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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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.

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*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 896)

**MAJOR TRANSACTIONS  
IN RELATION TO  
(1) DISPOSAL OF 50% INTEREST IN  
GALLANT ELITE ENTERPRISES LIMITED  
AND  
(2) GRANT OF PUT OPTION**

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## DEFINITIONS

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*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
“Business Day”	a day other than a Saturday or Sunday or general holidays, on which banks operating in Hong Kong, the British Virgin Islands and the Cayman Islands are open to the general public for business and dealings in interbank deposits and payments can take place, 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.
“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”	28 March 2018 or such other date as the Vendor and the Purchaser may agree in writing on which Completion takes place
“connected person”	has the meaning as ascribed under the Listing Rules
“Consideration”	the consideration of HK\$800,000,000 subject to adjustment payable by the Purchaser in respect of the Disposal
“Directors”	the directors of the Company
“Disposal”	the conditional disposal of the Sale Share by the Vendor and the repayment of the Shareholder Loan to the Vendor pursuant to the Sale and Purchase Agreement

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## DEFINITIONS

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“Group”	the Company and its subsidiaries
“HIBOR”	the Hong Kong Interbank Offered Rate
“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
“JV Formation”	the formation of joint venture, namely the Target Company, by the Vendor and the Purchaser on a 50:50 basis upon Completion pursuant to the Shareholders Deed
“Latest Practicable Date”	19 March 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, 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 shareholder loan and deferred tax liabilities, but including the Senior Financing) as at Completion as shown in the unaudited proforma completion accounts or the Completion Accounts (as the case may be)
“Property”	the property known as “PEAKCASTLE” and is situated at No. 476 Castle Peak Road, Kowloon, Hong Kong
“Purchaser”	Hilux II Cayman Ltd., a company incorporated in the Cayman Islands with limited liability
“Put Interests”	has the meaning under the section headed “Letter from the Board – The Put Option” in this circular
“Put Option”	the put option granted to the Purchaser to sell back the Put Interests to the Vendor in accordance with the terms of the Shareholders Deed

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## DEFINITIONS

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“Put Option Exercise Period”	has the meaning ascribed to it under the section headed “Letter from the Board – The Put Option” in this circular
“Sale and Purchase Agreement”	the sale and purchase agreement dated 21 February 2018 entered into between the Vendor and the Purchaser in respect of the Disposal
“Sale Share”	one ordinary share in the Target Company representing 50% of the issued share capital in the Target Company held by the Vendor
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Senior Financing”	has the meaning ascribed to it under the section headed “Letter from the Board – Introduction – The Sale and Purchase Agreement – Conditions Precedent” in this circular
“Shareholder Loan”	50% of the face value of all loans and other amounts (whether principal, interest or otherwise) owing by the Target Company to the Vendor as at the Completion Date, which is estimated to be approximately HK\$46,000,000
“Shareholders”	holders of the ordinary shares of HK\$0.1 each in the share capital of the Company
“Shareholders Deed”	the shareholders deed to be entered into between the Vendor, the Purchaser and the Target Company in relation to the Target Group upon Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Gallant Elite Enterprises Limited, a company incorporated in British Virgin Islands with limited liability
“Target Group”	collectively the Target Company and its subsidiaries
“Transactions”	the Disposal, the JV Formation and the grant of the Put Option and the transactions contemplated thereby

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## DEFINITIONS

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“Vendor” Hanison Construction Holdings (BVI) Limited, a company incorporated in British Virgin Islands with limited liability

“%” per cent.

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LETTER FROM THE BOARD

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*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 896)

*Directors:*

Mr. Cha Mou Sing, Payson (*Chairman*)\*  
Mr. Cha Mou Daid, Johnson\*  
Mr. Wong Sue Toa, Stewart (*Managing Director*)  
Mr. Tai Sai Ho (*General Manager*)  
Mr. Lo Kai Cheong  
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, Uglund 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

27 March 2018

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTIONS  
IN RELATION TO  
(1) DISPOSAL OF 50% INTEREST IN  
GALLANT ELITE ENTERPRISES LIMITED  
AND  
(2) GRANT OF PUT OPTION**

**INTRODUCTION**

References are made to the announcement of the Company dated 21 February 2018 in relation to the Transactions.

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## LETTER FROM THE BOARD

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### **The Disposal**

On 21 February 2018, the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which (a) the Vendor agreed to sell and Purchaser agreed to purchase 50% of the issued share capital in the Target Company (i.e. the Sale Share) and (b) the Purchaser agreed to procure the repayment of 50% of the shareholder loan owing by the Target Company to the Vendor as at the Completion Date (i.e. the Shareholder Loan), at the aggregate consideration of HK\$800,000,000 (subject to adjustment).

