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 your stockbroker or other licensed dealer in securities, 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 to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO DISPOSAL OF THE ENTIRE INTEREST IN PLEASING IDEAL LIMITED AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the EGM (as herein defined) to be held at Function Room - Cypress, Lobby Floor, InterContinental Hong Kong, 18 Salisbury Road, Kowloon, Hong Kong on Friday, 9 November 2018 at 10:30 a.m. is set out on pages EGM-1 to EGM-2 of this circular and a form of proxy is also enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying 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, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding 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 adjournment thereof should you so wish.**

24 October 2018

CONTENTS

In this circular and the appendices to it, unless the context otherwise requires, the following terms and expressions have the following meanings:

"1st Property"	all that piece or parcel of ground registered in the Land Registry as Section A of New Kowloon Inland Lot No. 4410 together with the messuages erections and buildings thereon now known as No.1 Tsat Po Street, Kowloon, Hong Kong
"2nd Property"	all that piece or parcel of ground registered in the Land Registry as the Remaining Portion of New Kowloon Inland Lot No. 4410 together with the messuages erections and buildings thereon now known as No.19 Sam Chuk Street, Kowloon, Hong Kong
"Announcements"	the announcements of the Company dated 31 July 2018 and 24 August 2018
"Articles"	the articles of association of the Company
"Board"	the board of Directors
"Business Day"	a day other than a Saturday or Sunday or general holidays under the General Holidays Ordinance (Cap. 149 of the Laws of Hong Kong), on which banks are open in Hong Kong to the general public for business, and on which no Typhoon Signal No.8 or above and black rain storm signal are hoisted in Hong Kong at any time between the hours of 9 a.m. and 5 p.m.
"BVI"	the British Virgin Islands
"Company"	Hanison Construction Holdings Limited (stock code: 896), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
"Completion"	completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement

"Completion Accounts"	the audited consolidated financial statements of the Target Company as at the Completion Date prepared and audited in accordance with the terms of the Sale and Purchase Agreement
"Completion Date"	15 November 2018 or such other date as the Vendor and the Purchaser may agree in writing on which Completion takes place
"Conditions"	the conditions precedent to Completion as set out under the section headed "The Sale and Purchase Agreement – Conditions precedent" in this circular
"connected person(s)"	has the meaning as ascribed under the Listing Rules
"Consideration"	the consideration of HK$1,253,000,000 subject to adjustment payable by the Purchaser in respect of the Disposal
"Director(s)"	the director(s) of the Company
"Disposal"	the conditional disposal of the Sale Share and the Sale Loan by the Vendor pursuant to the Sale and Purchase Agreement
"EGM"	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approve, among other things, the Disposal on the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder
"Encumbrance(s)"	encumbrance(s) other than the subsidiary leases and tenancies as of the date of the Sale and Purchase Agreement
"Group"	the Company and its subsidiaries

"Guarantor" or "Hanison BVI"	Hanison Construction Holdings (BVI) Limited, a limited company incorporated in the BVI and a direct wholly owned subsidiary of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Latest Practicable Date"	16 October 2018, being the latest practicable date for ascertaining certain information referred to in this circular prior to its printing
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Net Asset Value"	means (a) the total consolidated assets of the Target Group (other than the value of the Property, intangible assets (if any), furniture and fixture, equipment and deferred tax assets); minus (b) the total consolidated liabilities of the Target Group (other than the liability in respect of any Sale Loan and deferred tax liabilities) as at Completion as shown in the unaudited proforma completion accounts or the Completion Accounts (as the case may be)
"Property"	collectively the 1st Property and the 2nd Property, together constituting the entire block of building known as "Mee Wah Factory Building"
"Purchaser"	SPK MW Limited, a company incorporated in the BVI with limited liability
"Remaining Group"	the Group excluding the Target Group after Completion
"Sale and Purchase Agreement"	the sale and purchase agreement dated 24 August 2018 entered into between the Vendor, the Purchaser and the Guarantor in respect of the Disposal

"Sale Share"	one (1) ordinary share in the Target Company representing the entire issued share capital in the Target Company held by the Vendor
"Sale Loan"	the loan owing by the Target Company to the Vendor as at the Completion Date to be shown in the unaudited proforma completion accounts, which is unsecured and interest free
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholders"	holders of the ordinary shares of HK$0.1 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary"	Superb Leading Limited (煌卓有限公司), a company incorporated in Hong Kong with limited liability, a direct wholly owned subsidiary of the Target Company and the sole legal and beneficial owner of the Property
"Target Company"	Pleasing Ideal Limited (熙悦有限公司), a company incorporated in the BVI with limited liability and a direct wholly owned subsidiary of the Vendor
"Target Group"	collectively the Target Company and the Subsidiary
"Vendor"	Flair Forward Limited (賦邁有限公司), a company incorporated in the BVI with limited liability and an indirect wholly owned subsidiary of the Company
"%"	per cent.

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. Lo Kai Cheong
Mr. Cha Mou Daid, Johnson*
Mr. Chan Pak Joe#
Dr. Lau Tze Yiu, Peter#
Dr. Sun Tai Lun#

Registered Office:
P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Principal Place of Business in Hong Kong:
22/F., Kings Wing Plaza 1
3 On Kwan Street
Shek Mun
Shatin, New Territories
Hong Kong

* *Non-executive Directors*
\# *Independent Non-executive Directors*

24 October 2018

To the Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO DISPOSAL OF THE ENTIRE INTEREST IN PLEASING IDEAL LIMITED AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

References are made to the Announcements in relation to the Disposal.

On 24 August 2018, the Vendor, an indirect wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser and the Guarantor, a direct wholly owned subsidiary of the Company, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase (a) the entire issued share capital in the Target Company (i.e. the Sale Share); and (b) the shareholder loan owing by the Target Company to the Vendor as at the Completion Date (i.e. the Sale Loan), at the aggregate consideration of HK$1,253,000,000 (subject to adjustment) subject to the terms of the Sale and Purchase Agreement.

The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal and other information required under the Listing Rules; and (ii) notice of the EGM.

THE SALE AND PURCHASE AGREEMENT

Date

24 August 2018

Parties

(a) the Vendor, an indirect wholly owned subsidiary of the Company, as the vendor

(b) the Purchaser

(c) the Guarantor, a direct wholly owned subsidiary of the Company, as the Vendor's guarantor

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner(s) is a third party independent of and not connected with the Company and its connected persons.

Subject Matter

The Sale Share, representing the entire issued share capital of the Target Company, and the Sale Loan owing by the Target Company to the Vendor. The Target Company indirectly holds 100% legal and beneficial ownership of the Property through the Subsidiary. The Property is sold on an "as-is" basis free from Encumbrances.

Conditions precedent

Completion is conditional upon the following conditions being satisfied (or, in the case of the conditions set out in paragraphs (a) to (h) below, waived by the Purchaser) on or before the Completion Date:

(a) the Vendor being the sole legal and beneficial owner of the entire issued share capital of the Target Company free from all Encumbrances;

(b) the Target Company being the legal and beneficial owner of the entire issued share capital of the Subsidiary free from all Encumbrances;

(c) the Subsidiary being the sole legal and beneficial owner of the Property;

(d) the Subsidiary being able to show and give title to the Property in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Cap.219 of the Laws of Hong Kong), provided that, upon execution of the Sale and Purchase Agreement, the Purchaser shall be deemed to have accepted the title to the Property up to and including the date of the Sale and Purchase Agreement, and this Condition (d) shall be deemed to have been satisfied to the extent of such acceptance of title;

(e) the Property being free from any Encumbrance;

(f) there being no outstanding breach of any of the fundamental warranties at Completion;

(g) there being no material difference between the audited accounts of the Subsidiary to be delivered by the Vendor to the Purchaser at Completion and the draft provided on signing of the Sale and Purchase Agreement;

(h) there being no order received by the Vendor and/or the Target Group in respect of the resumption of the Property by any government authority under any applicable laws; and

(i) the transactions contemplated under the Sale and Purchase Agreement being transacted in accordance with the requirements under the Listing Rules to the extent they apply to such transactions.

If any of the Conditions has not been fulfilled (or, waived (excluding the Condition set out in paragraph (i) above which cannot be waived) by the Purchaser in writing) on or before the Completion Date, the Sale and Purchase Agreement shall terminate in accordance with the Sale and Purchase Agreement. The Company has not requested and has no current intention to request the Purchaser to waive any of the Conditions of the Sale and Purchase Agreement as at the Latest Practicable Date. As at the Latest Practicable Date, none of the Conditions has been fulfilled or waived.

Consideration

The Consideration payable under the Sale and Purchase Agreement being HK$1,253,000,000, subject to be adjusted as described in paragraphs (c) and (d) below, shall be apportioned as follows:

(i) the consideration for the Sale Loan shall be an amount equal to the Sale Loan as at the Completion Date; and

(ii) the consideration for the transfer of the Sale Share shall be the amount of the Consideration less the consideration for the Sale Loan set out in paragraph (i) above.

The Consideration was and shall be paid in the following manner:

(a) a sum of HK$62,650,000, being the earnest money (the "**Earnest Money**"), was paid to the Vendor's solicitors as stakeholders prior to the signing of the Sale and Purchase Agreement;

(b) a sum of HK$62,650,000, being the further deposit (together with the Earnest Money, the "**Deposits**"), was paid to the Vendor's solicitors as stakeholders on the date of the Sale and Purchase Agreement;

(c) the balance of the Consideration and a sum in respect of the adjustment of the Consideration as determined according to the following formula shall be paid to the Vendor or as the Vendor may direct and the Deposits shall be applied as part payment of the Consideration upon Completion:

    (i) there shall be added to the Consideration an amount equal to the Net Asset Value as shown in the unaudited proforma completion accounts made up to the Completion Date if it is a positive figure; or

    (ii) there shall be deducted from the Consideration an amount equal to the Net Asset Value as shown in such unaudited proforma completion accounts if it is a negative figure;

(d) an amount in respect of the final adjustment of the Consideration as determined according to the following formula shall be paid by the Purchaser or the Vendor (as the case may be) within 10 Business Days after agreement or determination of the Completion Accounts:

(i) there shall be added to the Consideration the amount (if any) by which the Net Asset Value (determined by reference to the Completion Accounts) is more than the Net Asset Value (determined by reference to the unaudited proforma completion accounts); or

(ii) there shall be deducted from the Consideration the amount (if any) by which the Net Asset Value (determined by reference to the Completion Accounts) is less than the Net Asset Value (determined by reference to the unaudited proforma completion accounts).

The Consideration was arrived at following arm's length negotiations with the Vendor having regard to the price of comparable units in nearby locations.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Termination and Refund of Deposits

The Sale and Purchase Agreement may be terminated if the Conditions are not satisfied or waived on or before the Completion Date whereupon the Deposits paid will be refunded upon demand by the Purchaser within 3 Business Days without any interest or cost.

Guarantee

The Guarantor has agreed to guarantee the performance and observance by the Vendor of its obligations, commitments and warranties under the Sale and Purchase Agreement.

Completion

Completion of the Disposal is conditional on the completion of the sale and purchase of the entire issued share capital of the Target Company and all shareholder's loan owing by the Target Company to the Vendor at the same time.

Completion shall take place on or before 15 November 2018 or such other date as the parties may agree in writing.

INFORMATION OF THE TARGET COMPANY AND THE PROPERTY

The Target Company is a company incorporated in the BVI with limited liability and is a direct wholly owned subsidiary of the Vendor engaged in holding the Subsidiary.

The Subsidiary is a company incorporated in Hong Kong with limited liability and is a direct wholly owned subsidiary of the Target Company established for the sole purpose of holding the Property. The Subsidiary is the sole legal and beneficial owner of the Property.

The Property constitutes the entire block of building named "Mee Wah Factory Building" located at No.19 Sam Chuk Street and No.1 Tsat Po Street, Kowloon, Hong Kong, a 7-storey industrial building, with an aggregate gross floor area of approximately 99,990.3 square feet, acquired by the Subsidiary in July 2018 at a total cost of HK$922,250,000 (covering both the acquisition consideration and the related stamp duty). According to the property valuation report prepared by Jones Lang LaSalle Limited, an independent professional property valuer, which is set out in Appendix IV to this circular, the market value of the Property as at 31 August 2018 was HK$1,090,000,000.

Set out below is a summary of the unaudited consolidated financial information of the Target Group for the period from the date of its incorporation on 16 March 2018 to 31 March 2018 and the period from 1 April 2018 to 31 August 2018:

	For the period from 1 April 2018 to 31 August 2018 *HK$'000* *(Unaudited)*	**For the period from 16 March 2018 (date of its incorporation) to 31 March 2018** *HK$'000* *(Unaudited)*
Net profit (loss) before taxation and extraordinary items	583	(2)
Net profit (loss) after taxation and extraordinary items	485	(2)

The unaudited consolidated net asset value of the Target Group as at 31 August 2018 was approximately HK$483,000.

Upon Completion, the Company will cease to hold any interest in the Target Group, each member of the Target Group will cease to be a subsidiary of the Group and their financial results will no longer be consolidated into the financial statements of the Group.

INFORMATION OF THE COMPANY, THE VENDOR AND THE GUARANTOR

The principal business activity of the Company is investment holding. Its subsidiaries are principally engaged in construction, interior and renovation works, supply and installation of building materials, property investment, property development, provision of property agency and management services and sale of health products.

The Vendor is an investment holding company incorporated in the BVI with limited liability and is an indirect wholly owned subsidiary of the Company and a direct wholly owned subsidiary of the Guarantor.

The Guarantor is an investment holding company incorporated in the BVI with limited liability and is a direct wholly owned subsidiary of the Company.

