
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Hanison Construction Holdings Limited**, you should at once hand this circular and the enclosed proxy form to the purchaser or transferee, or to the bank, licensed securities dealer 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)

**CONTINUING CONNECTED TRANSACTIONS
FOR
CONSTRUCTION TRANSACTIONS AND RENOVATION
TRANSACTIONS WITH THE HKRI GROUP**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

**BRIDGE PARTNERS**

BRIDGE PARTNERS CAPITAL LIMITED

A letter from the Independent Board Committee (as herein defined) containing its advice and recommendation to the Independent Shareholders (as herein defined) is set out on pages 11 to 12 of this circular. A letter from Bridge Partners (as herein defined), the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 22 of this circular.

A notice convening the EGM (as herein defined) to be held at Function Room — Elm, Lobby Floor, InterContinental Hong Kong, 18 Salisbury Road, Kowloon, Hong Kong on Monday, 22 March 2010 at 11:00 a.m. is set out on pages 30 to 31 of this circular. A proxy form is also enclosed. If you are not able to attend and vote at the EGM in person, please complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. **Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or adjournment thereof should you so wish.**

10 February 2010

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DEFINITIONS

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

“Agreement”	the Construction and Renovation Services Framework Agreement dated 20 January 2010 made between HKRI and Hanison;
“Articles”	articles of association of the Company;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Board” or “Directors”	board of directors of the Company;
“Bridge Partners” or “Independent Financial Adviser”	Bridge Partners Capital Limited, a corporation licensed under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder;
“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;
“Company” or “Hanison”	Hanison Construction Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“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;
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of approving the Agreement and the transactions contemplated thereunder, and any adjournment thereof;
“Hanison Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKRI”	HKR International Limited, a company incorporated in the Cayman Islands the shares of which are listed on the main board of the Stock Exchange. HKRI together with its wholly-owned subsidiary holds approximately 49% of the issued share capital of the Company;
“HKRI Board”	board of directors of HKRI;

DEFINITIONS

“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;
“Independent Board Committee”	an independent committee of the Board comprising Mr. Chan Pak Joe, Dr. Lau Tze Yiu, Peter and Dr. Sun Tai Lun, independent non-executive directors of the Company, established for the purpose of advising the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder;
“Independent Shareholders”	independent shareholders of the Company excluding, for all purposes in connection with the approval of the Agreement and the transactions contemplated thereunder, HKRI, the Major Shareholders and their respective associates;
“Latest Practicable Date”	5 February 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Major Shareholders”	<p>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:</p> <p>(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;</p>

DEFINITIONS

- (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;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong;
“Shares”	ordinary share(s) of HK\$0.1 each in the share capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

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. Lau Tze Yiu, Peter**
Mr. Shen Tai Hing
Dr. Sun Tai Lun**

Registered Office:—

P.O. Box 309, Uglund House
Grand Cayman, KY1-1104
Cayman Islands

Principal Place of

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

* *Non-executive Directors*

** *Independent Non-executive Directors*

10 February 2010

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
FOR
CONSTRUCTION TRANSACTIONS AND RENOVATION
TRANSACTIONS WITH THE HKRI GROUP**

INTRODUCTION

Reference is made to the joint announcement of the Company and HKRI dated 20 January 2010 relating to the Agreement. Hanison and HKRI 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. The current arrangements between the two groups are due to expire on 31 March 2010.

LETTER FROM THE BOARD

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. Hanison anticipates that it will wish to tender for some or all of these projects.

In addition, Hanison anticipates the prospect of pitching for certain renovation works which members of the HKRI Group may from time to time mandate in relation to properties and developments owned, operated or managed by members of the HKRI Group. It is understood that the HKRI Group may or may not open such renovation works to tender depending on the size of the works involved.

The purpose of this circular is to provide you with details on the Agreement and the Continuing Connected Transactions, the recommendation of the Independent Board Committee and the advice of Bridge Partners in respect of the Agreement and the Continuing Connected Transactions and to give notice of the EGM thereof.

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 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.

LETTER FROM THE BOARD

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 equivalent to those on which that the Hanison Group would contract with 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 sums is effected in stages, based on the 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 is 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 two financial years ending 31 March 2012 and 31 March 2013 respectively and the anticipated total value for the year ending 31 March 2010.

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, it is understood that HKRI anticipates that there is likely to be an increase in the number of Renovation Transactions in the coming years as compared to recent years.

LETTER FROM THE BOARD

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 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 works for the HKRI Group.

The annual caps in respect of the Renovation Transactions are based upon an average cost of the renovation works 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.

LETTER FROM THE BOARD

PARTICULARS OF PAST CONTINUING CONNECTED TRANSACTIONS

Shareholders are reminded that the annual caps approved by 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 <i>note</i>

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 <i>note</i>

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 Hanison is investment holding. Its subsidiaries are principally engaged in building construction, interior and renovation works, supply and installation of building materials, trading of health products and property investment and development.