### **The Put Option**

Pursuant to the Shareholders Deed to be signed on Completion, the Vendor shall grant to the Purchaser the Put Option, pursuant to which the Purchaser is entitled to sell back the Sale Share and any shareholder loan made available by the Purchaser and for the time being outstanding or due owing from the Target Company (i.e. the Put Interests) to the Vendor at its discretion, at an exercise price with reference to 90% of the then market value of the Property and consolidated net asset value of the Target Group to be agreed between the Vendor and the Purchaser, subject to the cap of HK\$1,300,000,000.

The purpose of this circular is to provide you with, among other things, further details of the Sale and Purchase Agreement, the Disposal and the grant of the Put Option and other information required under the Listing Rules.

### **The Sale and Purchase Agreement**

#### ***Date***

21 February 2018

#### ***Parties***

- (a) the Vendor, a direct wholly-owned subsidiary of the Company, as the vendor
- (b) the Purchaser

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Purchaser and its ultimate owners are third parties independent of and not connected with the Company and its connected persons.

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## LETTER FROM THE BOARD

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### *Subject Matter*

The Sale Share, representing 50% of the issued share capital in the Target Company. The Target Company, which through its wholly owned subsidiaries, indirectly holds 100% legal and beneficial ownership of the Property. The Property is sold on an “as is” basis.

The Purchaser also agreed to procure the repayment of the Shareholder Loan, which is estimated to be approximately HK\$46,000,000.

### *Conditions Precedent*

Completion is conditional upon, among other matters, the following conditions precedent being satisfied (or, in the case of the conditions set out in paragraphs (a) to (e) and (g) waived by the Purchaser) on or before the Completion Date:

- (a) the Target Group having:-
  - (i) repaid in full a loan owing by the Target Group to a third party bank, being the chargee in relation to the existing encumbrance over the Property;
  - (ii) completed drawdown of a financing of not less than HK\$960,000,000 from bank(s) to be obtained by the Target Group (the “**Senior Financing**”); and
  - (iii) completed distribution, advance and/or repayment of the drawdown amount of the Senior Financing to the Vendor for the partial repayment of the shareholders’ loan owing by the Target Company to the Vendor before Completion.
- (b) subject to the release of existing securities in relation to the encumbrance over the Property and the new securities as may be required for the Senior Financing,
  - (i) the entire issued share capital of each Target Group companies shall be free from all encumbrances;
  - (ii) the Target Group being able to show and give good title to the Property in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong);
  - (iii) the Property being free from all encumbrances except those referred to in the materials and documents made available to the Purchaser in writing, public land search, certain existing tenancies and permitted new tenancies, and any notices and/or orders (if any) issued before Completion requiring the Target Group to alter or repair the Property;

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## LETTER FROM THE BOARD

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- (c) there being no outstanding breach of any of the fundamental warranties given by the Vendor;
- (d) during the period up to immediately before Completion, no more than 25% total gross floor area of the Property is destroyed by a natural disaster, fire, explosion or other calamity and no such major part of the Property is condemned, closed or declared dangerous by the government authority, damaged, rendered inaccessible or subject to demolition order(s) or closure order(s);
- (e) certain partition within the Property having been demolished in a way that complies with the applicable relevant laws and requirements of Hong Kong;
- (f) the transactions contemplated under the Sale and Purchase Agreement having been obtained by way of written shareholders' approval in accordance with the Listing Rules; and
- (g) there being:
  - (i) other than the Shareholder Loan, no actual or potential liability on the part of the Target Group exceeding the amount of HK\$20,000,000 and which the Vendor is unable or unwilling to provide for in the Completion Accounts; and
  - (ii) no undischarged litigation or other legal proceedings in which the Target Group is involved with the aggregate claim amounts exceeding HK\$20,000,000 and which the Vendor is unable or unwilling to discharge after Completion.

As at the Latest Practicable Date, except for the conditions set out in paragraphs (a)(i), (b)(i) to (iii) and (f) above, none of the conditions set out above has been fulfilled. The Company has not requested and has no current intention to request the Purchaser to waive any of the remaining conditions of the Sale and Purchase Agreement as at the Latest Practicable Date.

### ***Consideration***

The Consideration payable by the Purchaser under the Sale and Purchase Agreement is HK\$800,000,000, subject to be adjusted as described in paragraphs (b) and (c) below, shall be apportioned as follows:

- (i) the consideration for the repayment of the Shareholder Loan shall be an amount equal to the face value of the entire sum of the Shareholder Loan as at the Completion Date; and
- (ii) the consideration for the transfer of the Sale Shares shall be the amount of the Consideration less the consideration for the repayment of the Shareholder Loan set out in paragraph (i) above.