INFORMATION OF THE PURCHASER

The principal business activity of the Purchaser is investment holding. The Purchaser is a company incorporated in the BVI with limited liability.

REASONS AND BENEFITS OF THE DISPOSAL

The Directors undertake strategic reviews of the Group's assets from time to time with a view to maximizing returns to the Shareholders. The Directors consider that the current market presents a good opportunity for the Group to unlock the value of the Property. Accordingly, the Directors believe that the Disposal will enable the Group to reallocate capital into future investment opportunities and pursue other growth opportunities.

The Directors (including the independent non-executive Directors) believe that the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT ON THE GROUP AND USE OF PROCEEDS

The Property is an industrial property held by the Group for properties under development for sale purpose.

The Group is expected to record an estimated gain before taxation of approximately HK$318,321,000 upon the Completion. The estimated gain before taxation of approximately HK$318,321,000 is calculated by (i) Consideration for the Disposal (i.e. HK$1,253,000,000), less (ii) the unaudited carrying value of the Property as at 31 August 2018 (including acquisition consideration, stamp duty, professional fees to legal adviser and agent commission) (i.e. HK$931,944,000); and (iii) the estimated directly attributable expenses relating to the Disposal (i.e. HK$2,735,000). The actual amount of gain to be recognised would be subject to audit and may be different from the expected amount.

The Company intends to use approximately 44% of the net sale proceeds from the Disposal for repayment of bank loans and the balance as general working capital for the Group's operation in each of construction and construction related businesses, and in property investment business, and for future investment should such opportunities arise. The Company has identified certain potential investment opportunities in relation to its property investment business. Apart from the proposed acquisition as disclosed in the Company's announcement dated 2 October 2018 and the relevant clarification announcement dated 3 October 2018, the potential investment opportunity identified is still in the preliminary stage and the Company is in the process of reviewing the potential investment opportunity. As at the Latest Practicable Date, the Company has not entered into any binding agreements in relation to such potential investment opportunity. The Company will make announcements as and when appropriate in compliance with the requirements of the Listing Rules.

The actual gain or loss arising from the Disposal shall be determined based on the Net Asset Value of the Target Group and the amount of the Sale Loan as at the Completion Date, and also the amount of expenses actually incurred incidental to the Disposal which may be different from the above.

The above estimation is subject to review by the auditors of the Group. The actual financial impact to the Group arising from the Disposal to be recorded in the Group's consolidated accounts will be recalculated based on the Net Asset Value of the Target Group as at the date to which the Completion Accounts are drawn up.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio for the Company in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company and is subject to the reporting, announcement, circular, and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, no Shareholder has a material interest in the Disposal which is different from other Shareholders and accordingly, no Shareholder is required to abstain from voting in respect of the ordinary resolution to approve the Disposal at the EGM.

An announcement on the results of the EGM in respect of the Disposal 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.

Completion of the Disposal is conditional upon the satisfaction of the conditions set out in the section headed "The Sale and Purchase Agreement – Conditions precedent" in this circular, including the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder by the Shareholders at the EGM. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the shares of the Company.

VOTING AT THE EGM

Pursuant to rule 13.39(4) of the Listing Rules and article 80 of the Articles, the votes of the 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.

EGM

The notice convening the EGM is set out on pages EGM-1 to EGM-2 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, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding 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.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Disposal and the transactions contemplated thereunder are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. They, accordingly, recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in relation to the Disposal and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular and the notice of the EGM.

Yours faithfully,
By order of the Board
Wong Sue Toa, Stewart
Managing Director

The audited consolidated financial statements of the Group for the three years ended 31 March 2016, 2017 and 2018 are disclosed in the annual reports of the Company in respect of the same year dated 8 June 2016 (pages 109-248), 13 June 2017 (pages 124-284), 26 June 2018 (pages 138-307), respectively, which have been published on the website of the Company (www.hanison.com.hk) and the website of the Stock Exchange (www.hkexnews.hk), and which can be accessed by the direct hyperlinks below:

(1) annual report of the Company for the year ended 31 March 2016 dated 8 June 2016 (pages 109-248):

http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0722/LTN20160722291.pdf

(2) annual report of the Company for the year ended 31 March 2017 dated 13 June 2017 (pages 124-284):

http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0720/LTN20170720618.pdf

(3) annual report of the Company for the year ended 31 March 2018 dated 26 June 2018 (pages 138-307):

http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0719/LTN20180719326.pdf

1. WORKING CAPITAL

After taking into account the available facilities from banks, the Group's internally generated funds and cash flows impact of the Disposal, in the absence of unforeseeable circumstances, the Directors are of the opinion that the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

2. STATEMENT OF INDEBTEDNESS

At the close of business on 31 August 2018, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had bank loans of approximately HK$1,068,214,000 of which (a) bank loans of approximately HK$968,214,000 were secured by certain leasehold land and buildings and investment properties of the Group; and (b) bank loans of HK$100,000,000 were unsecured. All the bank loans were guaranteed by one of the Company's subsidiaries. In addition, the Group had bank overdraft of approximately HK$425,000, which was unsecured and unguaranteed. The interest rates for secured bank loans range from HIBOR or relevant bank's cost of funding plus 0.9% to HIBOR plus 1.45%. The interest rate for unsecured bank loans is HIBOR plus 0.75%.

As at 31 August 2018, the Group had an outstanding counter indemnity in favour of the partners of a joint venture amounting to HK$62,000,000 which represents the Group's maximum liability. This maximum liability was determined among the parties to the counter indemnity with reference to the Group's proportionate share of estimated amount of interest payment under the banking facilities granted to the joint venture and the cost overrun in respect of the renovation, management and marketing and leasing of the property held by the joint venture.

As at 31 August 2018, the Group had outstanding performance bonds in respect of construction contracts amounting to approximately HK$246,035,000. The interest rates for the outstanding performance bonds range from 0.6% to 2.0% per annum.

As at 31 August 2018, the Group is the defendant of the following legal cases, in which the Directors are of the opinion that the estimated contingent liabilities arising from the litigations cannot be reasonably ascertained.

During the year ended 31 March 2004, legal actions in respect of allegations of copyright infringement and defamation were taken against certain subsidiaries of the Company carrying on its health products business. No further steps have been taken against the Group in respect of such actions after the court hearing for directions to appoint experts and exchange witness statements took place in 2004. As at 31 August 2018, the litigation is still ongoing and there is no further update to the case.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on 31 August 2018, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

3. 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 Group since 31 March 2018, being the date to which the latest published audited financial statements of the Group were made up.

4. FINANCIAL AND TRADING PROSPECTS

The Group has been pursuing business opportunities to diversify its business into construction, interior and renovation works, supply and installation of building materials, property investment, property development, provision of property agency and management services and sales of health products over the years. The Group is continuously exploring investment opportunities to broaden the Group's revenue stream and enhance its profitability. The Company will, from time to time, assess the performance and prospects of each of its existing business and may consider adjusting its business portfolio including but not limited to further investment and/or realisations, when opportunity arises to strive for the best interest of the Group and the Shareholders.

The Directors undertake strategic reviews of the Company's assets from time to time with a view to maximise returns to the Shareholders. The Directors consider that the current market presents a good opportunity for the Company to unlock the value of the Target Company. According to the property valuation report appended to this circular in Appendix IV, the fair value of the Property as at 31 August 2018 was HK$1,090,000,000. Upon Completion, the Group is expected to recognise a gain on the disposal before taxation relating to the Disposal of approximately HK$318,321,000. The actual gain on the Disposal to be recorded by the Company is subject to audit and may be different from the estimated amount. Save for the gain on Disposal mentioned above and tax liabilities of the Group arising from the Disposal, the Disposal does not have any material effect on the earnings, assets and liabilities of the Group.

5. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

The management discussion and analysis of the Remaining Group for the three years ended 31 March 2018 is set out below. Following the Disposal, the Remaining Group will continue to carry out its existing businesses. The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the audited consolidated financial statements of the Group for each of the financial years ended 31 March 2018, 31 March 2017 and 31 March 2016.

For the year ended 31 March 2018

Financial review

For the year ended 31 March 2018, the Remaining Group recorded turnover of HK$2,849.5 million, representing a year-on-year decline of 11.4% from HK$3,216.1 million recorded in the previous financial year. Despite the drop in turnover, mainly from the Property Development Division, the Remaining Group recorded consolidated profit attributable to owners of the Company totalled HK$616.3 million (2017: HK$516.9 million), an increase of 19.2% over the profit attained last year. During the current financial year, the Remaining Group has been very active in the acquisitions and disposals of investment properties, both by its own or through joint ventures. The disposal of 50% interest of its own investment property, PeakCastle, has contributed a substantial amount of profit to the Remaining Group, while the increase in gain on change in fair value of other investment properties held by the Remaining Group and through joint ventures at this financial year end have also accounted for a significant increase in profit for the year. The above positive returns have more than sufficient to cover the decrease in contribution from sales of properties from the Property Development Division of the Remaining Group and increase in equity-settled share-based payments recognised for the year ended 31 March 2018.

During the financial year, the Construction Division performed stably, undertaking projects from both the public and private sectors. In total, the Division held contracts amounting to HK$3,480.2 million as at the year end, thereby retaining its position as top revenue generator of the Remaining Group.

With regard to the Property Development Division, the last two residential units of The Austine Place as well as the remaining one unit and three car parking spaces of The Bedford were sold during the year. As for Mount Vienna, the low-density residential project in Fo Tan, New Territories in which the Remaining Group has 25% interest, the Remaining Group recorded the pre-sales of 6 out of the total 12 units by the financial year end and 3 more units subsequent to the financial year end. Up to the date of the annual report of the Company for the year ended 31 March 2018, 8 units have been delivered to customers. The Remaining Group will complete the acquisition of Central Industrial Building, located in Kwai Chung, New Territories, through a 50:50 joint venture with a private investment fund in late June 2018. As the property's project manager, building contractor, marketing manager and estate manager, the Remaining Group will provide its skills and experience to monitor the overall progress and ensure the satisfactory completion of this proposed redevelopment project.

Our Property Investment Division continued to deliver favourable returns to the Remaining Group. Besides the usual rental yields from these investment properties, the Remaining Group derived significant gains from the disposals of 50% interest of the Remaining Group's own property, PeakCastle, during the financial year, and a joint venture property, Success Centre, in which the Remaining Group held 50% interest, in April 2018. To strengthen the investment property portfolio, the Remaining Group acquired Ying Yu Building during the financial year and purchased a property located at No. 222 Hollywood Road in April 2018. We will continue to actively explore opportunities to acquire properties and enhance their value through renovation and improvement in property management.

During the financial year, the Remaining Group has purchased 20/F, 21/F and 22/F of Kings Wing Plaza 1. The whole floor of 20/F and 22/F and half floor of 21/F were acquired for the Remaining Group's office use, while the remaining half floor of 21/F was leased out to third party tenants as investment property.

For the proposed spin-off and separate listing of the Company's aluminium windows, doors and curtain walls business on the main board of the Stock Exchange (the "**Proposed Spin-off**"), the Stock Exchange has agreed, in principle, that the Company may proceed with the Proposed Spin-off. Preparation for the Proposed Spin-off is underway.

Liquidity and financial resources

The Remaining Group's liquidity and financing requirements are regularly reviewed.

For day-to-day liquidity management and to maintain flexibility in funding, the Remaining Group has access to facilities from banks and an insurance company with an aggregate amount of HK$2,835.5 million (HK$685.5 million was secured by first charges over certain leasehold land and buildings and investment properties of the Remaining Group), of which HK$395.5 million bank loans have been drawn down and approximately HK$339.6 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 31 March 2018. The bank loans under these banking facilities bear interest at prevailing market interest rates.

The Remaining Group follows a prudent policy in managing its cash balance, and endeavours to maintain its sound cash flow generating capability, its ability to take on investments and acquisition projects, in order to enhance shareholder wealth. The total cash and bank balances of the Remaining Group amounted to HK$1,070.1 million as at 31 March 2018 (2017: HK$840.1 million), and accounted for 43.7% of the current assets (2017: 44.0%).

During the year, the Remaining Group has a net cash inflow of HK$102.0 million in its operating activities (mainly due to the decrease in progress payment receivable, properties held for sale and retention money receivable and increase in amounts payable on contract work, netting off increase in properties under development for sale and debtors, deposits and prepayments), a net cash outflow of HK$345.7 million in its investing activities (mainly due to net cash outflow on acquisitions of subsidiaries, purchase of investment properties, deposit paid for acquisition of a subsidiary and loans to joint ventures, netting off net cash inflow on disposal of subsidiaries and withdrawal of pledged bank deposits), and a net cash inflow of HK$470.0 million in its financing activities (mainly due to new bank and other loans raised, netting off dividends paid to shareholders and repayment of bank loans). As at 31 March 2018, the Remaining Group was in a net cash position, calculated on the basis of total cash and bank balances less total bank and other loans. As such, the gearing ratio of the Remaining Group which was calculated on the basis of the Remaining Group's net bank borrowings to shareholders' funds was 0%. As at year-end date, the Remaining Group was with a net current assets of HK$840.9 million (2017: net current liabilities of HK$7.9 million) and the current ratio (current assets divided by current liabilities) was 1.52 times (2017: 1.00 times).

With its cash holdings and available facilities from banks and an insurance company, the Remaining Group's liquidity position will remain healthy in the coming year, with sufficient financial resources to meet its obligations, operation and future development requirements.