The principal business 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 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 Hanison Group and the HKRI Group and which each regards as being essential to the continued operation and growth of their respective businesses.

LETTER FROM THE BOARD

OPINIONS OF THE DIRECTORS

Members of the Board 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 the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

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.

HKRI, the Major Shareholders and their respective associates will abstain from voting at the EGM on the resolution to approve the Agreement and the transactions contemplated thereunder, and any adjourned thereof.

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

GENERAL

Shareholders 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 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 are advised to exercise caution when dealing in the shares of Hanison.

VOTING AT EGM

Pursuant to rule 13.39(4) of the Listing Rules and article 80 of the Articles, the votes of the Independent Shareholders at the EGM will be taken by poll and the Company shall announce the results of the poll in the manner prescribed under rule 13.39(5) of the Listing Rules.

Pursuant to article 85 of the Articles, on a poll, every member who is present in person (or, in the case of a corporation, is present by its duly authorised representative or a proxy) or by proxy shall have one vote for each fully-paid share registered in his name in the register. A member entitled to more than one vote is under no obligation to cast all his votes in the same way.

LETTER FROM THE BOARD

EGM

The notice convening the EGM is set out on pages 30 to 31 of this circular. Enclosed with this circular is the form of proxy for use at the EGM. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out in this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM in relation to the Agreement and the transactions contemplated thereunder.

Your attention is also drawn to the letter from Bridge Partners set out in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders as regards the Agreement and the transactions contemplated thereunder and the principal factors and reasons considered by it in arriving thereat.

The Independent Board Committee has considered the terms of the Agreement and the Continuing Connected Transactions and the advice given by Bridge Partners and recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in relation to the Agreement and the transactions contemplated thereunder.

Yours faithfully,
By Order of the Board
CHA Mou Sing, Payson
Chairman



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)

10 February 2010

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
FOR
CONSTRUCTION TRANSACTIONS AND RENOVATION
TRANSACTIONS WITH THE HKRI GROUP**

INTRODUCTION

Reference is made to the circular dated 10 February 2010 issued by the Company to the Shareholders, of which this letter forms part. The terms defined in the circular shall have the same meanings when used in this letter, unless the context requires otherwise.

The Independent Board Committee has been constituted by the Board to advise the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder and to make a recommendation as to voting at the EGM. Bridge Partners has been appointed as the independent financial adviser to advise the Independent Board Committee on the fairness and reasonableness of the terms of the Agreement so far as the Independent Shareholders are concerned.

The terms of the Agreement and the transactions contemplated thereunder are summarised in the section headed “Letter from the Board” set out on pages 4 to 10 of the circular. In addition, you are strongly urged to read Bridge Partners’ letter to the Independent Board Committee and the Independent Shareholders, which is set out on pages 13 to 22 of the circular. As referred to in the section headed “Letter from the Board”, HKRI, the Major Shareholders and their respective associates, as interested parties, will abstain from voting on the ordinary resolution to be proposed at the EGM for approving the terms of the Agreement and the transactions contemplated thereunder. Pursuant to rule 13.39(4) of the Listing Rules and article 80 of the Articles, the votes of the Independent Shareholders at the EGM will be taken by poll.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

The Independent Board Committee has met with the management of the Company to discuss the Agreement and its reasons for entering into it and has considered Bridge Partners' letter.

Taking into account the principal factors and reasons considered and the recommendation given by Bridge Partners, the Independent Board Committee considers that the terms of the Agreement in respect of the Construction Transactions and the Renovation Transactions are on normal commercial terms and in the ordinary and usual course of business of the Hanison Group. The Independent Board Committee is of further opinion that the terms of the Agreement are in the interest of the Company and the Shareholders as a whole and the respective annual caps for the Construction Transactions and the Renovation Transactions are fair and reasonable.

Accordingly, the Independent Board Committee recommends that you vote in favour of the ordinary resolution as set out in the notice convening the EGM on pages 30 to 31 of the circular, for approving and ratifying the terms of the Agreement and the transactions contemplated thereunder (including the respective annual caps for the Construction Transactions and the Renovation Transactions) and authorising the directors of the Company to enter into and implement the terms of the Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the Independent Board Committee of

Hanison Construction Holdings Limited

CHAN Pak Joe

LAU Tze Yiu, Peter

SUN Tai Lun

Independent Non-executive Directors

LETTER FROM BRIDGE PARTNERS

The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from Bridge Partners relating to the Agreement prepared for the purpose of incorporation in this circular:



BRIDGE PARTNERS

BRIDGE PARTNERS CAPITAL LIMITED

Bridge Partners Capital Limited

Unit 605, 6/F, Grand Millennium Plaza
181 Queen's Road Central
Central, Hong Kong

10 February 2010

*To the independent board committee
and the independent shareholders of Hanison Construction Holdings Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the related proposed annual caps as well as the revision of the annual caps for certain Continuing Connected Transactions under the Agreement, details of which are set out in the “Letter from the Board” contained in the circular of the Company dated 10 February 2010 (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

HKRI together with its wholly-owned subsidiary holds approximately 49% of the issued share capital of the Company, and is, therefore, a substantial shareholder and a connected person of the Company. The transactions under the Agreement constitute continuing connected transactions of the Company and are subject to the reporting, announcement and independent shareholders’ approval requirements of the Listing Rules. HKRI, the Major Shareholders and their respective associates will abstain from voting at the EGM on the resolution to approve the Agreement.

The Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Chan Pak Joe, Dr. Lau Tze Yiu, Peter and Dr. Sun Tai Lun, has been established to make recommendations to the Independent Shareholders as to whether the terms of the Agreement and the related proposed annual caps as well as the revision of the annual caps for certain Continuing Connected Transactions under the Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM BRIDGE PARTNERS

BASIS OF OUR OPINION

In arriving at our opinion and recommendation, we have relied on the information supplied, the opinion and representations expressed by the Directors and the management of the Company. We have assumed that the information and representations contained or referred to in the Circular and the information and representations that have been provided by the Company and/or the Directors and/or the management of the Company, for which they are solely and wholly responsible, are true, accurate and complete at the time they were made and continue to be true up to and including the date of the EGM. We consider that we have been provided with sufficient information to form a reasonable basis of our opinion. We have no reason to suspect that any material fact or information has been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us.

Having made all reasonable enquiries, the Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading.

We have not, however, carried out any independent verification on the information provided by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Company, or its subsidiaries or associated companies, nor have we considered the taxation implication on the Hanison Group or the Shareholders as a result of the Construction Transactions and Renovation Transactions.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of Continuing Connected Transactions and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders with regard to the Continuing Connected Transactions, we have taken the following principal factors and reasons into consideration:

(A) Background of and reasons for entering into of the Agreement

The Hanison Group is 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 HKRI Group is principally engaged in property development and management, the provision of essential and recreation services for residential housing and leisure projects in Discovery Bay, Lantau Island, property investment, hotel operation, healthcare services, manufacturing and other investments.

LETTER FROM BRIDGE PARTNERS

Overview

On 30 January 2007, the Company entered into the construction and renovation services framework agreement (the “2007 Framework Agreement”) with HKRI, pursuant to which it is envisaged that members of the Hanison Group will provide the Services to members of the HKRI Group for a term of 3 years and are due to expire on 31 March 2010 in relation to each of the projects relating to the (i) construction of residential, commercial, hotel and recreational properties, buildings and related infrastructure and facilities for which the HKRI Group may from time to time seek tenders and (ii) renovation services or assistance in relation to the properties owned, operated or managed from time to time by the HKRI Group.

The HKRI Group has a land bank which is proposed to develop over time, including the intended additional phases at Discovery Bay, Lantau Island. HKRI, being the property developer, develops residential, commercial and recreational projects, for which the HKRI Group proposes, from time to time, to request tenders. In addition, HKRI anticipates the prospect of engaging the Hanison Group in relation to certain renovation works which members of the HKRI Group proposes, from time to time, require in relation to the properties and developments owned, operated or managed by members of the HKRI Group.

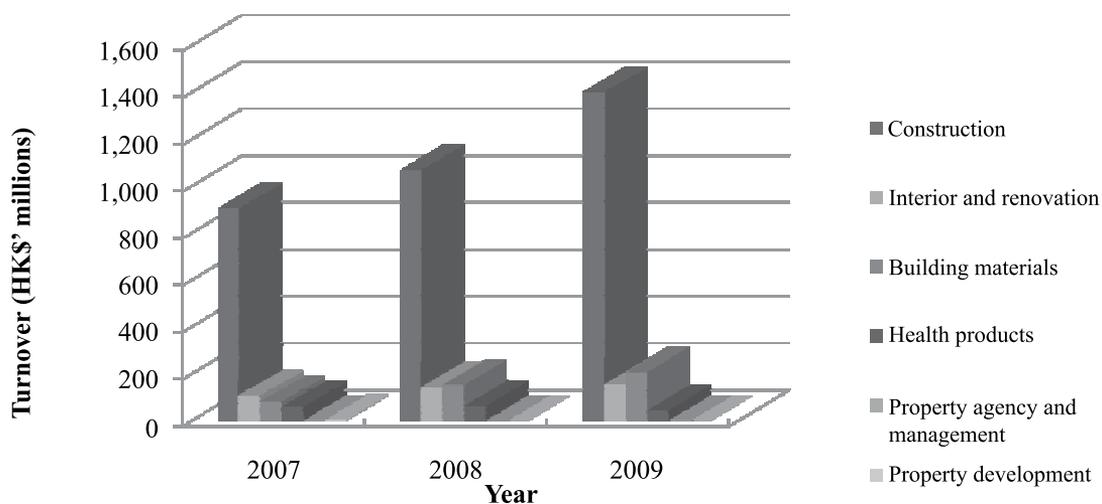
In view of the 2007 Framework Agreement which will expire on 31 March 2010, the Company and HKRI have entered into the Agreement to govern the outline terms upon which members of the HKRI Group and members of the Hanison Group propose to engage in the Construction Transactions and the Renovation Transactions during the three financial years ending 31 March 2013 to continue the previous arrangements with the relevant parties.