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## LETTER FROM THE BOARD

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

- (a) a sum of HK\$80,000,000, being the deposit, was paid to the Vendor's solicitors as stakeholders within five Business Days upon signing of the Sale and Purchase Agreement; and
- (b) 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 deposit shall be applied as part payment of the Consideration upon Completion:
  - (i) there shall be added to the Consideration 50% of the Net Asset Value as shown in the unaudited proforma completion accounts if it is a positive figure; or
  - (ii) there shall be deducted from the Consideration 50% Net Asset Value as shown in the unaudited proforma completion accounts if it is a negative figure;
- (c) a sum 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 50% of the Net Asset Value (determined by reference to the Completion Accounts) is more than 50% of 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 50% of the Net Asset Value (determined by reference to the Completion Accounts) is less than 50% of the Net Asset Value (determined by reference to the unaudited proforma completion accounts).

The Consideration was determined based on arm's length negotiations between the Vendor and the Purchaser with reference to 50% of the agreed value of the Property and all those fixtures and fittings affixed to the Property in the amount of HK\$1,600,000,000, having taken into account the offer price of comparable properties in nearby locations.

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## LETTER FROM THE BOARD

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### ***Completion***

Completion shall take place on 28 March 2018 or any other date the Vendor and the Purchaser may agree in writing.

### ***Tax Indemnity against Revaluation Gain of the Property***

The Vendor agreed to indemnify the Purchaser against, among other matters, 50% of any tax liability of the Target Group attributable to any revaluation gain in respect of the Property (or in the case of a disposal of shares in the Target Group) which is unrealised at the Completion Date but which then become crystallised or realised after the Completion Date. The unrealised revaluation gain in respect of the Property is calculated on the following basis:

- (i) the Property shall be deemed to have a valuation of HK\$1,600,000,000 as at the Completion Date; and
- (ii) the gain shall be reduced by any allowable cost base of the Property for tax purposes as at the Completion Date.

### **THE JV FORMATION**

Upon Completion, each Target Group companies will cease to be a subsidiary of the Company and a joint venture will be formed between the Vendor and the Purchaser on a 50:50 basis. The Vendor, the Purchaser and the Target Company will enter into the Shareholders Deed with respect to the Target Group at Completion.

### **The Shareholders Deed**

#### ***Parties***

- (a) the Vendor, as a shareholder of the Target Company
- (b) the Purchaser, as a shareholder of the Target Company
- (c) the Target Company

#### ***Board Composition***

The board of directors of each Target Group companies shall comprise a maximum of four directors and each of the Vendor and the Purchaser shall nominate two directors. The right to appoint the chairman of the board of directors of each Target Group companies shall vest in the Vendor and the Purchaser in alternate years. The chairman shall not be entitled to a second or casting vote in board meeting.

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## LETTER FROM THE BOARD

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### ***Capital Commitment and Funding***

The total amount of funding which each of the Vendor and the Purchaser is obliged to provide to the Target Company shall not exceed a maximum of HK\$100,000,000.

### ***Restriction on Transfer***

The Vendor undertakes not to transfer any of its interests in the shares of the Target Company as well as the shareholders loans owing by the Target Company to it until the earlier of the expiry of the Put Option Exercise Period or the assignment of the Property by the Target Group.

### ***Other Arrangements***

Upon Completion, a subsidiary of the Target Group will enter into services deeds with certain indirect wholly-owned subsidiaries of the Company, pursuant to which the Target Group shall engage these subsidiaries to provide project management services, marketing management services, property management services and management contractor services in respect of the development project of the Property.

## **THE PUT OPTION**

Pursuant to the terms of the Shareholders Deed, the Vendor shall grant to the Purchaser the Put Option, pursuant to which the Purchaser is entitled to, sell back the Sale Share and any shareholder loan made available by the Purchaser and for the time being outstanding or due owing from the Target Company (the “**Put Interests**”) to the Vendor at the Purchaser’s discretion, at an exercise price with reference to 90% of the then market value of the Property and consolidated net asset value of the Target Group to be agreed between the Vendor and the Purchaser, subject to the cap of HK\$1,300,000,000. If the Vendor and the Purchaser fail to agree on the fair market value of the Put Interests, such value shall be determined by the then auditors of the Target Group with reference to 90% of the then market value of the Property and consolidated net asset value of the Target Group.

The Put Option is exercisable by the Purchaser at any time during the period starting after (and exclusive of) the date falling the expiry of 27 months following the Completion Date and ending on (and inclusive of) the date falling the expiry of 30 months following the Completion Date (the “**Put Option Exercise Period**”). The Put Option is granted to the Purchaser at no cost to the Purchaser.

