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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 896)

**MAJOR TRANSACTION
PROVISION OF GUARANTEE
IN RELATION TO THE JOINT VENTURE**

All capitalised terms used in this circular have the meaning set out in the section headed “Definitions” of this circular.

A letter from the Board containing details of the provision of Guarantee is set out on pages 7 to 14 of this circular.

The Company will seek to obtain written Shareholders’ approval for the provision of Guarantee pursuant to Rule 14.44 of the Listing Rules from the relevant Shareholders who form a closely allied group of Shareholders and together hold more than 50% of the voting rights at a general meeting to approve the provision of Guarantee. Accordingly, no Shareholders’ meeting will be held to approve the provision of Guarantee pursuant to Rule 14.44 of the Listing Rules. This circular is being despatched to the Shareholders for information only.

25 September 2019

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DEFINITIONS

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

“Board”	the board of Directors
“Building”	the messuages, erections and buildings thereon now known as “CENTRAL INDUSTRIAL BUILDING (中央工業大廈)” at 57-61 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong
“Business Day”	a day (not being a Saturday, Sunday, public holiday or any day on which typhoon signal No.8 or above or black rainstorm warning is hoisted in Hong Kong at any time from 9:00 a.m. to 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong
“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 sale and purchase of the Sale Shares and assignment of the Sale Loan
“Completion Accounts”	the unaudited completion accounts to be delivered to the Purchaser no later than 45 Business Days after (and exclusive of) the Completion Date and will be audited pursuant to the terms of the SPA if the Vendor and the Purchaser fail to reach agreement on the completion accounts
“Completion Date”	subject to the satisfaction or waiver of the Conditions Precedent pursuant to the SPA, 16 March 2020 or such other date as the Vendor and the Purchaser may agree on which Completion takes place
“Conditions Precedent”	conditions precedent to the Completion
“connected persons”	has the meaning as ascribed to it under the Listing Rules

DEFINITIONS

“Consideration”	the consideration payable by the Purchaser for the Sale Shares and the Sale Loan under the SPA is the aggregate of HK\$1,080,000,000 and the Consolidated NAV as shown in the Completion Accounts, which is subject to a maximum cap of HK\$1,100,000,000
“Consolidated NAV”	the total assets (including cash at bank) of the Target Group on a consolidated basis (other than the value of the Properties and any proceeds of insurance being due or payable to any member of the Target Group insofar as relating to any of the Properties) minus the total liabilities of the Target Group on a consolidated basis (other than the liability in respect of the Sale Loan and the actual costs incurred by the relevant member of the Target Group for the demolition works to remove the unauthorised building works) as at Completion as shown in the Completion Accounts
“Disposal”	the sale of the Sale Shares and the assignment of the Sale Loan by the Vendor to the Purchaser pursuant to the SPA
“Directors”	directors of the Company
“Encumbrance”	means a mortgage, charge, pledge, lien, option, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including a title transfer or retention arrangement) having similar effect and any agreement or obligation to create or grant any of the aforesaid
“Ever Peak”	Ever Peak Creation Limited (恒鼎創建有限公司), a limited company incorporated in Hong Kong, and an indirect wholly owned subsidiary of the Target Company
“Excellent Delight”	Excellent Delight Limited (悦傑有限公司), a company incorporated in the BVI and an indirect wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries

DEFINITIONS

“Guarantee”	the guarantee given by the Vendor Guarantor I to the Purchaser pursuant to the terms of the SPA to secure the due and punctual performance of the obligations of the Vendor in respect of the Disposal under each of the Transaction Documents (subject to the maximum liability of 50% of the Maximum Guaranteed Amount)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK Target Companies”	Park International, Point Base and Ever Peak, and “HK Target Company” means any one of them
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Intermediate Holding Company”	Berncastle Group Limited, a company incorporated in the BVI, a direct wholly owned subsidiary of the Target Company and the sole shareholder of each of the HK Target Companies
“JV Partner”	Frontal Crest Limited, a company incorporated under the laws of the BVI, a shareholder which owns 50% of the issued share capital of the Vendor and a wholly owned subsidiary of the Vendor Guarantor II
“Latest Practicable Date”	18 September 2019, 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
“Maximum Guaranteed Amount”	maximum aggregate amount of liability of the Vendor Guarantor I and the Vendor Guarantor II under the guarantee given by the Vendor Guarantor I and the Vendor Guarantor II to the Purchaser pursuant to the terms of the SPA to secure the due and punctual performance of the obligations of the Vendor in respect of the Disposal under each of the Transaction Documents, which shall not exceed an amount equivalent to the Consideration