Reasons for entering into the Agreement

As noted from the “Letter from the Board”, 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. The Agreement also provides the basic framework for future transactions of a revenue nature between the HKRI Group and the Hanison Group and is regarded as being essential to the continued operation and growth of the respective businesses. The chart below illustrates the breakdown of turnover of the Hanison Group for the three financial years ended 31 March 2009.

LETTER FROM BRIDGE PARTNERS

Turnover of the Hanison Group for the three years ended 31 March 2009



The turnover of the Hanison Group increased from approximately HK\$1,445.87 million in 2008 to HK\$1,828.48 million in 2009, representing an increase of 26.5% over the previous year. Such increase was mainly due to the increase in the turnover of the construction, interior and renovation and building material businesses of the Hanison Group. As referred to the above chart, the total turnover of the Hanison Group (excluding the inter-segment sales) were mainly attributed to the construction income, which represented approximately 76.9%, 74.0% and 76.6% of the annual turnover for the three financial years ended 31 March 2009 respectively. The turnover of the construction business (excluding the inter-segment sales) in the financial year ended 31 March 2009 represented an increase of approximately 31.0% over that of the previous year. Nevertheless, the Company recorded the unaudited consolidated turnover for the six months ended 30 September 2009 of approximately HK\$495.0 million, representing a decline of approximately 43.3% as compared to that of the corresponding period last year, which was mainly due to the decline in construction project works in private and public sectors during the financial period. The Hanison Group has completed 9 projects during the period from May 2008 to May 2009, including but not limited to, the redevelopment of Sau Mau Ping Estate Phase 14 and the proposed conference and resort hotel development in Discovery Bay, Lantau Island.

The turnover for the interior and renovation business (excluding the inter-segment sales) was approximately HK\$107.49 million, HK\$142.53 million and HK\$154.76 million, representing approximately 9.1%, 9.9% and 8.5% of the annual turnover for the three financial years ended 31 March 2009 respectively. The turnover for the interior and renovation business (excluding the inter-segment sales) for the year ended 31 March 2009 represented an increase of approximately 8.6% when compared to that of the previous year. The increase in the turnover of this segment was attributed to the new orders received for the buildings renovation and the completion of several renovation projects, including the clubhouses at Queen's Garden at 9 Old Peak Road. The Company also recorded a satisfactory result in the interior and renovation segment. For the six months ended 30 September 2009, the unaudited turnover for this segment (excluding the inter-segment sales) was approximately HK\$65.31 million, representing an

LETTER FROM BRIDGE PARTNERS

increase of 18.2% as compared to the corresponding period of the previous year. Although some major renovation activities have been suspended due to the global financial tsunami, the interior and renovation division has secured some projects including the proposed residential development at Area N1d, Phase 14 of Discovery Bay and the renovation works at Scenic Garden, 9 Kotewall Road.

As advised by the Company, the Hanison Group has sufficient capacity to cater for both the construction and interior and renovation works commissioned by the HKRI Group and the independent third parties. As advised by the Company, the construction work and interior and renovation work commissioned by the subsidiaries and/or associates of HKRI represented approximately 16.5% of the total construction income (excluding the inter-segment sales) and 0.4% of the total interior and renovation income (excluding the inter-segment sales) for the year ended 31 March 2009. We are of the view that it is beneficial for the Company to enter into the Agreement with HKRI and it is reasonable for the Hanison Group to enter into the Continuing Connected Transactions which will be carried out in the ordinary and usual course of business and are in the interests of the Company and the Independent Shareholders as a whole.

(B) The terms of the Agreement and the proposed annual caps for the Continuing Connected Transactions

Terms of the Agreement

According to the “Letter from the Board”, the Agreement sets out the framework within which the members of the Hanison Group will provide the Services to members of the HKRI Group in relation to all Building Projects entered into between members of the HKRI Group and members of the Hanison Group, and all 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 may from time to time enter into subsidiary agreements covering the Construction Transactions and the Renovation Transactions envisaged under the Agreement and will set out the specified detailed terms upon which the Services will be rendered by the Hanison Group to the HKRI Group.