Bank and other borrowings

As at 31 March 2018, the Remaining Group borrowed Hong Kong dollar loans amounting to HK$395.5 million from the banks (at 31 March 2017: HK$815.1 million). The borrowings have been used as general working capital for financing the properties for development and investment purposes over the years. The maturity profile of the loans spread over a period of two years with HK$52.6 million repayable within the first year and HK$342.9 million repayable within the second year. Bank loans that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause with carrying amount of HK$342.9 million have been classified as current liabilities. Interest is based on Hong Kong Interbank Offered Rate plus a competitive margin. As at 31 March 2017, other loan of Renminbi 6.3 million (equivalent to approximately HK$7.0 million) (at 31 March 2018: nil) was repayable within one year and interest bearing at a fixed interest rate of 4.9% per annum.

Future plan for material investments or acquisition of capital assets

Save as aforesaid in the sections headed "Financial Impact on the Group and Use of Proceeds" in the Letter from the Board and "Financial and Trading Prospects" in this Appendix, as at 31 March 2018, the Remaining Group has no plan for material investments or acquisition of capital assets.

Material acquisitions and disposals of subsidiaries and associates

On 13 July 2017, an indirect wholly owned subsidiary of the Company, Heroic Elite Investments Limited ("**Heroic Elite**"), entered into a sale and purchase agreement with an independent third party to acquire the entire issued share capital of Waller Holdings Limited together with the shareholder's loan at a consideration of approximately HK$145.4 million. The acquisition was completed on 14 August 2017. The major assets of Waller Holdings Limited together with its wholly owned subsidiary, Rich Victory (Hong Kong) Limited, are office units at 20/F and certain car parking spaces of a commercial property, namely Kings Wing Plaza 1, situated in Shatin, New Territories. Waller Holdings Limited was acquired so as to relocate the Remaining Group's office to the commercial property.

On 13 July 2017, an indirect wholly owned subsidiary of the Company, Oriental Elite Global Limited ("**Oriental Elite**"), entered into a sale and purchase agreement with an independent third party to acquire the entire issued share capital of Faithful Sun Limited together with the shareholder's loan at a consideration of approximately HK$149.9 million. The acquisition was completed on 14 August 2017. The major assets of Faithful Sun Limited are office units at 22/F and certain car parking spaces of a commercial property, namely Kings Wing Plaza 1, situated in Shatin, New Territories. Faithful Sun Limited was acquired so as to relocate the Remaining Group's office to the commercial property.

On 31 July 2017, an indirect wholly owned subsidiary of the Company, Keen Elite Developments Limited ("**Keen Elite**"), entered into a sale and purchase agreement with an independent third party to acquire the entire issued share capital of Ultimate Elite Investments Limited together with the shareholder's loan at a consideration of approximately HK$149.7 million. The acquisition was completed on 28 August 2017. The major assets of Ultimate Elite Investments Limited together with its wholly owned subsidiary, Vision Smart Limited, are office units at 21/F and certain car parking spaces of a commercial property, namely Kings Wing Plaza 1, situated in Shatin, New Territories, which were classified as investment properties.

On 21 February 2018, Hanison BVI, entered into a sale and purchase agreement with an independent third party to dispose of its 50% equity interests in and shareholder's loan to Gallant Elite Enterprises Limited ("**Gallant Elite**") together with its wholly owned subsidiaries, Nimble Run Limited and Trillion Mart Development Limited (formerly known as "Billion Mart Development Limited") ("**Trillion Mart**"). Trillion Mart is engaged in property investment. The major asset of Trillion Mart represented a commercial property "PeakCastle" situated at No. 476 Castle Peak Road, Kowloon. The consideration for the disposal is HK$332.7 million. The disposal was completed on 28 March 2018. Subsequent to the disposal, Gallant Elite became a joint venture of the Remaining Group.

Pledge of assets

As at 31 March 2018, certain leasehold land and buildings and investment properties of the Remaining Group, at the carrying value of approximately HK$1,081.5 million (at 31 March 2017: HK$1,908.8 million), were pledged to the banks to secure the Hong Kong dollar loans of HK$395.5 million (at 31 March 2017: HK$605.1 million). At 31 March 2017, bank deposits of HK$139.3 million (at 31 March 2018: nil) were pledged for a banking facility granted to a joint venture.

Contingent liabilities

During the year ended 31 March 2004, legal actions in respect of allegations of copyright infringement and defamation were taken against certain subsidiaries of the Company carrying on its health products business. No further steps have been taken against the Remaining Group in respect of such actions after the court hearing for directions to appoint experts and exchange witness statements since 2004. As at 31 March 2018, the directors of the Company are of the opinion that in view of the uncertainty of the outcome, it is not practicable to assess the financial effect.

As at 31 March 2018, the Remaining Group has an outstanding corporate guarantee issued to a bank in respect of banking facilities granted to a joint venture of approximately HK$67,125,000 (2017: HK$53,181,000), which represents the Remaining Group's proportionate share of the banking facilities utilised as at 31 March 2018. In the opinion of the directors of the Company, the fair values of these financial guarantee contracts are insignificant at initial recognition and no provision for financial guarantee contracts has been made at the end of the reporting period.

As at 31 March 2018, the Remaining Group has an outstanding counter indemnity in favour of the partners of a joint venture amounting to HK$62,000,000 (2017: HK$62,000,000) which represents the Remaining Group's maximum liability. This maximum liability was determined among the parties to the counter indemnity with reference to the Remaining Group's proportionate share of estimated amount of interest payment under the banking facilities granted to the joint venture and the cost overrun in respect of the renovation, management and marketing and leasing of the property held by the joint venture. In the opinion of the directors of the Company, the fair value of the counter indemnity is insignificant at initial recognition and no provision for counter indemnity has been made at the end of the reporting period.

As at 31 March 2018, the Remaining Group had outstanding performance bonds in respect of construction contracts amounting to HK$222,991,000 (2017: HK$501,210,000).

Foreign exchange exposure

The aim of the Remaining Group's treasury policy is to minimise its exposure to fluctuations in the exchange rate. Foreign currency exposures of the Remaining Group arise mainly from the purchase of goods. The Remaining Group will determine if any hedging is required, on an individual basis, depending upon the size and nature of the exposure, and the prevailing market circumstances. The surplus cash which is generally placed with reputable financial institutions is mostly denominated in Hong Kong dollar. Most of the income, expenses, assets and liabilities of the Remaining Group are denominated in Hong Kong dollar. The Remaining Group therefore does not have any significant exposure to gains or losses arising from the movement of foreign currency exchange rate against the Hong Kong dollar.

Number and remuneration of employees

As at 31 March 2018, the Remaining Group (excluding its joint ventures) had 943 full time employees (of which 146 employees were in Mainland China). The Remaining Group offers competitive remuneration packages, including discretionary bonus, share option scheme and share award scheme, to its employees, commensurable to market level and their qualifications. The Remaining Group also provides retirement schemes, medical benefits and both in-house and external training courses for employees.

For the year ended 31 March 2017

Financial review

For the year ended 31 March 2017, the Remaining Group recorded turnover of HK$3,216.1 million, up 22.6% from HK$2,623.0 million recorded in the previous financial year. Consolidated profit attributable to owners of the Company for the year amounted to HK$516.9 million (2016: HK$635.7 million). The decline was mainly due to the exceptionally large gain on disposal of a development project (pieces of agricultural land at D.D. 129, Lau Fau Shan in Yuen Long) through disposal of a subsidiary in the preceding year which net off an increase of gain on change in fair value of the investment properties of the Remaining Group and increase in share of profit of joint ventures for the year ended 31 March 2017.

The Construction Division continued to perform favourably, underpinned by projects awarded from both the public and private sectors, thus continuing to account for a significant proportion of the Remaining Group's turnover. During the year, the division was awarded with a number of contracts, with total contract sum as at 31 March 2017 amounting to HK$5,679.9 million.

In respect of our Property Development Division, the units at The Austine Place and The Bedford have largely been sold. With regards to the former, which is located at Kwun Chung Street, Kowloon, only two units of the boutique residential building and four retail units located on the podium level remained unsold as at 31 March 2017. As for The Bedford, located at Bedford Road, Kowloon, one unit of the boutique industrial high-rise remained unsold as at the close of the financial year. Construction of the development project, Mount Vienna, a quality low-density residential project in Fo Tan, Sha Tin, New Territories, in which the Remaining Group has 25% interest, continues and is expected to be completed by the third quarter of 2017. To replenish the Remaining Group's property development portfolio, a piece of land together with messuage erections and buildings situated at No. 57A Nga Tsin Wai Road, Kowloon Tong, Kowloon was acquired in April 2017.

As for the Property Investment Division, the past year has been a fruitful period as we made several key acquisitions, including an investment property representing an en-bloc industrial property situated in Kwai Chung, Hong Kong (now known as "West Castle") in October 2016, Queen Central in which the Remaining Group has 40% interest in October 2016, West Park in February 2017 and Wall Street Tower in which the Remaining Group has 50% interest in March 2017. While we have prudently augmented our property investment portfolio, we will seek opportunities to sell those properties which will bring promising returns to the Remaining Group after property upgradings and improvement of property management.

Liquidity and financial resources

The Remaining Group's liquidity and financing requirements are regularly reviewed.

For day-to-day liquidity management and to maintain flexibility in funding, the Remaining Group has access to facilities from banks and an insurance company with an aggregate amount of HK$3,212.3 million (HK$1,412.3 million was secured by first charges over certain leasehold land and buildings, investment properties, assets classified as held for sale and bank deposits of the Remaining Group), of which HK$815.1 million bank loans have been drawn down and approximately HK$615.3 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 31 March 2017. The bank loans under these banking facilities bear interests at prevailing market interest rates.

The Remaining Group follows a prudent policy in managing its cash balance, and endeavours to maintain its sound cash flow generating capability, its ability to take on investments and acquisition projects, in order to enhance shareholder wealth. The total cash and bank balances of the Remaining Group amounted to HK$840.1 million as at 31 March 2017 (2016: HK$1,221.3 million), and accounted for 44.0% of the current assets (2016: 60.1%).

During the year, the Remaining Group has a net cash inflow of HK$166.4 million in its operating activities (mainly due to the decrease in properties held for sale and increase in trade and other payables), a net cash outflow of HK$460.0 million in its investing activities (mainly due to net cash outflows on acquisitions of subsidiaries and loans to joint ventures, netting off net cash inflows on disposal of subsidiaries), and a net cash outflow of HK$86.3 million in its financing activities (mainly due to the dividends paid to shareholders, repayment of bank loans and purchase of shares for the purpose of share award scheme netting off new bank and other loans raised). As at 31 March 2017, the Remaining Group was in a net cash position, calculated on the basis of total cash and bank balances less total bank and other loans. As such, the gearing ratio of the Remaining Group which was calculated on the basis of the Remaining Group's net bank borrowings to shareholders' funds was 0%. As at year-end date, the Remaining Group was with a net current liabilities of HK$7.9 million (2016: net current assets of HK$257.0 million) and the current ratio (current assets divided by current liabilities) was 1.00 time (2016: 1.14 times).

With its cash holdings and available facilities from banks and an insurance company, the Remaining Group's liquidity position will remain healthy in the coming year, with sufficient financial resources to meet its obligations, operation and future development requirements.

Bank and other borrowings

As at 31 March 2017, the Remaining Group borrowed Hong Kong dollar loans amounting to HK$815.1 million from the banks (at 31 March 2016: HK$764.8 million). The borrowings have been used as general working capital for financing the properties for development and investment purposes over the years. The maturity profile of the loans spread over a period of five years with HK$428.0 million repayable within the first year, HK$40.0 million repayable within the second year, HK$347.1 million repayable within the third to fifth years. Bank loans that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause with carrying amount of HK$387.1 million have been classified as current liabilities. Interest is based on Hong Kong Interbank Offered Rate plus a competitive margin. Other loan of Renminbi 6.3 million (equivalent to approximately HK$7.0 million) (at 31 March 2016: nil) was repayable within one year and interest bearing at a fixed interest rate of 4.9% per annum.

Material acquisitions and disposals of subsidiaries and associates

On 8 August 2016, an indirect wholly owned subsidiary of the Company, Esteemed Virtue Limited, entered into a sale and purchase agreement with an independent third party to acquire the entire issued share capital of Befit Limited together with the shareholder's loan, at a cash consideration of approximately HK$150,129,000. The acquisition was completed on 7 October 2016. The major asset of Befit Limited is West Castle.

On 28 December 2016, an indirect wholly owned subsidiary of the Company, Great Practice Limited ("**Great Practice**"), entered into a sale and purchase agreement with independent third parties to acquire the entire issued share capital of Honour Tower Holdings Limited ("**Honour Tower**") together with its wholly owned subsidiary, Westpac Limited, (collectively referred to as "**Honour Tower Group**") and Reliable Worldwide Limited ("**Reliable Worldwide**") together with its wholly owned subsidiary, Golden Years Limited (collectively referred to as "**Reliable Worldwide Group**") at a cash consideration of approximately HK$341,609,000, representing HK$341,920,000 adjusted by the net current asset values of Honour Tower Group and Reliable Worldwide Group on the completion date. The acquisition was completed on 27 February 2017. The major asset of Honour Tower Group and Reliable Worldwide Group is an investment property representing an en-bloc residential property (now known as "West Park") situated in Sham Shui Po, Hong Kong.

On 8 February 2017, Hanison BVI, entered into a sale and purchase agreement with an independent third party to dispose of the entire issued share capital of Senior Rich Development Limited ("**Senior Rich**"). Senior Rich is engaged in property investment. The major assets of Senior Rich represented various lots situated at D.D.128, Deep Bay Road in Yuen Long, Hong Kong. The cash consideration for the disposal is HK$249,829,000. The disposal was completed on 31 March 2017.