DEFINITIONS

“Park International”	Park International Investment Limited (栢暉國際投資有限公司), a limited company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Target Company
“Point Base”	Point Base Limited (向基有限公司), a limited company incorporated in Hong Kong, and an indirect wholly owned subsidiary of the Target Company
“Properties”	<p>the following properties held by Park International, Point Base and Ever Peak which comprise:</p> <ol style="list-style-type: none">(1) Godowns A and B on the Ground Floor of the Building;(2) Workshops A and B on the First Floor of the Building;(3) Workshops A and B on the Second Floor of the Building;(4) Workshops A and B on the Third Floor of the Building;(5) Workshops A and B on the 4th Floor of the Building;(6) Workshops A and B on the 5th Floor of the Building;(7) Workshops A and B on the 6th Floor of the Building;(8) Workshops A and B on the 7th Floor of the Building;(9) Main Roof of the Building; and(10) Car Parking Spaces Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15 on the Ground Floor of the Building
“Purchaser”	Goodway Asia Limited (佳達亞洲有限公司), a limited company incorporated in Hong Kong
“Purchaser Covenantor”	Mr. Tang Shing Bor, the ultimate legal and beneficial owner of the Purchaser

DEFINITIONS

“Sale Loan”	all, if any, loan(s) owing by the Target Company to the Vendor as at Completion
“Sale Shares”	two ordinary shares in the capital of the Target Company owned by the Vendor, representing the entire issued share capital of the Target Company
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shares”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“SPA”	the formal sale and purchase agreement entered into between the Vendor, the Purchaser, the Purchaser Covenantor and the Vendor Guarantors in relation to the Disposal and the provision of guarantee on 16 August 2019
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Popular Castle Limited, a limited company incorporated in the BVI
“Target Group”	the Target Company, the Intermediate Holding Company, Park International, Point Base and Ever Peak, and a member of the “Target Group” means any one of them
“Transaction Documents”	the SPA, the disclosure letter, the assignment of the Sale Loan, the deed of tax indemnity, and any other documents incidental to the transactions contemplated under the SPA
“Vendor”	Victorious Troops Limited, a joint venture owned as to 50% of its issued share capital by each of Excellent Delight and the JV Partner
“Vendor Guarantor I”	Hanison Construction Holdings (BVI) Limited, a direct wholly owned subsidiary of the Company
“Vendor Guarantor II”	China Life Frontier Private Investment Fund L.P., a limited partnership formed under the laws of the Cayman Islands and the guarantor of the JV Partner under the SPA

DEFINITIONS

“Vendor Guarantors” the Vendor Guarantor I and the Vendor Guarantor II

“%” per cent

LETTER FROM THE BOARD



(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 896)

Directors:

Mr. Cha Mou Sing, Payson*
Mr. Wong Sue Toa, Stewart (*Managing Director*)
Mr. Tai Sai Ho (*General Manager*)
Mr. Lo Kai Cheong
Mr. Cha Mou Daid, Johnson*
Dr. Zhang Wei* (also alternate director to
Mr. Cha Mou Sing, Payson)
Mr. Chan Pak Joe#
Dr. Lau Tze Yiu, Peter#
Dr. Sun Tai Lun#

* *Non-executive Directors*

Independent Non-executive Directors

Registered Office:

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

Principal Place of Business in

Hong Kong:

22/F., Kings Wing Plaza 1
No. 3 On Kwan Street
Shek Mun, Shatin
New Territories
Hong Kong

25 September 2019

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
PROVISION OF GUARANTEE
IN RELATION TO THE JOINT VENTURE**

INTRODUCTION

References are made to the announcements made by the Company on 16 August 2019 and 4 September 2019 in relation to the provision of Guarantee.

On 16 August 2019 (after trading hours), the Vendor Guarantor I (being a direct wholly owned subsidiary of the Company), the Vendor (being a 50% joint venture of the Group), the Vendor Guarantor II, the Purchaser and the Purchaser Covenantor entered into the SPA in relation to the Disposal at the Consideration (i.e. the aggregate of HK\$1,080,000,000 and the Consolidated NAV).