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 favorable 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.

LETTER FROM BRIDGE PARTNERS

Set out below are the analysis of the proposed maximum caps for the Continuing Connected Transactions:

(a) *Construction Transactions with HKRI Group*

Historical records

Year ended 31 March	Caps on the aggregate turnover from the connected construction transactions with the HKRI Group <i>HK\$</i>	Value of construction transactions with the HKRI Group <i>approximate HK\$'million</i>	Hanison Group's turnover <i>approximate HK\$'million</i>	Percentage of the value of the construction transactions with the HKRI Group over Hanison Group's turnover <i>approximate %</i>
2007	The higher of (i) 50% of the audited consolidated turnover of the Hanison Group for the previous financial year (approximately HK\$438 million); and (ii) HK\$800 million	70.11	1,178.89	6.0
2008	450 million	136.59	1,445.87	9.5
2009	450 million	230.73	1,828.48	12.6
2010	450 million	103.76 ^{note}	Not available	Not available

Note: The total value of the Construction Transactions made up to 31 December 2009.

As shown above, the values of the construction transactions with the HKRI Group represented approximately 6.0%, 9.5% and 12.6% of the total turnover of the Hanison Group for the three years ended 31 March 2009 respectively. We note that the turnover of the Construction Transactions with the HKRI Group in both absolute and percentage terms have increased for the past three years. As confirmed by the management of the Company, such increases were mainly due to the facts that (i) the Hanison Group had continuously participated in construction transactions commissioned by the HKRI Group for the past few years and (ii) the contract sum of the DB North Hotel Superstructure in Discovery Bay has been recognised. According to the Company, the DB North Hotel Superstructure project commenced its early phase during the period from 1 April 2007 and entered its main phase during the financial period ended 31 March 2009. Since the DB North Hotel Superstructure project reached its main phase resulting in an increase in the certified sum, the connected transaction value increased substantially during that period of time.

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We note that the values of the Construction Transactions between the Hanison Group and the HKRI Group for the three years ended 31 March 2009 did not exceed their respective caps. We have also reviewed the gross profit margins of the Hanison Group with other independent third parties and the gross profit margin of the Construction Transactions with the HKRI Group for the three years ended 31 March 2009 and found that the respective average gross profit margins did not have material discrepancies.

Basis for setting the proposed caps

The caps proposed under the Construction Transactions pursuant to the Agreement 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 are as follows:

	Year ending 31 March 2011	Year ending 31 March 2012	Year ending 31 March 2013
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Proposed caps	600 million	400 million	400 million

The annual caps in respect of the Construction Transactions are 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 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 which is based upon the historical tendering success rates 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 buffer prepared for possible projects not yet identified for working out the annual caps at this moment.

As noted from the “Letter from the Board”, the anticipated development plans of HKRI for the three years ending 31 March 2013 are based upon HKRI’s own confidential assumptions and such information would not be appropriate for HKRI to share with the Company or any other prospective tenderer. In order to assess the estimated success rate of the Hanison Group in the tendering process, we have reviewed the historical success rates of the Hanison Group tendering for the Construction Transactions and the tenders that were awarded to Hanison Group for the three years ended 31 December 2009. Based on the discussion with the management of the Company, the Hanison Group will apply similar strategies in the similar tendering processes for participating in the future tenders of construction works commissioned by the HKRI Group. As such, we are of the view that using the historical tendering success rates of the Hanison Group for the Construction Transactions for determining the estimated success rate is fair and reasonable. In light of the above, we are of the view that the basis for calculating the estimated values of the Construction Transactions is fair.

LETTER FROM BRIDGE PARTNERS

As discussed with the Company, the basis for determining the annual cap for the year ending 2011 has also taken into account the outstanding balance of the Construction Transactions which have been secured from previous years but have not yet completed. The Directors anticipate that the major portion of the outstanding balance of the Construction Transactions, approximately HK\$200 million, should be carried forward from the previous years and recognised by the year ending 31 March 2011 and hence needed to be recorded and reflected in the annual cap for the financial period of 2011. As such, the annual cap for the financial year ending 31 March 2011 will be significantly higher than the annual caps of two financial years ending 31 March 2012 and 31 March 2013 respectively and the anticipated total value for the year ending 31 March 2010.

The Directors are of the view that the recent recovery of the Hong Kong economy would create favorable conditions for the resumption of those construction projects which have been slowed down near the end of year 2008 and in early 2009. In addition, the accelerating pace of the infrastructure development and the public facility investment by the Hong Kong Government will also be beneficial to the Company. In order to maintain the competitiveness of the Hanison Group, the Directors believe that the Hanison Group will further participate in the construction transactions with both HKRI and non-HKRI parties by exploring more private construction opportunities and secure more sizable government works. In this regard, we consider that a 10% contingency buffer prepared for possible projects for working out the annual caps are fair and reasonable.