Pledge of assets

As at 31 March 2017, certain leasehold land and buildings, investment properties, assets classified as held for sale of the Remaining Group, at the carrying value of approximately HK$1,908.8 million (at 31 March 2016: HK$1,785.4 million), were pledged to the banks to secure the Hong Kong dollar loans of HK$605.1 million (at 31 March 2016: HK$634.8 million). In addition, bank deposits of HK$139.3 million (at 31 March 2016: HK$200.9 million) were pledged for the banking facility granted to a joint venture.

Contingent liabilities

During the year ended 31 March 2004, legal actions in respect of allegations of copyright infringement and defamation have been taken against certain subsidiaries of the Company carrying on health products business. No further steps have been taken against the Remaining Group in respect of such actions after the court hearing for directions to appoint experts and exchange witness statements since 2004. As at 31 March 2017, the directors are of the opinion that in view of the uncertainty of the outcome, it is not practicable to assess the financial effect.

As at 31 March 2017, the Remaining Group had an outstanding corporate guarantee issued to a bank in respect of the banking facilities granted to a joint venture of approximately HK$53,181,000 (2016: HK$34,312,000), which represents the Remaining Group's proportionate share of the banking facilities utilised as at 31 March 2017. In the opinion of the directors of the Company, the fair values of these financial guarantee contracts are insignificant at initial recognition and no provision for financial guarantee contracts has been made at the end of the reporting period.

As at 31 March 2017, the Remaining Group had an outstanding counter indemnity in favour of the partners of a joint venture of HK$62,000,000 (2016: nil) which represents the Remaining Group's maximum liability. This maximum liability was determined between the parties to the counter indemnity with reference to the Remaining Group's proportionate share of estimated amount of interest payment under the banking facilities granted to the joint venture and the cost overrun in respect of the renovation, management and marketing and leasing of the property held by the joint venture. In the opinion of the directors of the Company, the fair value of the counter indemnity is insignificant at initial recognition and no provision for counter indemnity has been made at the end of the reporting period.

As at 31 March 2017, the Remaining Group had outstanding performance bonds in respect of construction contracts amounting to approximately HK$501,210,000 (2016: HK$576,413,000).

Foreign exchange exposure

The aim of the Remaining Group's treasury policy is to minimise its exposure to fluctuations in the exchange rate. Foreign currency exposures of the Remaining Group arise mainly from the purchase of goods. The Remaining Group will determine if any hedging is required, on an individual basis, depending upon the size and nature of the exposure, and the prevailing market circumstances. The surplus cash which is generally placed with reputable financial institutions is mostly denominated in Hong Kong dollar. Most of the income, expenses, assets and liabilities of the Remaining Group are denominated in Hong Kong dollar. The Remaining Group therefore does not have any significant exposure to gains or losses arising from the movement of foreign currency exchange rate against the Hong Kong dollar.

Number and remuneration of employees

The number of full time monthly employees of the Remaining Group, excluding its joint ventures, was 982 (of which 169 employees were in Mainland China) as at 31 March 2017. In addition to salary payment, other benefits include provident fund schemes, discretionary bonuses, on-the-job training, education sponsorship subsidies, a medical insurance scheme, a group life and personal accident insurance scheme.

For the year ended 31 March 2016

Financial review

For the year ended 31 March 2016, the Remaining Group recorded a turnover of HK$2,623.0 million, up 25.2% from HK$2,095.2 million recorded in the previous financial year. Consolidated profit attributable to owners of the Company for the year increased by 51.6% to HK$635.7 million (2015: HK$419.2 million). This was mainly due to disposal of a development project – various land lots located in D.D. No. 129, Lau Fau Shan, Yuen Long, New Territories, Hong Kong, through disposal of a subsidiary during the year.

The Remaining Group's Construction Division continued to perform satisfactorily. During the review year, the Remaining Group was awarded a Public Rental Housing Development project at Shek Mun Estate, Shatin, whilst our other major projects, mainly from reputable developers in town, have all progressed smoothly. Although property prices are experiencing a downward trend, asset values are still relatively high and property owners are still willing to invest in improvement works, so are developers willing to invest in high quality building materials for their projects. The business flow of the Remaining Group's Interior and Renovation Division and Building Materials Division were both maintained at healthy levels.

With regards to the Remaining Group's Property Development Division, sales of The Austine Place, a boutique residential building with a retail podium situated on Kwun Chung Street in Kowloon, and The Bedford, the Remaining Group's boutique industrial high-rise at Bedford Road in Kowloon, have both continued to progress smoothly. A total of 7 units and 6 units with 2 car parking spaces were sold during the year for The Austine Place and The Bedford respectively. The Remaining Group owns a 25% interest in a land parcel located in Fo Tan, Sha Tin, New Territories, and is planning to develop it into a quality low-density residential project. Superstructure work is underway and construction is expected to be completed by April 2017. Also, the Remaining Group disposed of a land parcel in Lau Fau Shan, Yuen Long in early 2016, generating substantial profits. Management continues to cautiously plan to acquire land parcels for development in future.

With regards to the Property Investment Division, One Eleven, a serviced apartment building located in Sai Ying Pun acquired in mid-2015, and PeakCastle, a commercial building located in Cheung Sha Wan acquired in late 2015, have both started to generate income for the Remaining Group. The two acquisitions also contributed to certain revaluation gains. Management is planning suitable renovation works and improving the building management quality to enhance the properties' asset values and rental income levels.

Liquidity and financial resources

The Remaining Group's liquidity and financing requirements are regularly reviewed.

For day-to-day liquidity management and to maintain flexibility in funding, the Remaining Group has access to banking facilities with an aggregate amount of HK$2,658.8 million (HK$1,468.8 million was secured by first charges over certain leasehold land and buildings, investment properties and bank deposits of the Remaining Group), of which HK$764.8 million loans have been drawn down and approximately HK$716.7 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 31 March 2016. The bank loans under these banking facilities bear interests at prevailing market interest rates.

The Remaining Group follows a prudent policy in managing its cash balance, and endeavours to maintain its sound cash flow generating capability, its ability to take on investments and acquisition projects, in order to enhance shareholder wealth. The total bank balances and cash of the Remaining Group amounted to HK$1,221.3 million as at 31 March 2016 (2015: HK$301.2 million), and accounted for 60.1% of the current assets (2015: 14.7%).

During the year, the Remaining Group has a net cash inflow of HK$768.9 million in its operating activities (mainly due to the decrease in debtors, deposits and prepayments and properties under development for sale as well as the increase in amounts payables on contract work and trade and other payables), a net cash outflow of HK$389.9 million in its investing activities (mainly due to net cash outflows on acquisition of subsidiaries and placement of pledged bank deposits, netting off net cash inflows on disposal of subsidiaries and disposal of a development project through disposal of a subsidiary), and a net cash inflow of HK$541.5 million in its financing activities (mainly due to the new bank loans raised and net proceeds from issue of rights shares and proceeds from issue of shares upon exercise of share options, netting off dividends paid to shareholders and repayment of bank loans). As a result, both the cash and bank balances and the bank borrowings increased. As at 31 March 2016, the Remaining Group was in a net cash position, calculated on the basis of total cash and bank balances less total bank borrowings. As at 31 March 2015, net bank borrowings (total bank borrowings less total cash and bank balances) amounted to HK$390.1 million and the gearing ratio of the Remaining Group which was calculated on the basis of the Remaining Group's net bank borrowings to shareholders' funds was 22.4%. The net current assets have decreased by HK$181.3 million to HK$257.0 million as at the year-end date and the current ratio (current assets divided by current liabilities) was 1.14 times (2015: 1.27 times).

With its cash holdings and available banking facilities, the Remaining Group's liquidity position will remain healthy in the coming year, with sufficient financial resources to meet its obligations, operation and future development requirements.

Bank and other borrowings

During the year under review, the Remaining Group has borrowed Hong Kong dollar loans amounting to HK$764.8 million from the banks (at 31 March 2015: HK$691.3 million). The borrowings have been used as general working capital for financing the properties for development and investment purposes over the years. The maturity profile of the loans spread over a period of five years with HK$150.5 million repayable within the first year, HK$227.2 million repayable within the second year, HK$387.1 million repayable within the third to fifth years. Bank loans that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause with carrying amount of HK$614.3 million have been classified as current liabilities. Interest is based on Hong Kong Interbank Offered Rate plus a competitive margin.

Material acquisitions and disposals of subsidiaries and associates

On 19 March 2015, Hanison BVI and an indirectly non-wholly owned subsidiary of CCM Trust (Cayman) Limited, Sky Champion International Limited ("**Sky Champion**"), entered into a sale and purchase agreement with an independent third party, pursuant to which, Hanison BVI and Sky Champion disposed of their entire interests in Superior Choice Holdings Limited ("**Superior Choice**") together with its wholly own subsidiary, Excel Pointer Limited, which is held by Hanison BVI and Sky Champion on a 60:40 basis, and the same proportionate shareholders' loans made to Superior Choice. Excel Pointer Limited is engaged in property investment. The total cash consideration for the disposal is HK$549,710,000. An amount of HK$143,000,000 out of the total cash consideration has been applied for bank loan repayment directly before the completion of the disposal. The cash consideration attributed to Hanison BVI is HK$244,826,000. The disposal was completed on 7 July 2015.

On 19 May 2015, an indirect wholly owned subsidiary of the Company, Shangzhi Limited, entered into a sale and purchase agreement with an independent third party to acquire the entire issued capital of General Mark Holdings Limited together with its wholly owned subsidiary, Masswell International Limited (collectively referred to as "**General Mark Group**") and the shareholder's loan at a cash consideration of HK$253,346,000. The acquisition was completed on 17 July 2015. The major asset of General Mark Group is an investment property representing an en-bloc residential property situated at No. 111 High Street in Sai Ying Pun, Hong Kong.

On 30 July 2015, Hanison BVI entered into a sale and purchase agreement with an independent third party to dispose of the entire issued capital and shareholder's loan of Wisdom Concept Development Limited ("**Wisdom Concept**"). Wisdom Concept is engaged in property development. The major assets of Wisdom Concept represented properties under development situated at D.D. 129, Lau Fau Shan in Yuen Long. The cash consideration for the disposal is HK$710,000,000. The disposal was completed on 22 March 2016.

On 8 September 2015, an indirect wholly owned subsidiary of the Company, Nimble Run Limited, entered into a sale and purchase agreement with an independent third party to acquire the entire issued capital of Trillion Mart, and the shareholder's loan, at a cash consideration of HK$993,304,000, representing HK$987,801,000 adjusted by the net current asset value of Trillion Mart on the completion date. The acquisition was completed on 22 October 2015. The major asset of Trillion Mart is an investment property representing an en-bloc commercial property situated at No. 476 Castle Peak Road in Cheung Sha Wan, Hong Kong.

Pledge of assets

As at 31 March 2016, certain leasehold land and buildings and investment properties of the Remaining Group, at the carrying value in aggregate of approximately HK$1,785.4 million (2015: certain leasehold land and buildings, investment properties and properties held for sale of the Remaining Group at the carrying value in aggregate of approximately HK$1,231.5 million), were pledged to the banks to secure the Hong Kong dollar loans of HK$634.8 million (2015: HK$361.3 million). In addition, bank deposits of HK$200.9 million (2015: HK$83.7 million) were pledged for bank loans granted to one of the Remaining Group's joint ventures in the PRC.

Contingent liabilities

During the year ended 31 March 2004, legal actions in respect of allegations of copyright infringement and defamation have been taken against certain subsidiaries of the Company carrying on health products business. No further steps have been taken against the Remaining Group in respect of such actions after the court hearing for directions to appoint experts and exchange witness statements since 2004. As at 31 March 2016, the directors of the Company are of the opinion that in view of the uncertainty of the outcome, it is not practicable to assess the financial effect.

As at 31 March 2016, the Remaining Group has a corporate guarantee provided to a bank to secure banking facilities granted to a joint venture of approximately HK$34,312,000 (2015: HK$27,100,000), which represents the Remaining Group's proportionate share of the banking facilities utilised as at 31 March 2016. In the opinion of the directors of the Company, the fair values of these financial guarantee contracts are insignificant at initial recognition and no provision for financial guarantee contracts has been made at the end of the reporting period.

Foreign exchange exposure

The aim of the Remaining Group's treasury policy is to minimise its exposure to fluctuations in the exchange rate. Foreign currency exposures of the Remaining Group arise mainly from the purchase of goods. The Remaining Group will determine if any hedging is required, on an individual basis, depending upon the size and nature of the exposure, and the prevailing market circumstances. The surplus cash which is generally placed with reputable financial institutions is mostly denominated in Hong Kong dollar. Most of the income, expenses, assets and liabilities of the Remaining Group are denominated in Hong Kong dollar. The Remaining Group therefore does not have any significant exposure to gains or losses arising from the movement of foreign currency exchange rate against the Hong Kong dollar.

Number and remuneration of employees

The number of full time monthly employees of the Remaining Group, excluding its joint ventures, was 714 (of which 208 employees were in Mainland China) as at 31 March 2016. The Remaining Group recruits and promotes individuals based on their development potential, merits and competencies, and ensures that their remuneration packages are at a reasonable market level.

UNAUDITED FINANCIAL INFORMATION OF PLEASING IDEAL LIMITED (THE "TARGET COMPANY") AND ITS SUBSIDIARY (COLLECTIVELY REFERRED TO AS THE "TARGET GROUP")

Set out below are the unaudited consolidated statements of financial position of the Target Group as at 31 March 2018 and 31 August 2018 and the unaudited consolidated statements of profit or loss and other comprehensive income and unaudited consolidated statements of changes in equity and certain explanatory notes of the Target Group for the period from 16 March 2018 (date of incorporation of the Target Company) to 31 March 2018 and the five months ended 31 August 2018 (the "**Unaudited Financial Information**").