LETTER FROM THE BOARD

To secure the due and punctual performance of the obligations of the Vendor under each of the Transaction Documents, each of the Vendor Guarantors has severally agreed to guarantee the due and punctual performance of the obligations of the Vendor in respect of the Disposal under each of the Transaction Documents (subject to the Maximum Guaranteed Amount), and the liability of each of the Vendor Guarantors under such guarantee is 50% for the Vendor Guarantor I and the remaining 50% for the Vendor Guarantor II.

The purpose of this circular is to provide you with further details of the provision of Guarantee and other information required under the Listing Rules.

PROVISION OF GUARANTEE

Date of SPA

16 August 2019

Parties

- (1) Vendor: Victorious Troops Limited, a joint venture owned as to 50% by Excellent Delight (being an indirect wholly owned subsidiary of the Company) and as to 50% by the JV Partner
- (2) Purchaser: Goodway Asia Limited, a limited company incorporated in Hong Kong
- (3) Purchaser Covenantor: Mr. Tang Shing Bor, the ultimate legal and beneficial owner of the Purchaser
- (4) Vendor Guarantor I: Hanison Construction Holdings (BVI) Limited, a direct wholly owned subsidiary of the Company, which indirectly holds 50% equity interest in the Target Company through Excellent Delight
- (5) Vendor Guarantor II: China Life Frontier Private Investment Fund L.P., which indirectly holds 50% equity interest in the Target Company through the JV Partner

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser, the Purchaser Covenantor, the Vendor Guarantor II and each of their ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

LETTER FROM THE BOARD

Maximum Guaranteed Amount

The guarantee given by the Vendor Guarantors to the Purchaser pursuant to the terms of the SPA shall be subject to the Maximum Guaranteed Amount, and the liability of each of the Vendor Guarantors under such guarantee is 50% for the Vendor Guarantor I and the remaining 50% for the Vendor Guarantor II.

The Maximum Guaranteed Amount and the liability of each of the Vendor Guarantor I and the Vendor Guarantor II under the guarantee given by the Vendor Guarantors to the Purchaser pursuant to the terms of the SPA was determined and arrived at after arm's length negotiation between the parties to the SPA, having taken into account the equity interest of each of the Vendor Guarantors in the Vendor and the amount of the Vendor's obligations under the SPA.

Effectiveness of the Guarantee

The provision of the Guarantee by the Vendor Guarantor I is subject to the obtaining of written approval by a closely allied group of Shareholders in compliance with the requirements under the Listing Rules by 30 September 2019 or such later date as may be agreed by the Vendor and the Purchaser, and shall only take effect upon the obtaining of such Shareholders' approval. The guarantee provided by the Vendor Guarantor II shall take effect upon the signing of the SPA.

The guarantee given by the Vendor Guarantors to the Purchaser pursuant to the terms of the SPA is a continuing guarantee which will remain in force until all the obligations of the Vendor under each of the Transaction Documents have been fulfilled.

Subject Matter of the Disposal

Pursuant to the SPA, (a) the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares (representing the entire issued and paid up share capital of the Target Company); and (b) the Vendor agreed to assign and the Purchaser agreed to accept assignment of the benefit of the Sale Loan, free from all Encumbrances, at the Consideration, subject to the terms of the SPA.

The HK Target Companies comprising Park International, Point Base and Ever Peak are indirectly wholly owned by the Target Company through the Intermediate Holding Company. The HK Target Companies are the sole owners of the Properties situated at Central Industrial Building, 57-61 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong.

LETTER FROM THE BOARD

Consideration

The Consideration is the aggregate of HK\$1,080,000,000 and the Consolidated NAV as shown in the Completion Accounts. The Consideration is subject to a maximum cap of HK\$1,100,000,000.

The Consideration was determined and arrived at after arm's length negotiation between the Vendor and the Purchaser, having taken into account the offer prices of comparable industrial properties in nearby locations and the face value of the Sale Loan.

Conditions Precedent

Completion is subject to the satisfaction or waiver of the following Conditions Precedent as stated in the SPA:

- (a) the fundamental warranties remaining true, complete and accurate in all respects and not misleading in any respects before and on the Completion Date; and
- (b) the obtaining of written approval by a closely allied group of Shareholders for the provision of the Guarantee by the Vendor Guarantor I in compliance with the requirements under the Listing Rules.