Based on the above factors, we are of the view that, the proposed annual caps in respect of the Construction Transactions under the Agreement for the three years ending 31 March 2013 are fair and reasonable so far as the Independent Shareholders are concerned.

(b) *Renovation Transactions with HKRI Group*

Historical records

Year ended 31 March	Caps on the aggregate turnover <i>HK\$' million</i>	Actual turnover <i>approximate HK\$'million</i>	Percentage of the value of the renovation transactions with the HKRI Group over Hanison Group's turnover <i>approximate %</i>
2007	10	0.15	0.01
2008	20	0.48	0.03
2009	20	0.55	0.03
2010	20	Nil ^{note}	Not available

Note: The total value of the Renovation Transactions made up to 31 December 2009.

LETTER FROM BRIDGE PARTNERS

The actual turnover of the Renovation Transactions between members of the HKRI Group and the Hanison Group represented approximately 0.01% for the year ended 31 March 2007 and approximately 0.03% for the year ended 31 March 2008 and 31 March 2009 respectively.

We note that the values of the Renovation Transactions between the Hanison Group and the HKRI Group for the three years ended 31 March 2009 did not exceed their respective caps.

Basis for setting the proposed caps

As stated in the section headed “Letter from the Board”, the proposed annual caps for the Renovation Transactions to be entered into for each of the three years ended 31 March 2013 shall not exceed HK\$50 million which is determined with reference to the average cost of the renovation works conducted by the Hanison Group for the HKRI Group over the two and a half years ended 30 September 2009 and the estimated values of the Renovation Transactions for the three years ending 31 March 2013. The Directors anticipate that the provision of maintenance services for aging buildings as regulated by legislation and the various support schemes in building renovation formulated by the Government will provide the Hanison Group with more opportunities in the building renovation business. The recent rebound of the local property market may also encourage the landlords to renovate the aging buildings in order to attract buyers and/or tenants. It is expected by the Directors that there will be more Renovation Transactions in the coming years for new property development projects and existing properties that have renovation needs. The annual caps for the Renovation Transactions are, therefore, proposed to increase from HK\$20 million to HK\$50 million for the three years ending 31 March 2013.

According to the annual report of the HKRI Group, the construction works of Phase 14 of Discovery Bay for the HKRI Group is scheduled to complete by the end of 2010. Apart from the interests in Discovery Bay, the HKRI Group also owns certain commercial, industrial centers, residential and golf courses in Hong Kong, including the Discovery Park in Tsuen Wan, CDW Building in Tsuen Wan and the West Gate Tower in Cheung Sha Wan. As such, the HKRI Group may also need to carry out renovation works on those projects. In addition, the proposed annual caps for the Renovation Transactions have also covered the maintenance and renovation services for aging buildings after taking into account various factors, including but not limited to, inflation rate and the anticipated increasing number of renovation projects commissioned by the HKRI Group.

Based on the foregoing, we concur with the Directors’ view that it is fair and reasonable for the Company to increase the annual caps for the Renovation Transactions to meet the changing market conditions and the possibility that the Hanison Group may undertake additional renovation works for the HKRI Group.

LETTER FROM BRIDGE PARTNERS

Re-approval is required if the values exceed the proposed annual caps

In the event that the total value of the Construction Transactions or the Renovation Transactions exceed the relevant amounts set out above for any year, such transactions and their total values will be subject to review and re-approval by the HKRI Independent Shareholders and the Independent Shareholders as soon as possible, either at the respective companies' next following annual general meetings or at extraordinary general meetings of HKRI and the Company convened for this specific purpose, whichever comes first.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the Continuing Connected Transactions and the terms of the Agreement are on normal commercial terms and in the ordinary and usual course of business of the Hanison Group. We are also of the view that the terms of the Agreement (including the respective annual caps for the Continuing Connected Transactions) are fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the Agreement is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the upcoming EGM to approve the Agreement and the transaction(s) contemplated thereunder.