The Unaudited Financial Information has been presented on the basis set out in Note 2 and prepared in accordance with the accounting policies adopted by the Company as set out in its annual report for the year ended 31 March 2018 together with certain new and amendments to Hong Kong Financial Reporting Standards issued by The Hong Kong Institute of Certified Public Accountants that are mandatorily effective for the five months ended 31 August 2018 and paragraph 14.68(2)(a)(i)(A) of the Listing Rules.

The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the disposal of the entire issued share capital in and the shareholder's loan owing by the Target Company. The Company's reporting accountant, Deloitte Touche Tohmatsu, was engaged to review the financial information of the Target Group set out on pages II-2 to II-5 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountant to obtain assurance that the reporting accountant would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountant does not express an audit opinion. The reporting accountant has issued an unqualified review report.

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 August 2018	As at 31 March 2018
	HK$'000	*HK$'000*
Current assets		
Deposits paid for properties under development for sale	–	29,000
Property under development for sale	931,944	–
Debtors, deposits and prepayments	2,034	–
	933,978	29,000
Current liabilities		
Other payables	10,690	–
Amount due to immediate holding company	922,707	29,002
Tax payable	98	–
	933,495	29,002
Net current assets (liabilities)	483	(2)
Capital and reserve		
Share capital	–	–
Accumulated profit (loss)	483	(2)
	483	(2)

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the period from 1 April 2018 to 31 August 2018	For the period from 16 March 2018 (date of incorporation) to 31 March 2018
	HK$'000	*HK$'000*
Rental income	600	–
Administrative expenses	(17)	(2)
Profit (loss) before taxation	583	(2)
Taxation	(98)	–
Profit (loss) and total comprehensive income (expense) for the period	485	(2)

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company		
	Share capital	Accumulated (loss) profit	Total
	HK$'000	*HK$'000*	*HK$'000*
Issue of shares upon incorporation	–	–	–
Loss and total comprehensive expense for the period	–	(2)	(2)
As at 31 March 2018 and 1 April 2018	–	(2)	(2)
Profit and total comprehensive income for the period	–	485	485
As at 31 August 2018	–	483	483

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. General information

Pleasing Ideal Limited (the "Target Company") is a private limited company incorporated in the British Virgin Islands and is an investment holding company. Its subsidiary, namely Superb Leading Limited, is principally engaged in property development.

On 24 August 2018, Flair Forward Limited, an indirect wholly owned subsidiary of Hanison Construction Holdings Limited (the "Company"), entered into a sale and purchase agreement with SPK MW Limited to dispose of the entire issued share capital in the Target Company and its subsidiary (collectively referred to as the "Target Group") and the shareholder's loan owing by the Target Company for a total consideration of Hong Kong dollar ("HK$") 1,253,000,000 (the "Disposal").

The Target Group had no cash transaction during the periods from 16 March 2018 (date of incorporation of the Target Company) to 31 March 2018 and the five months ended 31 August 2018 as all transactions were settled through accounts maintained with a group company. Accordingly, no consolidated statement of cash flows is prepared.

2. Basis of preparation

The Unaudited Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Disposal.

The Unaudited Financial Information has been prepared in accordance with the accounting policies adopted by the Company as set out in its annual report for the year ended 31 March 2018, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In the five months ended 31 August 2018, the Target Group has applied, for the first time, certain new and amendments to Hong Kong Financial Reporting Standards issued by the HKICPA that are mandatorily effective for the current interim period.

The Unaudited Financial Information is prepared by the directors of the Company solely for the purpose of inclusion in this circular. The Unaudited Financial Information has been prepared under the historical cost convention, and is presented in HK$. All values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Introduction

The following is an illustrative and unaudited pro forma financial information of the Remaining Group (collectively referred to as the ''Unaudited Pro Forma Financial Information''), which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Disposal as if the Disposal had been completed as of 31 March 2018 in the case of the unaudited pro forma consolidated statement of financial position as at 31 March 2018, or 1 April 2017 in the case of the unaudited pro forma consolidated statement of profit or loss for the year ended 31 March 2018, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018 and the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2018, after making the pro forma adjustments relating to the Disposal that are factually supportable and directly attributable to the transaction, as explained in the notes below.

The Unaudited Pro Forma Financial Information of the Remaining Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of (i) the consolidated statement of financial position as at 31 March 2018 had the Disposal been completed as of 31 March 2018, and (ii) the consolidated statement of profit or loss for the year ended 31 March 2018, the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018 and consolidated statement of cash flows for the year ended 31 March 2018 had the Disposal been completed as at 1 April 2017; or at any future dates.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	The Group	Pro forma adjustments			Pro forma total for the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
Non-current assets					
Investment properties	1,712,360	–	–	–	1,712,360
Property, plant and equipment	588,758	–	–	–	588,758
Prepaid lease payments	5,851	–	–	–	5,851
Interest in an associate	7,021	–	–	–	7,021
Interests in joint ventures	464,325	–	–	–	464,325
Loans to joint ventures	63,646	–	–	–	63,646
Deposit paid for acquisition of a subsidiary	50,638	–	–	–	50,638
Deferred tax assets	358	–	–	–	358
	2,892,957	–	–	–	2,892,957
Current assets					
Properties under development for sale	319,607	931,944	(931,944)	–	319,607
Properties held for sale	7,441	–	–	–	7,441
Inventories	15,293	–	–	–	15,293
Amounts receivable on contract work	96,992	–	–	–	96,992
Progress payments receivable	99,199	–	–	–	99,199
Retention money receivable	246,029	–	–	–	246,029
Debtors, deposits and prepayments	167,496	(29,000)	–	–	138,496
Prepaid lease payments	207	–	–	–	207
Amount due from a joint venture	17	–	–	–	17
Loans to joint ventures	137,482	–	–	–	137,482
Investments held for trading	580	–	–	–	580
Taxation recoverable	5,096	–	–	–	5,096
Bank balances and cash	1,070,124	(902,944)	1,250,265	–	1,417,445
	2,165,563	–	318,321	–	2,483,884
Assets classified as held for sale	282,067	–	–	–	282,067
	2,447,630	–	318,321	–	2,765,951

	The Group	Pro forma adjustments			Pro forma total for the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
Current liabilities					
Amounts payable on contract work	470,129	–	–	–	470,129
Trade and other payables	720,313	–	–	–	720,313
Taxation payable	20,782	–	–	52,523	73,305
Bank and other loans					
– amounts due within one year	395,507	–	–	–	395,507
	1,606,731	–	–	52,523	1,659,254
Net current assets	840,899	–	318,321	(52,523)	1,106,697
Total assets less current liabilities	3,733,856	–	318,321	(52,523)	3,999,654
Non-current liability					
Deferred tax liabilities	8,110	–	–	–	8,110
	3,725,746	–	318,321	(52,523)	3,991,544
Capital and reserves					
Share capital	104,618	–	–	–	104,618
Reserves	3,621,128	–	318,321	(52,523)	3,886,926
	3,725,746	–	318,321	(52,523)	3,991,544

Notes:

(1) The figures are extracted from the audited consolidated statement of financial position of the Group as at 31 March 2018 as set out in the published annual report of the Company for the year ended 31 March 2018.

(2) The adjustment represents acquisition of the Property by the Target Group (the "Acquisition") at a total consideration of HK$931,944,000 (including acquisition consideration, stamp duty, professional fees to legal adviser and agent commission) in which deposits for the acquisition of the Property amounting to HK$29,000,000 has been paid on 31 March 2018, assuming the Acquisition, for pro forma purpose, has taken place on 31 March 2018.

(3) The adjustment represents the pro forma gain on the Disposal, assuming the Disposal takes place on 31 March 2018 as if the Acquisition as mentioned in note 2 above has completed on 31 March 2018.

	HK$'000
Calculation of pro forma gain on the Disposal:	
Consideration received (note a)	1,253,000
Net liability of the Target Group as at 31 March 2018 (note b)	2
Assignment of shareholder's loan	(29,002)
Balancing payment for the acquisition of the Property (note c)	(902,944)
Gain on disposal (before directly attributable expenses)	321,056
Directly attributable expenses (note d)	(2,735)
	318,321
Cash received upon the Disposal	1,253,000
Directly attributable expenses (note d)	(2,735)
	1,250,265

(a) The consideration received includes an amount of HK$1,253,000,000 adjusted by the Net Asset Value determined based on the unaudited consolidated statement of financial position of Target Company as at 31 March 2018 as set out in Appendix II in this circular amounting to nil.

(b) The figure is extracted from the unaudited consolidated statement of financial position of the Target Group as at 31 March 2018 as set out in the Appendix II of this circular.

(c) The amount represents the total consideration for the acquisition of the Property of HK$931,944,000 (including acquisition consideration, stamp duty, professional fees to legal adviser and agent commission) less the deposits paid as at 31 March 2018 of HK$29,000,000 as mentioned in note 2 above.

(d) The amount of directly attributable expenses is estimated by directors of the Company. For pro forma purpose, it is assumed that the Group will settle the directly attributable expenses by cash at Completion.

The gain or loss on the Disposal is subject to changes at the actual date of completion.

(4) The adjustment represents the potential tax impact on the pro forma gain from the Disposal.

(5) The above pro forma adjustments will have no continuing effect on the Group in the subsequent reporting periods.

(6) No adjustments have been made to reflect any operating results or other transactions of the Group entered into subsequent to 31 March 2018.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2018

	The Group	Pro forma adjustments			Pro forma total for the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 4)*	*(Note 5)*	
Turnover	2,849,504	–	–	–	2,849,504
Cost of sales	(2,476,089)	–	–	–	(2,476,089)
Gross profit	373,415	–	–	–	373,415
Other income	7,771	–	–	–	7,771
Other gains and losses	30,137	–	318,321	–	348,458
Marketing and distribution costs	(17,779)	–	–	–	(17,779)
Administrative expenses	(283,393)	2	–	–	(283,391)
Gain on change in fair value of investment properties	431,948	–	–	–	431,948
Share of profit of an associate	80	–	–	–	80
Share of profit of joint ventures	125,677	–	–	–	125,677
Finance costs	(19,555)	–	–	–	(19,555)
Profit before taxation	648,301	2	318,321	–	966,624
Taxation	(32,003)	–	–	(52,523)	(84,526)
Profit for the year	616,298	2	318,321	(52,523)	882,098

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	The Group	Pro forma adjustments			Pro forma total for the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 4)*	*(Note 5)*	
Profit for the year	616,298	2	318,321	(52,523)	882,098
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
Exchange differences arising on translation of foreign operations	6,677	–	–	–	6,677
Share of exchange differences of a joint venture	10,039	–	–	–	10,039
	16,716	–	–	–	16,716
Item that will not be reclassified to profit or loss:					
Revaluation gain on property, plant and equipment upon transfer to investment properties	25,572	–	–	–	25,572
	42,288	–	–	–	42,288
Total comprehensive income for the year	658,586	2	318,321	(52,523)	924,386

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	The Group	Pro forma adjustments				Pro forma total for the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
Operating activities						
Profit before taxation	648,301	2	–	318,321	–	966,624
Adjustments for:						
Share of profit of an associate	(80)	–	–	–	–	(80)
Share of profit of joint ventures	(125,677)	–	–	–	–	(125,677)
Dividend income	(8)	–	–	–	–	(8)
Interest income	(1,654)	–	–	–	–	(1,654)
Interest expense	19,555	–	–	–	–	19,555
Depreciation of property, plant and equipment	19,088	–	–	–	–	19,088
Equity-settled share-based payments	63,754	–	–	–	–	63,754
Revaluation gain on properties held for sale upon transfer to investment properties	(30,264)	–	–	–	–	(30,264)
Gain on disposal of property, plant and equipment	(202)	–	–	–	–	(202)
Gain on change in fair value of investment properties	(431,948)	–	–	–	–	(431,948)
Loss (gain) on disposal of subsidiaries	324	–	–	(318,321)	–	(317,997)
Gain on change in fair value of investments held for trading	(197)	–	–	–	–	(197)
Operating cash flows before movements in working capital	160,992	2	–	–	–	160,994
Increase in inventories	(490)	–	–	–	–	(490)
Increase in properties under development for sale	(319,607)	–	(931,944)	931,944	–	(319,607)
Decrease in properties held for sale	27,097	–	–	–	–	27,097
Decrease in amounts receivable on contract work	13,202	–	–	–	–	13,202
Decrease in progress payments receivable	134,620	–	–	–	–	134,620
Decrease in retention money receivable	35,657	–	–	–	–	35,657
(Increase) decrease in debtors, deposits and prepayments	(21,607)	–	29,000	–	–	7,393
Increase in amounts payable on contract work	125,331	–	–	–	–	125,331
Increase in trade and other payables	2,382	–	–	–	–	2,382
Cash from operating activities	157,577	2	(902,944)	931,944	–	186,579
Hong Kong Profits Tax paid	(36,138)	–	–	–	(52,523)	(88,661)
Interest paid	(19,440)	–	–	–	–	(19,440)
Net cash from operating activities	101,999	2	(902,944)	931,944	(52,523)	78,478

	The Group	Pro forma adjustments				Pro forma total for the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
Investing activities						
Interest received	1,654	–	–	–	–	1,654
Dividend received from investments held for trading	8	–	–	–	–	8
Purchase of investment properties	(241,103)	–	–	–	–	(241,103)
Purchase of property, plant and equipment	(24,552)	–	–	–	–	(24,552)
Proceeds from disposal of property, plant and equipment	398	–	–	–	–	398
Proceeds from disposal of assets classified as held for sale	24,784	–	–	–	–	24,784
Net cash outflows on acquisitions of subsidiaries	(443,427)	–	–	–	–	(443,427)
Net cash inflows on disposal of subsidiaries	306,780	–	–	1,250,265	–	1,557,045
Deposit paid for acquisition of a subsidiary	(50,638)	–	–	–	–	(50,638)
Loans to joint ventures	(58,907)	–	–	–	–	(58,907)
Withdrawal of pledged bank deposits	139,263	–	–	–	–	139,263
Net cash (used in) from investing activities	(345,740)	–	–	1,250,265	–	904,525
Financing activities						
Dividends paid	(71,056)	–	–	–	–	(71,056)
New bank loans raised	2,283,526	–	–	–	–	2,283,526
Repayment of bank loans	(1,743,146)	–	–	–	–	(1,743,146)
New other loans raised	29,783	–	–	–	–	29,783
Repayment of other loan	(36,986)	–	–	–	–	(36,986)
Proceeds from issue of shares upon exercise of share options	7,847	–	–	–	–	7,847
Net cash from financing activities	469,968	–	–	–	–	469,968
Net increase in cash and cash equivalents	226,227	2	(902,944)	2,182,209	(52,523)	1,452,971
Cash and cash equivalents at the beginning of the year	840,074	–	–	–	–	840,074
Effect of foreign exchange rate changes	3,823	–	–	–	–	3,823
Cash and cash equivalents at the end of the year, representing bank balances and cash	1,070,124	2	(902,944)	2,182,209	(52,523)	2,296,868

Notes:

(1) The figures are extracted from the Group's audited consolidated statement of profit or loss, audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows for the year ended 31 March 2018 as set out in the published annual report of the Company for the year ended 31 March 2018.