Completion

Subject to all of the Conditions Precedent being satisfied (or waived by the Purchaser), Completion will take place on the Completion Date. If the Condition Precedent (b) has not been satisfied by the Vendor or waived by the Purchaser on or before 30 September 2019 (or such later date as may be agreed by the Vendor and the Purchaser), the Purchaser may at any time on or before 9 December 2019, by notice to the Vendor, terminate the SPA. If any of the Conditions Precedent has not been satisfied by the Vendor or waived by the Purchaser on or before the Completion Date, unless the Vendor and the Purchaser otherwise agree in writing, the SPA shall forthwith be terminated on the date originally set for Completion.

Pre-closing Undertakings and Warranties

The Vendor has given certain customary pre-closing undertakings in relation to the state of affairs of the Target Group for agreement of similar nature and size in the SPA. In addition, the Vendor has given certain customary warranties in relation to the Target Group, the Properties, the Sale Shares, the Sale Loan for agreement of similar nature and size in the SPA.

LETTER FROM THE BOARD

Limitation of Claim

The total maximum aggregate amount of liability of the Vendor and the Vendor Guarantors under the Transaction Documents shall not exceed an amount equivalent to the Consideration (in the case of a claim under or in relation to the fundamental warranties or previous transaction documents for the acquisition of the Properties as prescribed under the SPA); or an amount equivalent to twenty percent (20%) of the Consideration (in the case of any claim other than under or in relation to the fundamental warranties or previous transaction documents for the acquisition of the Properties) provided always that the maximum aggregate amount of liability of the Vendor and the Vendor Guarantors under all of the Transaction Documents shall not exceed an amount equivalent to the Consideration.

FINANCIAL IMPACT TO THE GROUP IN RELATION TO THE DISPOSAL

Upon Completion, the Group is expected to record a share of profit of joint ventures of approximately HK\$167,256,000 (before costs, expenses and taxes relating to the Disposal) in the second half of the financial year ending 31 March 2020, which is calculated on the basis of (i) the difference between the consideration of the Disposal and the aggregate of the carrying value of the Properties as at 31 July 2019, and (ii) the accumulated unrecognised share of loss of the joint venture up to 31 July 2019. The actual gain on the Disposal to be recorded in the second half of the financial year ending 31 March 2020 is subject to audit, and will be calculated based on the consolidated financial information of the Target Company as at the Completion Date and net of any incidental expenses and therefore may be different from the estimated amount.

INFORMATION ON THE COMPANY AND THE VENDOR GUARANTOR I

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 principal business activity of the Vendor Guarantor I is investment holding. It indirectly holds 50% equity interest in the Vendor through Excellent Delight.

INFORMATION ON THE VENDOR GUARANTOR II

Vendor Guarantor II is a close-ended private equity fund managed by China Merchants Frontier Commercial Partners Ltd, which is owned by China Merchants Group Limited. China Merchants Group Limited is a leading state-owned enterprise based in Hong Kong and under the direct supervision of State-owned Assets Supervision and Administration Commission of the State Council. China Merchants Group Limited is a conglomerate with diversified business portfolios, and it mainly focuses on three core business sectors comprised of comprehensive transportation, finance, and city and industrial park development and operation. Vendor Guarantor II indirectly owns 50% equity interest in the Target Company through the JV Partner.