Yours faithfully,
For and on behalf of
Bridge Partners Capital Limited
Monica Lin
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 of the Company 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 INTEREST

(a) Directors' Interests

As at the Latest Practicable Date, the interests and short positions, if any, of the directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares

Name of director	Capacity	Number of Ordinary Shares				Approximate percentage of issued share capital
		Personal interests	Corporate interests	Other interests	Total	
Cha Mou Sing, Payson	(1) Beneficial owner;	459,541	512,616 <i>(Note 1)</i>	104,263,263 <i>(Note 2)</i>	105,235,420	23.74%
	(2) Interest of controlled corporation; and					
	(3) Beneficiary of discretionary trusts					
Cha Mou Daid, Johnson	Beneficiary of discretionary trusts	—	—	105,783,769 <i>(Note 2)</i>	105,783,769	23.87%
Cha Yiu Chung, Benjamin	Beneficiary of discretionary trusts	—	—	104,263,263 <i>(Note 2)</i>	104,263,263	23.52%
Wong Sue Toa, Stewart	(1) Beneficial owner; and	3,718,409	2,823,786 <i>(Note 3)</i>	—	6,542,195	1.48%
	(2) Interest of controlled corporation					
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 Accomplished Investments Ltd., 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 among the members of the class of discretionary beneficiaries 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 Executive Plaza Limited, which holds 2,823,786 shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the directors or chief executive of the Company and their respective associates held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein: or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' Interests

So far as is known to each director or the chief executive of the Company, as at the Latest Practicable Date, the following persons, other than a director or the chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company 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, 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 meetings of any other member of the Hanison Group:

Long positions in the Shares

Name of shareholder	Capacity	Number of ordinary shares	Approximate percentage of issued share capital
Great Wisdom Holdings Limited ("Great Wisdom") (Note a)	Beneficial owner	217,185,676	49.0%
HKRI (Note a)	(1) Beneficial owner; and (2) Interest of controlled corporation	217,185,957	49.0%
CCM Trust (Note b)	(1) Trustee; and (2) Interests of controlled corporations	309,462,565	69.82%

Notes:

- (a) 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. Mr. Cha Mou Sing, Payson and Mr. Cha Mon Daid, Johnson, both of whom are directors of the Company, are also directors of HKRI.
- (b) These share interests comprise 78,134,996 shares directly held by CCM Trust, 217,185,957 shares indirectly held through HKRI and 14,141,612 shares indirectly held through CDW Holdings Limited. As CCM Trust controls more than one-third of the share capital of each of HKRI (held as to approximately 44.05% by CCM Trust) and CDW Holdings Limited (held as to approximately 52.24% by CCM Trust), it is deemed to be interested in the respective share interests of these companies. CCM Trust is holding these shares as the trustee of a discretionary trust of which members of the Cha Family (comprising, inter alia, Mr. Cha Mou Sing, Payson, Mr. Cha Mou Daid, Johnson and Mr. Cha Yiu Chung, Benjamin, all being the directors of the Company) are among the discretionary objects. Mr. Cha Mou Sing, Payson is also a director of CCM Trust.

Save as disclosed above, as at the Latest Practicable Date, none of the directors or the chief executive of the Company was aware of any other person, other than a director or the chief executive of the Company, who had an interest or short position in the shares or underlying shares of the Company 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, 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 meetings of any other member of the Hanison Group.

3. DIRECTORS' INTERESTS

- (a) As at the Latest Practicable Date, none of the directors of the Company had any existing or proposed service contract with any member of the Hanison Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).
- (b) As at the Latest Practicable Date, none of the directors of the Company had any interest, direct or indirect, in any assets which have, since 31 March 2009 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by or leased to any member of the Hanison Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Hanison Group.
- (c) None of the directors of the Company was materially interested in any contract or arrangement subsisting at the date of this circular and which is significant in relation to the business of the Hanison Group.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, the interests of the directors of the Company in businesses (apart from businesses of the Hanison Group) which compete or were likely to compete, either directly or indirectly, with the principal businesses of the Hanison Group as required to be disclosed pursuant to the Listing Rules were as follows:

Name of director (<i>Note i</i>)	Name of company	Nature of interest	Competing business (<i>Note ii</i>)
Cha Mou Sing, Payson	HKRI	Director of HKRI and a member of the class of discretionary beneficiaries of certain discretionary trusts of which the trustees are deemed substantial shareholders of HKRI under Part XV of the SFO	(a) Property development and investment (b) Property management, leasing and marketing services
	NWDCL	Independent Non-executive Director of NWDCL	(a) Property development and investment (b) Property management, leasing and marketing services
	CREIT	Independent Non-executive Director of Eagle Asset Management (CP) Limited, the manager of CREIT	(a) Property investment (b) Property management, leasing and marketing services

Name of director (Note i)	Name of company	Nature of interest	Competing business (Note ii)
Cha Mou Daid, Johnson	HKRI	Director of HKRI and a member of the class of discretionary beneficiaries of certain discretionary trusts of which the trustees are deemed substantial shareholders of HKRI under Part XV of the SFO	(a) Property development and investment (b) Property management, leasing and marketing services
Cha Yiu Chung, Benjamin	HKRI	A member of the class of discretionary beneficiaries of certain discretionary trusts of which the trustees are deemed substantial shareholders of HKRI under Part XV of the SFO	(a) Property development and investment (b) Property management, leasing and marketing services

Notes:

- (i) 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 Hanison Group. Accordingly, the Company is capable of carrying its business independently of, and at arms length form the above mentioned competing business.
- (ii) Such businesses may be made through subsidiaries, affiliated companies or by way of other forms of investments.