(2) The adjustment represents the disposal of the Target Group as if the Disposal, for pro forma purpose, takes place on 1 April 2017. The financial information of the Target Group is extracted from the unaudited consolidated statement of profit or loss, and unaudited consolidated statement of profit or loss and other comprehensive income, as appropriate, of the Target Group for the period from 16 March 2018 (date of incorporation) to 31 March 2018 as set out in Appendix II to this circular.

(3) The adjustment represents the acquisition of the Property by the Target Group (the "Acquisition") at a total consideration of HK$931,944,000 (including acquisition consideration, stamp duty, professional fees to legal adviser and agent commission) in which deposits for the acquisition of the Property amounting to HK$29,000,000 has been paid on 31 March 2018, assuming the Acquisition, for pro forma purpose, has taken place on 1 April 2017.

(4) The adjustment represents the pro forma gain on the Disposal, assuming the Disposal takes place on 1 April 2017 as if, the Acquisition as mentioned in note 3 above has completed on 31 March 2018.

	HK$'000
Calculation of pro forma gain on the Disposal:	
Consideration received *(note a)*	1,253,000
Cost of the acquisition of the Property as mentioned in note 3 above	(931,944)
Directly attributable expenses *(note b)*	(2,735)
	318,321
Cash received upon the Disposal	1,253,000
Directly attributable expenses *(note b)*	(2,735)
	1,250,265

(a) The consideration received includes an amount of HK$1,253,000,000 adjusted by the Net Asset Value determined based on the unaudited consolidated statement of finance position of Target Company as at 31 March 2018 as set out in Appendix II in this circular amounting to nil.

(b) The amount of directly attributable expenses is estimated by directors of the Company. For pro forma purpose, it is assumed that the Group will settle the directly attributable expenses by cash at Completion.

The gain or loss on the Disposal is subject to changes at the actual date of completion.

(5) The adjustment represents the potential tax impact on the pro forma gain result from the Disposal. For pro forma purpose, it is assumed that the Group will settle the tax by cash at Completion.

(6) The above pro forma adjustments will have no continuing effect on the Group in the subsequent reporting periods.

(7) No adjustments have been made to reflect any operating results or other transactions of the Group entered into subsequent to 31 March 2018.

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Hanison Construction Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Hanison Construction Holdings Limited (the ''Company'') and its subsidiaries (hereinafter collectively referred to as the ''Group'') by the directors of the Company (the ''Directors'') for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 March 2018, the unaudited pro forma consolidated statement of profit or loss for the year ended 31 March 2018, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018, the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2018 and related notes as set out on pages III-1 to III-9 of the circular issued by the Company dated 24 October 2018 (the ''Circular''). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-1 to III-9 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the disposal of the entire issued share capital in and shareholder's loan owing by Pleasing Ideal Limited on the Group's financial position as at 31 March 2018 and the Group's financial performance and cash flows for the year ended 31 March 2018 as if the transaction had taken place at 31 March 2018 and 1 April 2017, respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's financial statements for the year ended 31 March 2018, on which an auditor's report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2018 or 1 April 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 October 2018

JLL
仲量聯行

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ISO 9001 : 2015
Certificate No.: CC 568

24 October 2018

The Directors

Hanison Construction Holdings Limited
22/F, Kings Wing Plaza 1
3 On Kwan Street
Shatin
New Territories
Hong Kong

Dear Sirs,

Re: Valuation of No. 19 Sam Chuk Street and No. 1 Tsat Po Street, San Po Kong, Kowloon, Hong Kong (Section A and the Remaining Portion of New Kowloon Inland Lot No. 4410)

1.1 Instruction

We refer to the instruction from Hanison Construction Holdings Limited ("the Company") for us to carry out market valuation of the property interest located at **No. 19 Sam Chuk Street and No. 1 Tsat Po Street, San Po Kong, Kowloon, Hong Kong (Section A and the Remaining Portion of New Kowloon Inland Lot No. 4410) ("the Property")** as a single property interest on redevelopment basis as at 31 August 2018 ("the date of valuation") for public disclosure purposes.

Existing building on the Property, known as "Mee Wah Factory Building", is a 7-storey industrial block completed in 1964. As advised by the Company, it is planned that the Property will be redeveloped.

We confirm that we have carried out an inspection of the Property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the unencumbered leasehold property interest as at the date of valuation.

1.2 Basis of Valuation

Unless otherwise stated, our valuation has been prepared in accordance with "HKIS Valuation Standards 2017 Edition" published by The Hong Kong Institute of Surveyors ("HKIS"), the "International Valuation Standards 2017" published by the International Valuation Standards Council ("IVSC") and the "RICS Valuation – Global Standards 2017" published by the Royal Institution of Chartered Surveyors ("RICS") subject to variation to meet local established law. Unless otherwise stated, our valuations are undertaken as External Valuers as defined in the relevant Valuation Standards. We have also complied with the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Our valuation of the property interest is made on the basis of Market Value as defined by IVSC and adopted by HKIS and RICS, set out as:

> *"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

Our valuation services have been executed in accordance with our Quality Assurance System, accredited by HKQAA Via ISO 9001:2015.

1.3 Valuation Assumptions

Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect the value of the Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation that may be incurred in effecting sales or lettings. Unless otherwise stated, it is assumed that the Property is free of legal complications and encumbrances, restrictions, outgoings of an onerous nature that could affect its value.

1.4 Valuation Methodology

For the assessment of the market value of the Property, we have adopted direct comparison method and cross-referenced by the residual method.

1.4.1 Direct Comparison Method

The direct comparison method is based on comparing the property to be valued with the prices achieved for similar properties. Given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative differences between the comparable properties and the subject that may affect the price likely to be achieved by the property under consideration.

1.4.2 Residual Method

The residual method involves firstly the assessment of gross development value, which is the aggregate capital value of the hypothetical development assuming completion of construction at the date of valuation at current price. Estimated total cost of the development including costs of construction, professional fee, finance costs and associated costs, plus an allowance for developer's risk and profit are deducted from the gross development value. The resultant figure is the residual value.

The residual method is subject to a number of hypothetical assumptions. A slight change in one or more of the assumptions would have a significant impact on the conclusion reached. In general terms, it is noted that the residual method is most sensitive to changes in sale price of the completed development.

Our assessment of the estimated gross development value is made on the basis of market value being applied to the completed units. We have adopted the direct comparison method for the assessment of the Gross Development Value.

1.5 Source of Information

We have relied to a considerable extent on the information provided by the Company including a tenancy schedule of the Property as at 24 September 2018. We have obtained relevant information available from public domain including the Land Registry and the Buildings Department and have accepted advice given to us on matters such as statutory notices, planning approvals, easements, floor plans, floor areas, tenure, particulars of occupancy and all other relevant matters. We have assumed that all information provided to us is correct.

However, should it be established subsequently that the details relating to the property interest are incorrect, we reserve the right to adjust the values reported herein. The dimensions, measurements and areas included in the report are based on information contained in copies of documents arranged for our valuation and obtained from the Land Registry and the Buildings Department and are therefore approximations. We have not carried out on site measurements to verify the correctness of the area of the Property.

Our valuation is totally dependent on the adequacy and accuracy of the information supplied and/or subsequent assumptions made. Should these prove to be incorrect or inadequate, the accuracy of our valuation may be affected.

1.6 Measurements

All measurements are carried out in accordance with the "Code of Measuring Practice" booklet published by the HKIS. To suit the local practice, we declare our departure from the "RICS property measurement" published by RICS in May 2015. Unless otherwise stated, we do not physically measure the actual properties or verify the floor areas provided to us, unless we specifically agree in writing to do so, although we make reference to the registered floor plans if available.

1.7 Title Investigation

We have not been provided with copies of the title documents relating to the Property but we have caused searches to be made at the Land Registry. However, we have not examined the original documents to verify ownership or to ascertain the existence of any lease amendments, which may not appear on the copies handed to us. All documents and leases have been used for reference only and all dimensions, measurements and areas are approximate. We have not seen original planning consents and have assumed that the Property has been erected, being occupied and used in accordance with such consents and that there are no outstanding statutory notices.

1.8 Property Inspection

We inspected the Property and its surrounding environment on 5 October 2018 and 9 October 2018. The inspection was conducted by Mr. Ken Lam MHKIS, MRICS, RPS(GP), National Director and Ms. Angie Chan, MHKIS, Manager of Valuation Advisory Services of Jones Lang LaSalle Limited. We have not conducted formal site and structural surveys and, as such we cannot report that the Property is free from rot, infestation or any other structural defects. We have not carried out building survey, nor have we inspected those parts of the Property which is covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of parts we had not inspected and this report should not be taken as making any implied representation or statement about such parts. No tests have been carried out to any of the services within the Property.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the Property, or has since been incorporated, and we are therefore unable to report that the Property are free from risk in this respect. For the purpose of this valuation we have assumed that such investigations would not disclose the presence of any such material to any significant extent.

1.9 Site Investigation

We have not carried out any investigations on site in order to determine the suitability of ground conditions and services, etc. for future redevelopment or renovation, nor did we undertake archaeological, ecological or environmental surveys. Our valuation is on the basis that these aspects are satisfactory and that where developments are contemplated, no extraordinary expenses or delays will be incurred during the construction or renovation period.

In the course of our valuation, we have assumed that no contamination affects the Property or the neighbouring land. However, should it be established subsequently that contamination exists at the Property or on any neighbouring land, or that the Property have been or are being put to any contaminative use, we reserve the right to adjust the value reported herein.

1.10 Plant and Machinery

Our valuation normally includes all plant and machinery that form part of the building services installations. However, process plant, machinery and equipment which may have been installed wholly in connection with the occupiers' industrial or commercial processes, together with furniture and furnishings, tenants' fixtures and fittings are excluded in our valuation.

1.11 Valuer

This valuation report was prepared by Mr. Ken Lam MHKIS, MRICS & RPS(GP), National Director assisted by Ms. Angie Chan, MHKIS & MRICS, Manager under the supervision of Ms. Dorothy Y. Y. Chow MHKIS, MRICS & RPS(GP), Regional Director of the department.

We confirm that Ms. Dorothy Y. Y. Chow, Mr. Ken Lam and Ms. Angie Chan are in the position to provide an objective and unbiased valuation and are competent to undertake the valuation assignment.

1.12 Report

Our valuation certificate is attached hereto.

Yours faithfully
For and on behalf of
Jones Lang LaSalle Limited

Dorothy Y. Y. Chow B.Sc. (Hons), MSc, MRICS, MHKIS, RPS(GP)
Regional Director
Licence No.: E-182969

Note: Ms. Dorothy Y.Y. Chow, MHKIS MRICS RPS(GP), is a qualified general practice surveyor and has 20 years of experience in the valuation of properties in Hong Kong.

2.0 VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 August 2018
No. 19 Sam Chuk Street and No. 1 Tsat Po Street, San Po Kong, Kowloon, Hong Kong Section A and the Remaining Portion of New Kowloon Inland Lot No. 4410 ("NKIL 4410 s.A & R.P." or "the Lots")	The Property is located at the junction of Sam Chuk Street and Tsat Po Street in the San Po Kong district in the Kowloon Peninsula. The subject locality is mainly industrial in nature. Developments in the vicinity are predominated by medium to high-rise industrial buildings. Existing development at the Property, known as "Mee Wah Factory Building", is a 7-storey industrial block completed in 1964 ("the Building"). Occupation Permit No. K261/64 was issued on 5 June 1964. As shown on the building plans approved on 18 May 1963, the total covered area of the Building is approximately 99,990.3ft^2 (9,289.33m^2). Each floor of the Building accommodates industrial units with reception room, ancillary office and lavatories. Typical ceiling height and floor loading is about 11.0ft (3.35m) and 150lbs/ft^2 respectively. Vertical movement within the Building is facilitated by 2 lifts and 3 staircases. The site of the Lots is roughly trapezoidal in shape and is generally level. As shown on the Lot Index Plan, the spot level of the Lots is approximately 6.9m above the Hong Kong Principal Datum (HKPD) at the junction of Sam Chuk Street and Tsat Po Street.	As advised by the Company, Ground Floor and 6 other upper units of No. 1 Tsat Po Street and all units of No. 19 Sam Chuk Street are vacant. According to the tenancy schedule provided, the remaining units are leased to various tenants. The latest tenancy is due to expire in June 2021. Most of the tenancies are subject to termination clauses exercisable by the landlord. The total monthly rental income receivable from the leased units is about HK$586,700 (inclusive of government rent, rates and management fees).	HK$1,090,000,000 (HONG KONG DOLLARS ONE BILLION AND NINETY MILLION)

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 August 2018
	As quoted from the site plan annexed to the Conditions of Sale No. UB6586, the registered site area of the Lots is about 14,920ft^2 (1,386.10m^2). The Lot is held from the Government under the Conditions of Sale No. UB6586 for a term of 99 years from 1 July 1898 renewed for a term of 24 years which has been extended by virtue of the New Territories Leases (Extension) Ordinance for a term due to expire on 30 June 2047. The current Government Rent payable for the Lots is amount equivalent to 3% of the prevailing rateable value of the Property per annum.	–	–

Notes:

(1) The registered owner of the Property is Superb Leading Limited.