LETTER FROM THE BOARD

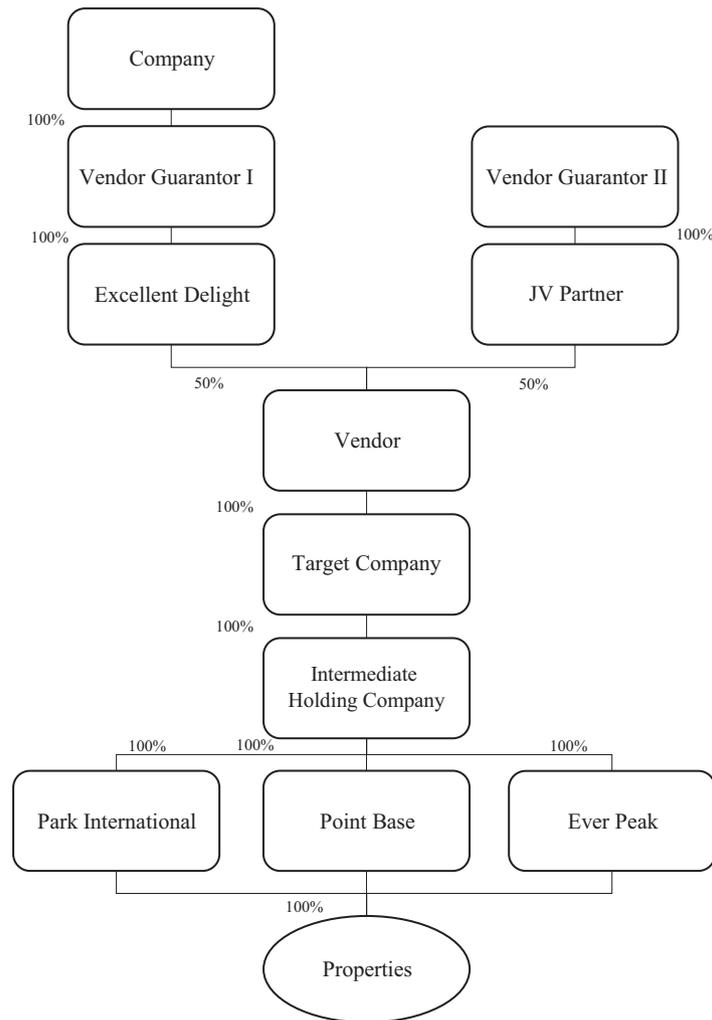
INFORMATION ON THE PURCHASER AND THE PURCHASER COVENANTOR

The principal business activity of the Purchaser is investment holding. The Purchaser Covenantor is an individual who is the ultimate legal and beneficial owner of the Purchaser.

INFORMATION ON THE VENDOR

The Vendor, being an investment holding company, is owned as to 50% by Excellent Delight and as to 50% by the JV Partner. The Vendor holds all of the issued shares of the Target Company, which indirectly holds all of the issued shares of the HK Target Companies through the Intermediate Holding Company. It is the intention of Excellent Delight and the JV Partner that the Vendor shall dispose of the Sale Shares, representing the entire issued share capital of the Target Company, and the Sale Loan pursuant to the SPA.

Set out below is the organisational structure of the relevant parties of the Disposal.



LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE PROVISION OF GUARANTEE

The Company considers that the Disposal represents an opportunity for the Vendor to realise an investment profit sooner than under the original redevelopment plan, which offers more efficient use of capital. The provision of the Guarantee facilitates the Vendor to realise its investment in the Target Company.

Given that the Vendor is an investment holding company and that the Sale Shares and the Sale Loan are the sole assets held by the Vendor, each of the Vendor Guarantors is requested to provide guarantee to secure the due and punctual performance of the obligations of the Vendor under the Transaction Documents.

After considering that (i) each of the Company and JV Partner indirectly or directly holds 50% equity interest in the Vendor; (ii) the Guarantee provided by Vendor Guarantor I is on a several basis; (iii) the reason as mentioned above; and (iv) the terms of the SPA and the Guarantee were negotiated on an arm's length basis, the Directors take the view that it is commercially sensible to provide the Guarantee to facilitate the Disposal (i.e. the sale of the Sale Shares and the assignment of Sale Loan by the Vendor to the Purchaser).

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

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the provision of the Guarantee exceeds 25% but are less than 100%, the provision of the Guarantee constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the announcement, reporting and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

The Company will seek to obtain written approval for the Guarantee in accordance with Rule 14.44 of the Listing Rules from a closely allied group of Shareholders comprising CCM Trust (Cayman) Limited and its subsidiaries and LBJ Regents Limited which are beneficially interested in 487,702,041 and 61,022,931 Shares respectively, representing in total 50.30% of the entire issued share capital of the Company as at the Latest Practicable Date. CCM Trust (Cayman) Limited and LBJ Regents Limited hold Shares as the trustees 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 Directors) are among the discretionary objects. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has any material interest in the Guarantee and is required to abstain from voting if the Company is to convene an extraordinary general meeting for the approval of the Guarantee. As such, no extraordinary general meeting will be convened for the purpose of approving the Guarantee.