Saved as disclosed above, none of the directors is interested in any business apart from the Hanison Group's businesses, which competes or is likely to compete, either directly or indirectly, with businesses of the Hanison Group.

5. LITIGATION

As at the Latest Practicable Date, none of the members of the Hanison 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 Hanison Group, except for the following:—

- (i) legal actions in respect of the recovery of outstanding balance for materials sold or delivered have been taken during the period ended 30 September 2009 by a subsidiary of the Company carrying out the installation projects. This involved a counterclaim from the defendant who demanded for the settlement of the outstanding contract sums for three projects. The directors are of the opinion that no estimate of potential loss could be made at this moment and there is a reasonable chance of success for defending against the counterclaim from the defendant;

- (ii) legal action in respect of allegations of nuisance and negligent works has been taken during the year ended 31 March 2008 against a subsidiary of the Company preparing the foundation for a new building. At 30 September 2009, a settlement offer of HK\$400,000 has been made by the Company. This offer is in principle accepted by the plaintiff on 10 October 2009 and the full provision has been made in the financial period ended 30 September 2009; and
- (iii) legal actions in respect of allegations of copyright infringement and defamation have been taken during the financial year ended 31 March 2004 against certain subsidiaries of the Company carrying on its health products business. No further steps have been taken against the Hanison Group in respect of such actions after the court hearing for directions to appoint experts and exchange witness statements since 2004. The directors are of the opinion that in view of the uncertainty it is not practicable to assess the financial effect.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Hanison Group since 31 March 2009, being the date to which the latest published audited financial statements of the Hanison Group were made up.

7. QUALIFICATION AND CONSENT OF EXPERT AND EXPERT'S INTERESTS

- (a) The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Bridge Partners Capital Limited	A licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities.

- (b) As at the Latest Practicable Date, Bridge Partners did not have any shareholding in any member of the Hanison Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Hanison Group.
- (c) As at the Latest Practicable Date, Bridge Partners did not have any interest, direct or indirect, in any assets which have been, since 31 March 2009 (being the date to which the latest published audited accounts of the Hanison Group were made up), acquired or disposed of by or leased to any member of the Hanison Group, or are proposed to be acquired or disposed of by or leased to any member of the Hanison Group.
- (d) Bridge Partners has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name included herein in the form and context in which it appears.

8. GENERAL

The English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Unit 1, 4/F., Block B, Shatin Industrial Centre, 5-7 Yuen Shun Circuit, Shatin, New Territories, Hong Kong, during normal business hours on any business day from the date of this circular until 14 days hereafter:

- (a) the Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (c) the letter from Bridge Partners, the text of which is set out in this circular; and
- (d) the written consent referred to in the paragraph headed “Qualification and Consent of Expert” in this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Hanison Construction Holdings Limited (the “**Company**”) will be held at Function Room — Elm, Lobby Floor, InterContinental Hong Kong, 18 Salisbury Road, Kowloon, Hong Kong on Monday, 22 March 2010 at 11:00 a.m. for the purposes of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the construction and renovation services framework agreement dated 20 January 2010 entered into between the Company and HKR International Limited (the “**Agreement**”), in respect of which a copy of the circular dated 10 February 2010 (the “**Circular**”) marked “A” and a copy of the Agreement marked “B” have been produced to the meeting and signed by the chairman of the meeting for the purpose of identification, and the terms of and the transactions contemplated thereunder (the “**Continuing Connected Transactions**”) be and are hereby approved, ratified and confirmed;
- (b) the annual caps (as defined in the Circular) in relation to the Continuing Connected Transactions be and are hereby approved, ratified and confirmed; and
- (c) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents and to do all such acts or things incidental to, ancillary to or in connection with the Continuing Connected Transactions.”

By Order of the Board
WONG Sue Toa, Stewart
Managing Director

Hong Kong, 10 February 2010

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any member of the Company entitled to attend and vote at the extraordinary general meeting convened by the above notice (or at any adjournment thereof) is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by reference to the order in which the names stand on the Registers of Members in respect of the joint holding.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a member from attending and voting in person at the meeting or any adjourned meeting should he so wish.
4. The registration of the extraordinary general meeting will start at 10:30 a.m. on Monday, 22 March 2010. In order to ensure the meeting can start on time, shareholders or their proxies are encouraged to arrive for registration at least 15 minutes before the meeting starts.
5. A proxy form for use at the EGM is enclosed.