(2) Upon our recent search of the Land Registry records, we noted that the following encumbrances were registered against the Property:-

- Deed of Mutual Covenant dated 4 May 1971 vide Memorial No. UB810591.
- Letter from Director of Public Works dated 17 March 1971 vide Memorial No. UB881458.
- Letter with Sub-Division Plan dated 1 July 1975 vide Memorial No. UB1184802.
- Order No. WNZ/U25-13/0001/05 by The Building Authority under s.24(1) of the Buildings Ordinance dated 13 March 2006 vide Memorial No. 06092600360171

(3) The Property falls within Hong Kong Planning Area No. 11 and is zoned under the Tsz Wan Shan, Diamond Hill and San Po Kong Outline Zoning Plan No. S/K11/29 approved on 6 December 2016 ("the OZP") for "Other Specified Uses (Business)" purposes.

(4) The use and development of the Lots is governed by the conditions stipulated in the Conditions of Sale No. UB6586 with the following salient conditions:

- The lot shall be used for industrial purposes excluding any offensive, noxious, noisome or unhealthy trade, business or manufacture.
- Area coloured red hatched black only be used for parking, loading and unloading of motor vehicles.
- Building at first floor level and above may be erected over the areas coloured red hatched black, provided there is clear space extending upwards from the ground level to a height of 15 feet.
- No part of any structure shall exceed a height of 300 feet above Colony principal datum.

(5) At the time of our inspection, we could not gain access to various parts of the Development. We have assumed the interiors of the portions not inspected were finished to a reasonable standard.

(6) Since we have not been provided with any approved building plan(s) of the proposed development of the redevelopment, we have formulated a hypothetical development which would comply with all the relevant restrictions stipulated in the land grant documents (i.e. Conditions of Sale No. UB6586) and imposed under the OZP and Building (Planning) Regulations at the same time. The proposed development shall be in the form of:

- industrial purposes (in accordance with the Conditions of Sale No. UB6586);
- a building height of not exceeding 300 feet above Colony Principal Datum (in accordance with the Conditions of Sale No. UB6586);
- a maximum plot ratio of 12.0 (in accordance with the OZP); and
- The total gross floor area of the proposed development will be about 179,040ft^2.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm, that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(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 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 Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**"), to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in the shares of the Company

Name	Capacity	Number of ordinary shares held	Total number of ordinary shares held	Approximate percentage of issued share capital *(Note 6)*
Cha Mou Sing, Payson	Beneficial owner	16,152,925		
	Interest of controlled corporations	15,689,502 *(Note 1)*		
	Beneficiary of discretionary trusts	531,981,820 *(Note 2)*	563,824,247	53.89%
Wong Sue Toa, Stewart	Beneficial owner	27,410,157		
	Interest of controlled corporation	4,270,975 *(Note 3)*		
	Interest of spouse	5,485,487 *(Note 4)*	37,166,619	3.55%
Tai Sai Ho	Beneficial owner	12,193,721	12,193,721	1.16%

Name	Capacity	Number of ordinary shares held	Total number of ordinary shares held	Approximate percentage of issued share capital *(Note 6)*
Lo Kai Cheong	Beneficial owner	5,424,137		
	Interest of spouse	2,000,422 *(Note 5)*	7,424,559	0.70%
Cha Mou Daid, Johnson	Beneficial owner	5,178,000		
	Beneficiary of discretionary trusts	539,500,961 *(Note 2)*	544,678,961	52.06%
Chan Pak Joe	Beneficial owner	1,792,100	1,792,100	0.17%
Lau Tze Yiu, Peter	Beneficial owner	2,929,950	2,929,950	0.28%
Sun Tai Lun	Beneficial owner	2,040,000	2,040,000	0.19%

Notes:

(1) These shares are held by Accomplished Investments Limited and Kola Heights Limited, companies that are wholly owned by Mr. Cha Mou Sing, Payson.

(2) These shares are held under certain but not identical discretionary trusts, of which Mr. Cha Mou Sing, Payson and Mr. Cha Mou Daid, Johnson are among the members of the class of discretionary beneficiaries.

(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 4,270,975 shares of the Company.

(4) These shares are held by Ms. Wong Lui Kwok Wai, the wife of Mr. Wong Sue Toa, Stewart.

(5) These shares are held by Ms. Lee Kwai Lin, the wife of Mr. Lo Kai Cheong.

(6) The percentage is calculated based on the total number of issued shares of the Company as at the Latest Practicable Date (i.e. 1,046,176,651 shares).

(ii) Share options granted to the Directors pursuant to the share option scheme adopted by the Company on 21 September 2011

Name	Date of grant	Exercise price per share	Exercise period	Number of share options outstanding as at the Latest Practicable Date	Approximate percentage of issued share capital *(Note)*
Cha Mou Sing, Payson	5.9.2017	HK$1.54	5.9.2017 to 4.9.2022	10,385,000	0.99%
Wong Sue Toa, Stewart	5.9.2017	HK$1.54	5.9.2017 to 4.9.2022	10,385,000	0.99%
Tai Sai Ho	5.9.2017	HK$1.54	5.9.2017 to 4.9.2022	5,192,000	0.49%
Lo Kai Cheong	5.9.2017	HK$1.54	5.9.2017 to 4.9.2022	1,332,000	0.12%
Cha Mou Daid, Johnson	26.11.2014	HK$0.96	26.11.2014 to 25.11.2019	3,785,500	0.36%
	5.9.2017	HK$1.54	5.9.2017 to 4.9.2022	5,192,000	0.49%
Chan Pak Joe	5.9.2017	HK$1.54	5.9.2017 to 4.9.2022	1,038,000	0.09%
Lau Tze Yiu, Peter	5.9.2017	HK$1.54	5.9.2017 to 4.9.2022	830,000	0.07%
Sun Tai Lun	5.9.2017	HK$1.54	5.9.2017 to 4.9.2022	1,038,000	0.09%

Note:

The percentage is calculated based on the total number of issued shares of the Company as at the Latest Practicable Date (i.e. 1,046,176,651 shares).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company or 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, 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 or entities, 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 Group:

Long positions in the shares of the Company

Name of Shareholder	Capacity	Number of ordinary shares held	Approximate percentage of issued share capital *(Note 4)*
CCM Trust (Cayman) Limited ("**CCM Trust**") *(Note 1)*	Trustee Interest of controlled corporations	487,702,041	46.61%
Mingly Corporation ("**Mingly**") *(Note 2)*	Beneficial owner Interest of controlled corporations	104,243,301	9.96%
CCM Capital Corporation ("**CCM Capital**") *(Note* 2)	Beneficial owner	78,866,272	7.53%
LBJ Regents Limited ("**LBJ**") (Note 3)	Trustee Interest of controlled corporation	67,829,571	6.48%

Notes:

(1) These share interests comprise 383,458,740 shares directly held by CCM Trust and 104,243,301 shares held indirectly through Mingly and its wholly owned subsidiaries. CCM Trust is interested in 87.5% equity interest in Mingly. CCM Trust is holding the 383,458,740 shares as the trustee of certain but not identical discretionary trusts of which members of the Cha Family (comprising, inter alios, Mr. Cha Mou Sing, Payson and Mr. Cha Mou Daid, Johnson, being the Directors) are among the discretionary objects. Mr. Cha Mou Sing, Payson is also a director of CCM Trust.

(2) These share interests comprise 3,732,928 shares directly held by Mingly and 78,866,272 shares and 21,644,101 shares held indirectly through CCM Capital and Mingly Asia Capital Limited, respectively. CCM Capital and Mingly Asia Capital Limited are direct wholly owned subsidiaries of Mingly. Mr. Cha Mou Sing, Payson is also the executive chairman of Mingly and a director of CCM Capital, while Mr. Cha Mou Daid, Johnson is a director of Mingly and CCM Capital.

(3) These share interests comprise 61,022,931 shares directly held by LBJ and 6,806,640 shares held indirectly through Bie Ju Enterprises Limited, its wholly owned subsidiary. LBJ is holding the 61,022,931 shares as the trustee of certain but not identical discretionary trusts of which members of the Cha Family (comprising, inter alios, Mr. Cha Mou Sing, Payson and Mr. Cha Mou Daid, Johnson, being the Directors) are among the discretionary objects. Mr. Cha Mou Sing, Payson and Mr. Cha Mou Daid, Johnson are also directors of LBJ.

(4) The percentage is calculated based on the total number of issued shares of the Company as at the Latest Practicable Date (i.e. 1,046,176,651 shares).

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 Group.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

4. DIRECTORS' INTERESTS IN THE ASSETS, CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any assets which have, since 31 March 2018 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

Name of Director *(Note 1)*	**Name of company**	**Nature of interest**	**Competing business** *(Note 2)*	
Cha Mou Sing, Payson	HKR International Limited ("**HKRI**")	Director of HKRI and a member of the class of discretionary beneficiaries of certain but not identical 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
	New World Development Company Limited ("**NWDCL**")	Independent non-executive director of NWDCL	(a)	Property development and investment
			(b)	Property management, leasing and marketing services
	Champion Real Estate Investment Trust ("**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
Cha Mou Daid, Johnson	HKRI	Director of HKRI and a member of the class of discretionary beneficiaries of certain but not identical 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
Chan Pak Joe	The Luk Hoi Tong Company, Limited (**"LHTCL"**)	Executive director of LHTCL	(a)	Property development and investment
			(b)	Property management, leasing and marketing services

Notes:

(1) Mr. Cha Mou Sing, Payson and Mr. Cha Mou Daid, Johnson are non-executive Directors, and Mr. Chan Pak Joe is an independent non-executive Director, all of whom are not involved in the daily management of the Group. Accordingly, the Company is capable of carrying its businesses independently of, and at arm's length from the abovementioned competing businesses.

In addition, Mr. Cha Mou Sing, Payson held share interests, Mr. Wong Sue Toa, Stewart held share interests and directorships and Mr. Lo Kai Cheong held directorships in certain private companies (the "**Private Companies**") which engage in property investment and serviced apartment or hotel operation. As the Board of the Company is independent of the boards of the Private Companies and has a different board composition to the respective boards of the Private Companies (the Board of the Company comprises of three executive Directors, two non-executive Directors and three independent non-executive Directors), the Company operates its businesses independently of, and at arm's length from the businesses of the Private Companies.

(2) Such businesses may be made through subsidiaries, affiliated companies or by way of other forms of investments.

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 the legal actions in respect of allegations of copyright infringement and defamation were 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 Group in respect of such actions after the court hearing for directions to appoint experts and exchange witness statements took place in 2004. The Directors are of the opinion that in view of the uncertainty it is not practicable to assess the financial effect.

7. QUALIFICATIONS AND CONSENTS OF EXPERTS AND EXPERT'S INTERESTS

The following are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	**Qualification**
Deloitte Touche Tohmatsu	Certified Public Accountants
Jones Lang LaSalle Limited	An independent professional property valuer

As at the Latest Practicable Date, each of the above experts has:

(a) no shareholding in any member of the 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 Group; and

(b) no interest, direct or indirect, in any assets which have been, since 31 March 2018 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of the above experts 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 they appear.