The provision of the Guarantee is subject to the compliance requirements as set out in the section headed "Provision of Guarantee – Effectiveness of the Guarantee" and therefore the Guarantee may or may not become effective. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RECOMMENDATION

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

Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolution if the Company were to convene an extraordinary general meeting for the approval of the Guarantee.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the three years ended 31 March 2017, 2018 and 2019 are disclosed in the annual reports of the Company in respect of the same year dated 13 June 2017 (pages 124-284) and 26 June 2018 (pages 138-307), 25 June 2019 (pages 127-349) 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 2017 dated 13 June 2017 (pages 124-284):

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

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

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0719/ltn20180719326.pdf>

- (3) annual report of the Company for the year ended 31 March 2019 dated 25 June 2019 (pages 127-349):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0724/ltn20190724115.pdf>

2. WORKING CAPITAL

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

3. STATEMENT OF INDEBTEDNESS

At the close of business on 31 July 2019, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had the following indebtedness:

- (a) Bank loans of approximately HK\$331,950,000 which were guaranteed by one of the Company's subsidiaries. All the bank loans were secured by certain leasehold land and buildings and investment properties of the Group; and
- (b) Lease liabilities amounting to approximately HK\$7,669,000 which were secured by rental deposits amounting to approximately HK\$1,643,000 and unguaranteed, and lease liabilities amounting to approximately HK\$3,270,000 which were unsecured and unguaranteed.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on 31 July 2019, 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 material contingent liabilities.

4. 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 2019, being the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the year ended 31 March 2019, the audited consolidated revenue for continuing and discontinued operations was HK\$2,315,007,000 (for the year ended 31 March 2018: HK\$2,849,504,000) and audited consolidated net profits after tax was HK\$578,022,000 (for the year ended 31 March 2018: HK\$616,298,000).

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.

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

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	26,537,925	578,841,247	53.05%
	Interest of controlled corporations	20,321,502 (Note 1)		
	Beneficiary of discretionary trusts	531,981,820 (Note 2)		
Wong Sue Toa, Stewart	Beneficial owner	37,795,157	47,551,619	4.35%
	Interest of controlled corporation	4,270,975 (Note 3)		
	Interest of spouse	5,485,487 (Note 4)		
Tai Sai Ho	Beneficial owner	17,385,721	17,385,721	1.59%

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	7,674,137	10,222,559	0.93%
	Interest of spouse	2,548,422 (Note 5)		
Cha Mou Daid, Johnson	Beneficial owner	8,963,500	548,464,461	50.27%
	Beneficiary of discretionary trusts	539,500,961 (Note 2)		
Zhang Wei	Beneficial owner	4,288,000	4,288,000	0.39%
Chan Pak Joe	Beneficial owner	2,830,100	2,830,100	0.25%
Lau Tze Yiu, Peter	Beneficial owner	3,759,950	3,759,950	0.34%
Sun Tai Lun	Beneficial owner	3,078,000	3,078,000	0.28%

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.
- (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. 1,090,924,676 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 Daid, Johnson	5.9.2017	HK\$1.54	5.9.2017 to 4.9.2022	5,192,000	0.47%

Note:

The percentage is calculated based on the total number of issued shares of the Company as at the Latest Practicable Date (i.e. 1,090,924,676 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 position in the Shares

Name of Shareholder	Capacity	Number of ordinary Shares held	Approximate percentage of issued share capital <i>(Note 4)</i>
CCM Trust (Cayman) Limited ("CCM Trust") <i>(Note 1)</i>	Trustee Interest of controlled corporations	487,702,041	44.70%
Mingly Corporation ("Mingly") <i>(Note 2)</i>	Beneficial owner Interest of controlled corporations	104,243,301	9.55%
CCM Capital Corporation ("CCM Capital") <i>(Note 2)</i>	Beneficial owner	78,866,272	7.22%
LBJ Regents Limited ("LBJ") <i>(Note 3)</i>	Trustee Interest of controlled corporation	67,829,571	6.21%

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 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.
- (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.

- (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.
- (4) The percentage is calculated based on the total number of issued shares of the Company as at the Latest Practicable Date (i.e. 1,090,924,676 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, direct or indirect, in any assets which have, since 31 March 2019 (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 business (apart from business of the Group) which compete or were likely to compete, either directly or indirectly, with the business 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, three 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.

