director; and a member of the class of discretionary beneficiaries of certain discretionary trusts of which the trustee is deemed a substantial shareholder under Part XV of the SFO	(a) Property development and investment (b) Property management, leasing and marketing services
	CDW Building Limited	Director; and a member of the class of discretionary beneficiaries of certain discretionary trusts of which the trustee is deemed an indirect substantial shareholder under Part XV of the SFO	Property investment

Name of Director <i>(Note 1)</i>	Name of Company	Nature of interest	Competing business <i>(Note 2)</i>
Cha Yiu Chung, Benjamin	HKRI	A member of the class of discretionary beneficiaries of certain discretionary trusts of which the trustee is deemed a substantial shareholder under Part XV of the SFO	(a) Property development and investment (b) Property management, leasing and marketing services
	CDW Building Limited	A member of the class of discretionary beneficiaries of certain discretionary trusts of which the trustee is deemed an indirect substantial shareholder under Part XV of the SFO	Property investment
Lam Chat Yu	CDW Building Limited	Director	Property investment

Notes:

- (1) Mr. Cha Mou Sing, Payson, Mr. Cha Mou Daid, Johnson and Mr. Cha Yiu Chung, Benjamin are non-executive directors of the Company, who are not involved in the daily management of the Group.
- (2) Such businesses may be made through subsidiaries, associated companies or by way of other forms of investments.

Save as disclosed above, and as at the Latest Practicable Date, none of the Directors or their respective associates was interested in, apart from the Group's businesses, any business which competes or is likely to compete, either directly or indirectly, with businesses of the Group.

6. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group, except for the following:—

- (i) legal actions in respect of allegations for copyright infringement and defamation have been taken during the financial year ended 31 March 2004 against certain subsidiaries of the Company carrying on health product business and since only preliminary steps have been taken against the Group, the Directors are of the opinion that it is impractical to

assess the impact of such legal actions on the Group. Reference is made to Note 34 (contingent liabilities) of the Company's 2004-2005 annual report and paragraph 6(i) of the Company's circular to shareholders dated 23 March 2005 which had previously disclosed such actions;

- (ii) actions for personal injury claims are being taken against the Group from time to time in the course of and in connection with its construction, interior and renovation businesses and the costs of which are generally covered by insurers and/or the liquidator of the relevant insurance company where such company has been put into liquidation and/or the Employee Compensation Assistance Fund Board. The Directors consider that such actions will have no material impact on the Group. Reference is made to paragraph 6(ii) of the Company's circular to shareholders dated 23 March 2005 which had previously disclosed such actions; and
- (iii) a subsidiary of the Company (the "Subsidiary") has taken legal action during the financial year ended 31 March 2004 in respect of a dispute relating to matters under the Employment Ordinance and/or breach of a sub-contract against a sub-contractor of the Group and the sub-contractor has subsequently made a counter-claim against the Subsidiary of the Company in respect of the alleged outstanding payment for work done, and since only preliminary steps have been taken by the Subsidiary and the sub-contractor, the Directors are of the opinion that it is impractical to assess the impact of such legal action on the Group. Reference is made to paragraph 6(iii) of the Company's circular to shareholders dated 23 March 2005 which had previously disclosed such action.

7. GENERAL

- (a) Mr. Lo Kai Cheong Casey, FCPA, is the company secretary and the qualified accountant of the Company.
- (b) The registered office of the Company is situated at P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies.
- (c) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.