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within two years immediately preceding the date of this circular and are, or may be, material:

(a) the subscription agreement dated 19 October 2016 entered into among Silver Wave International Limited (a wholly owned subsidiary of the Company) ("**Silver Wave**") as subscriber, 338 Apartment Member (BVI) L.P. ("**338 Apartment Member**") as vendor and 338 Apartment Holdings (BVI) Limited ("**338 Apartment Holdings**") as target, regarding the subscription of 80 shares of 338 Apartment Holdings at a consideration of USD80 (equivalent to approximately HK$624). Further details of the subscription are set out in the announcement of the Company dated 19 October 2016;

(b) the loan assignment dated 19 October 2016 entered into among 338 Apartment Member, Silver Wave and 338 Apartment Holdings in which 338 Apartment Member assigned a sale loan to Silver Wave at a consideration of HK$25,407,152. Further details of the loan assignment are set out in the announcement of the Company dated 19 October 2016;

(c) the shareholders deed dated 19 October 2016 entered into among 338 Apartment Member, Silver Wave and 338 Apartment Holdings, to govern their relationship as shareholders of 338 Apartment (BVI) Limited ("**338 Apartment BVI**") and regarding the renovation, management and marketing and leasing of a property. Further details of the shareholders deed are set out in the announcement of the Company dated 19 October 2016;

(d) the shareholder loan agreement dated 19 October 2016 entered into among 338 Apartment Member, Silver Wave and 338 Apartment Holdings, in which 338 Apartment Member and Silver Wave have advanced and shall continue to advance shareholder loans to 338 Apartment Holdings. Further details of the shareholder loan agreement are set out in the announcement of the Company dated 19 October 2016;

(e) the counter indemnity dated 19 October 2016 executed by Hanison BVI in favour of five limited partnerships which are all affiliates of 338 Apartment Member, pursuant to which subject to a maximum liability of HK$62,000,000, Hanison BVI will immediately upon demand indemnify such five limited partnerships in respect of 40% of their liability under certain corporate guarantee for securing the interest payment obligations of 338 Apartment BVI. Further details of the counter indemnity are set out in the announcement of the Company dated 19 October 2016;

(f) the memorandum of understanding dated 11 November 2016 entered into among Great Practice as purchaser, S. Sundar and Sons Limited ("**S. Sundar**"), Baffin Investments Limited ("**Baffin**"), Mutual Corporation Limited ("**Mutual Corporation**"), Agile Industries Limited ("**Agile Industries**") and Jamp (Overseas) Investments Limited ("**Jamp (Overseas)**") as vendors and Hind Hotels and Properties Limited ("**Hind Hotels**") as guarantor to S. Sundar, regarding the possible acquisitions of (i) the entire equity interest and the shareholder's loan in Honour Tower and (ii) the entire equity interest and the shareholder's loan in Reliable Worldwide at an aggregate consideration of HK$341,380,001 ("**Acquisitions of Honour Tower and Reliable Worldwide**"). Further details of the memorandum of understanding are set out in the announcement of the Company dated 11 November 2016;

(g) the memorandum of understanding dated 14 December 2016 entered into between Hanison BVI as vendor and Profit Gainer Holdings Limited ("**Profit Gainer**") as purchaser, regarding the possible disposal of the entire equity interest in Senior Rich at an initial consideration of HK$250,000,000, subject to upward or downward adjustments for the net current assets/liabilities of Senior Rich ("**Senior Rich Disposal**"). Further details of the memorandum of understanding are set out in the announcement of the Company dated 14 December 2016;

(h) the sale and purchase agreement dated 28 December 2016 entered into among Great Practice as purchaser, S. Sundar, Baffin, Mutual Corporation, Agile Industries and Jamp (Overseas) as vendors and Hind Hotels as guarantor to S. Sundar, regarding the Acquisitions of Honour Tower and Reliable Worldwide referred to in paragraph (f) above. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 28 December 2016;

(i) the sale and purchase agreement dated 8 February 2017 entered into among Hanison BVI as vendor, Sanney Limited as guarantor to Hanison BVI, Profit Gainer as purchaser and Senior Rich, regarding the Senior Rich Disposal referred to in paragraph (g) above. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 8 February 2017;

(j) the shareholders deed dated 25 February 2017 entered into among Pagson Development Limited ("**Pagson**"), Honour Gain Global Limited (an indirect wholly owned subsidiary of the Company) ("**Honour Gain**") as shareholder and an independent third party joint venture partner as shareholder, regarding the terms for the formation of Pagson and the management of Pagson and its subsidiaries. Further details of the shareholders deed are set out in the announcement of the Company dated 25 February 2017;

(k) the memorandum of understanding dated 17 May 2017 entered into among Heroic Elite as purchaser, a corporate vendor and a corporate guarantor, regarding the possible acquisition of the entire issued and paid-up share capital of Waller Holdings Limited and the related shareholder's loan ("**WHL Acquisition**") at an aggregate consideration of HK$145,370,000. Further details of the memorandum of understanding are set out in the announcement of the Company dated 17 May 2017;

(l) the memorandum of understanding dated 17 May 2017 entered into among Oriental Elite as purchaser, a corporate vendor and a corporate guarantor, regarding the possible acquisition of the entire issued and paid-up share capital of Faithful Sun Limited and the related shareholder's loan ("**FSL Acquisition**") at an aggregate consideration of HK$149,700,000. Further details of the memorandum of understanding are set out in the announcement of the Company dated 17 May 2017;

(m) the memorandum of understanding dated 1 June 2017 entered into among Keen Elite as purchaser, two corporate vendors and two guarantors, regarding the possible acquisition of the entire equity interest and the shareholder's loan in Ultimate Elite Investments Limited at an aggregate consideration of HK$148,730,000 ("**UEIL Acquisition**"). Further details of the memorandum of understanding are set out in the announcement of the Company dated 1 June 2017;

(n) the letter of acceptance dated 20 June 2017 issued by Yip Yun Chi, Ip Kwong Chi and Ip Lai Sheung (the executors of the estate of Yip (or Ip) Lee (or Li) Yu Yee, also known as Li (or Lee) Yu Yee, deceased) as vendors to Regal Prosper Limited (an indirect wholly owned subsidiary of the Company) as purchaser, regarding the acquisition of a property at a purchase price of HK$166,380,000. Further details of the letter of acceptance are set out in the announcement of the Company dated 20 June 2017;

(o) the sale and purchase agreement dated 13 July 2017 entered into among Heroic Elite as purchaser, a corporate vendor and a corporate guarantor, regarding the WHL Acquisition referred to in paragraph (k) above. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 13 July 2017;

(p) the sale and purchase agreement dated 13 July 2017 entered into among Oriental Elite as purchaser, a corporate vendor and a corporate guarantor, regarding the FSL Acquisition referred to in paragraph (l) above. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 13 July 2017;

(q) the sale and purchase agreement dated 31 July 2017 entered into among Keen Elite as purchaser, two corporate vendors, two corporate guarantors and Vision Smart Limited, regarding the UEIL Acquisition referred to in paragraph (m) above. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 31 July 2017;

(r) the provisional sale and purchase agreement dated 23 December 2017 entered into among Honour Gain as one of the sellers, Starion II Cayman Limited ("**Starion II**") as one of the sellers, and Power Gain Investment Limited ("**Power Gain**") as purchaser, regarding the disposal of entire interests in the share capital in Pagson and the related shareholder's loans at an aggregate consideration of HK$1,038,000,000 ("**Pagson Disposal**"). Further details of the provisional sale and purchase agreement are set out in the announcement of the Company dated 23 December 2017;

(s) the memorandum of understanding dated 15 January 2018 entered into among Shining Bliss Limited (an indirect wholly owned subsidiary of the Company) ("**Shining Bliss**") as purchaser, the Vendor (as defined in the announcement) as vendor ("**Richway Vendor**") and the Guarantor (as defined in the announcement) as guarantor, regarding the acquisition of the entire issued and paid-up share capital of Richway Group Holdings Limited and the related shareholder's loan ("**Richway Acquisition**") at an aggregate consideration of HK$506,380,000. Further details of the memorandum of understanding are set out in the announcement of the Company dated 15 January 2018;

(t) the sale and purchase agreement dated 1 February 2018 entered into among Honour Gain as one of the sellers, Starion II as one of the sellers, and Power Gain as purchaser, regarding the Pagson Disposal referred to in paragraph (r) above. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 1 February 2018;

(u) the sale and purchase agreement dated 21 February 2018 entered into between Hanison BVI as vendor and Hilux II Cayman Ltd. as purchaser, regarding the disposal of 50% of the issued share capital in Gallant Elite and the related shareholder's loan. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 21 February 2018;

(v) the sale and purchase agreement dated 2 March 2018 entered into among Shining Bliss as purchaser, the Richway Vendor as vendor and the Guarantor as guarantor, regarding the Richway Acquisition referred to in paragraph (s) above. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 2 March 2018;

(w) the provisional sale and purchase agreement dated 25 April 2018 entered into between Emwell Limited (an indirect wholly-owned subsidiary of the Company) ("**Emwell**") as vendor and Beautymate Hong Kong Limited as purchaser, regarding the disposal of the property comprising (1) Workshops 1 – 19 (inclusive) on the Fifth Floor (including the Flat Roofs of Workshops 3 and 4) of Block A of Shatin Industrial Centre, Nos. 5-7 Yuen Shun Circuit, Shatin, New Territories, Hong Kong ("**Shatin Industrial Centre**"); and (2) Car Parking Space L45 on the Second Floor of Shatin Industrial Centre for an aggregate consideration of HK$158,380,000. Further details of the provisional sale and purchase agreement are set out in the announcement of the Company dated 25 April 2018;

(x) the provisional sale and purchase agreement dated 30 May 2018 entered into between Emwell as vendor and Crown Master Enterprises Limited as purchaser, regarding the disposal of the property comprising (1) Workshops 1-23 on the Fourth Floor (including the Flat Roofs of Workshops 5 and 6) of Block B of Shatin Industrial Centre; and (2) Car Parking Space V26 on the First Floor of Shatin Industrial Centre for an aggregate consideration of HK$209,840,000. Further details of the provisional sale and purchase agreement are set out in the announcement of the Company dated 30 May 2018;

(y) the application dated 2 October 2018 in respect of the subscription of 50% issued share capital of Great Splendor Enterprises Limited (an indirect wholly owned subsidiary of the Company) ("**Great Splendor**") as enlarged by the allotment and issue of the subscription shares at a consideration of USD2 (equivalent to approximately HK$15.60) by Acquisition N (BVI) L.P. as subscriber ("**Acquisition N (BVI)**"). Further details of the subscription are set out in the announcement of the Company dated 2 October 2018 and the relevant clarification announcement dated 3 October 2018;

(z) the shareholders deed dated 2 October 2018 entered into among Acquisition N (BVI), Fairview Harbour Limited (an indirect wholly owned subsidiary of the Company) ("**Fairview**") and Great Splendor, to govern their relationship as shareholders of Great Splendor and regarding the renovation, change of use, management and marketing and sale and leasing of a property. Further details of the shareholders deed are set out in the announcement of the Company dated 2 October 2018 and the relevant clarification announcement dated 3 October 2018;

(aa) the shareholder loan agreement dated 2 October 2018 entered into among Acquisition N (BVI), Fairview and Great Splendor, in which Acquisition N (BVI) and Fairview have advanced and shall continue to advance shareholder loans to Great Splendor. Further details of the shareholder loan agreement are set out in the announcement of the Company dated 2 October 2018 and the relevant clarification announcement dated 3 October 2018; and

(bb) the Sale and Purchase Agreement.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekdays (except for Saturday and public holidays) at the Company's principal place of business in Hong Kong for a period of 14 days from the date of this circular:

(a) the Sale and Purchase Agreement;

(b) the memorandum and articles of association of the Company;

(c) the report on review of consolidated financial information of the Target Company for the periods from 16 March 2018 (being the date of incorporation of the Target Company) to 31 March 2018 and the five months ended 31 August 2018 from Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this circular;

(d) the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;

(e) the property valuation report from Jones Lang LaSalle Limited, the text of which is set out in Appendix IV to this circular;

(f) the written consents referred to in the paragraph headed "Qualifications and consents of experts and expert's interests" in this Appendix;

(g) the annual reports of the Company for the two financial years ended 31 March 2017 and 2018;

(h) the material contracts referred to in the section headed "Material contracts" in this Appendix; and

(i) this circular.

10. MISCELLANEOUS

(a) the registered office of the Company is located at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands;

(b) the head office and principal place of business of the Company is located at 22/F, Kings Wing Plaza 1, 3 On Kwan Street, Shek Mun, Shatin, New Territories, Hong Kong;

(c) the Company's Hong Kong share registrar is Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong;

(d) the company secretary of the Company is Mr. Lo Kai Cheong, who is a member of CPA Australia (CPA (Aust.)) and a fellow of Hong Kong Institute of Certified Public Accountants (FCPA) and The Association of International Accountants (FAIA); and

(e) the English text of this circular prevails over the Chinese text in case of inconsistency.

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 ("**EGM**") of Hanison Construction Holdings Limited (the "**Company**") will be held at Function Room - Cypress, Lobby Floor, InterContinental Hong Kong, 18 Salisbury Road, Kowloon, Hong Kong on Friday, 9 November 2018 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without modification, the following resolution which will be proposed as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the sale and purchase agreement dated 24 August 2018 entered into between Flair Forward Limited as vendor, SPK MW Limited as purchaser and Hanison Construction Holdings (BVI) Limited as vendor's guarantor in relation to the conditional disposal of the entire issued share capital in Pleasing Ideal Limited and the loan owing by Pleasing Ideal Limited to Flair Forward Limited as more particularly described in the circular to the shareholders dated 24 October 2018, a copy of which marked "A" has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification, the terms of which and the transactions contemplated thereunder (the "**Disposal**") and all such documents ancillary to the Disposal be and are hereby approved, ratified and confirmed; and

(b) any one or more of the directors of the Company be and is/are hereby authorised for and on behalf of the Company to do all such acts and things incidental to, ancillary to or in connection with the Disposal and execute all such documents (in case of execution of documents under seal, to do so by any two directors of the Company or any director of the Company together with the secretary of the Company) and to take such steps which he/they may consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Disposal and the transactions contemplated thereunder."

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

Hong Kong, 24 October 2018

Notes:

1. The register of members of the Company will be closed from 6 November 2018 to 9 November 2018 (both days inclusive) for the purpose of determining the identity of members who are entitled to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 5 November 2018.

2. Any member entitled to attend and vote at the meeting 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.

3. 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 register of members in respect of the joint holding.

4. 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 of attorney or other 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, Hong Kong not less than 48 hours before the time for holding the meeting or any adjourned meeting thereof (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 thereof should he so wish and, in such event, the form of proxy shall be deemed to be revoked.

5. The registration of the EGM will start at 10:00 a.m. on Friday, 9 November 2018. 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.

6. If Tropical Cyclone Signal No. 8 or above is expected to be issued as announced by the Hong Kong Observatory or remains hoisted on the date of the EGM, the Company will, where appropriate, post an announcement on the Company's website (www.hanison.com) and HKExnews website (www.hkexnews.hk) to notify the shareholders of the Company for arrangements of the EGM in response to the signal issued.