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

6. LITIGATION

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

7. 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 the two years immediately preceding the date of this circular and are, or may be, material:

- (a) the provisional sale and purchase agreement dated 23 December 2017 entered into among Honour Gain Global Limited ("**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 Development Limited and the related shareholder's loans at an aggregate consideration of HK\$1,038,000,000 (subject to be adjusted) ("**Pagson Disposal**"). Further details of the provisional sale and purchase agreement are set out in the announcement of the Company dated 23 December 2017;

- (b) 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;
- (c) 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 (a) above. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 1 February 2018;
- (d) the sale and purchase agreement dated 21 February 2018 entered into between Hanison Construction Holdings (BVI) Limited (“**Hanison BVI**”) as vendor and Hilux II Cayman Ltd. as purchaser regarding the disposal of 50% of the issued share capital in Gallant Elite Enterprises Limited 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;
- (e) 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 (b) above. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 2 March 2018;
- (f) 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;

- (g) 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;
- (h) the sale and purchase agreement dated 24 August 2018 entered into among SPK MW Limited as purchaser, Flair Forward Limited as vendor and Hanison BVI as guarantor, regarding the disposal of the entire issued share capital of Pleasing Ideal Limited (“**Pleasing Ideal Disposal**”) and the related shareholder’s loan at an aggregate consideration of HK\$1,253,000,000. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 24 August 2018;
- (i) 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;
- (j) 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;
- (k) 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;

- (l) the provisional sale and purchase agreement dated 12 March 2019 entered into between Great Virtue Ventures Limited (an indirect wholly owned subsidiary of the Company) (“**Great Virtue**”) as purchaser and the Vendors (as defined in the announcement) in relation to the acquisition of the property comprising all that piece or parcel of ground registered in the Land Registry known as Kwun Tong Inland Lot No. 567 and of and in the messuages erections and building thereon, Kowloon, Hong Kong and all that piece or parcel of ground registered in the Land Registry known as Kwun Tong Inland Lot No. 568 and of and in the messuages erections and building thereon (the “**Kwun Tong Acquisition**”) at an aggregate purchase price of HK\$489,000,000. Further details of the provisional sale and purchase agreement are set out in the announcement of the Company dated 12 March 2019;
- (m) the sale and purchase agreement dated 15 April 2019 entered into between Great Virtue as purchaser and the Vendors (as defined in the announcement) in relation to the Kwun Tong Acquisition as referred to in paragraph (l) above. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 15 April 2019;
- (n) the sale and purchase agreement dated 15 July 2019 entered into among Elevest Limited as purchaser, Shangzhi Limited as vendor and Hanison BVI as guarantor, regarding the disposal of the entire issued share capital of General Mark Holdings Limited (“**General Mark Disposal**”) and the related shareholder’s loan at an aggregate consideration of HK\$420,000,000. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 15 July 2019;
- (o) the sale and purchase agreement dated 16 July 2019 relating to the acquisition of the entire issued shares of Storage Portfolio Holding II Ltd and the shareholder loan by Excellent Sincere Limited, a subsidiary of the Company, from Storage Portfolio Holding Ltd, at a cash consideration of HK\$735,000,000 plus the net asset value of certain agreed balance sheet items in the final closing accounts. The major assets of Storage Portfolio Holding II Ltd comprises the Minibox Tower, No. 18 Lee Chung Street, Chai Wan, Hong Kong, certain flats and car parking spaces at Chaiwan Industrial Centre, No. 20 Lee Chung Street, Chai Wan, Hong Kong and certain flats and car parking spaces at the Kwun Tong Industrial Centre, Nos. 436-484 Kwun Tong Road, Kowloon, Hong Kong. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 16 July 2019; and
- (p) the SPA.

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 SPA;
- (b) the memorandum and articles of association of the Company;
- (c) the annual reports of the Company for the three financial years ended 31 March 2017, 2018 and 2019;
- (d) the material contracts referred to in the section headed "Material contracts" in this Appendix;
- (e) the circular issued by the Company dated 17 May 2019 in relation to the Kwun Tong Acquisition;
- (f) the circular issued by the Company dated 23 August 2019 in relation to the General Mark Disposal; and
- (g) this circular.

10. MISCELLANEOUS

- (a) the registered office of the Company is located at P.O. Box 309, Uglan 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, No. 3 On Kwan Street, Shek Mun, Shatin, New Territories, Hong Kong;
- (c) the Company's Hong Kong branch share registrar is Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, 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 the Hong Kong Institute of Certified Public Accountants (FCPA) and The Association of International Accountants (FAIA); and
- (e) in the event of any inconsistency, the English text of this circular shall prevail over the respective Chinese text.