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## LETTER FROM THE BOARD

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As part of the Disposal and JV Formation, the grant of the Put Option to the Purchaser (including the cap thereof) is a commercial term agreed between the parties after arm's length negotiations. The Put Option provides an exit mechanism to the Purchaser in the event that the Purchaser would like to realise and cash in its investment during the Put Option Exercise Period. Taking into account that the Put Interests would be acquired by the Vendor at a discount to the then market value of the Property, the Directors are of the view that the grant of the Put Option is beneficial to the Group as a whole.

### INFORMATION OF THE TARGET GROUP AND THE PROPERTY

The Target Company is engaged in investment holding and is the ultimate holding company of the subsidiary which in turn is the sole owner of the Property. The Property is the property known as "PEAKCASTLE" situated at No. 476 Castle Peak Road, Kowloon, Hong Kong, a commercial property, with an aggregate gross floor area of approximately 145,394 square feet. The Property is currently leased to different tenants with a monthly rental income of approximately HK\$2,347,484 exclusive of government rent, rates and management fees, subject to an occupancy rate of approximately 78%. According to the property valuation report prepared by Colliers International (Hong Kong) Limited, an independent professional property valuer, which is set out in Appendix II to this circular, the market value of the Property as at 31 December 2017 was HK\$1,597,000,000.

Set out below is a summary of the unaudited consolidated financial information of the Target Group for the years ended 31 March 2016 and 31 March 2017:

	<b>For the year ended 31 March</b>	
	<b>2016</b>	<b>2017</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net profit before taxation and extraordinary items	86,722	121,526
Net profit after taxation and extraordinary items	87,694	122,057

The unaudited consolidated net asset value of the Target Group as at 31 December 2017 was approximately HK\$275,038,000.

Upon Completion, each Target Group companies will be recorded and accounted for as a joint venture in the Company's financial statements and will cease to be a subsidiary of the Company.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE COMPANY

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.

### INFORMATION ON THE PURCHASER

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

### REASONS FOR THE TRANSACTIONS

The Directors undertake strategic review of the Company's assets from time to time with a view to maximise returns to the Shareholders, maintain a steady gearing ratio and reserve the funds for other investment opportunities. The Directors consider that the current market presents a good opportunity for the Company to unlock part of the value of the Target Company. Accordingly, the Directors believe that the Disposal will enable the Company to reallocate capital into other investment opportunities and pursue growth opportunities in property investment and property development segments and at the same time share 50% of the profit from the Target Company in the future. As set out in the paragraph headed "Financial impact on the Group and use of proceeds" below, the Group intends to apply the proceeds from the Disposal, among other matters, to finance the acquisitions of properties at Kwai Chung and Central (details of the acquisitions are set out in the Company's announcements dated 28 February 2018 and 2 March 2018). As at the Latest Practicable Date, the estimated capital requirement for the two acquisitions is approximately HK\$866,380,000, calculated with reference to the initial consideration for the two acquisitions.

As part of the Disposal and JV Formation, the grant of the Put Option to the Purchaser (including the cap thereof) is a commercial term agreed between the parties after arm's length negotiations. Taking into account that the Put Interests would be acquired by the Vendor at a discount to the then market value of the Property, the Directors are of the view that the grant of the Put Option is beneficial to the Group as a whole.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Transactions are normal commercial terms and 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

Upon Completion, the Group expects to recognise a gain on change in fair value of investment properties of approximately HK\$288,829,000 before costs and expenses relating to the Disposal in the second half of the financial year ending 31 March 2018. Since the date of

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## LETTER FROM THE BOARD

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acquisition of the holding vehicle of the Property on 22 October 2015, the Group has recognised an accumulated gain on change in fair value of investment properties in respect of the Property of approximately HK\$283,219,000 up to 30 September 2017. The total estimated accumulated gain on change in fair value of investment properties in respect of the Property from 22 October 2015 to the Completion Date will be approximately HK\$572,048,000. The actual gain on the Disposal to be recorded by the Company is subject to audit and may be different from the estimated amount.

The proceeds arising from the Disposal are expected to be used for financing any the Group's property or other business investments and repayment of bank loans. The Group intends to apply approximately 73% of the net proceeds from the Disposal to partially finance (i) the acquisition of 50% interest of a property holding company holding Central Industrial Building at 57-61 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong; and (ii) the acquisition of 100% interest of a property holding company holding a whole block property situated at No. 222 Hollywood Road, Hong Kong. Details of the acquisitions are set out in the announcements of the Company dated 28 February 2018 and 2 March 2018. The remaining net proceeds (i.e. 27% of the net proceeds) will be used for repayment of bank loans. The aforementioned net proceeds are expected to be utilised during the financial years ending 31 March 2018 and 31 March 2019.

The excess of the Consideration over 50% interest in the unaudited net book value of the Target Group excluding the Shareholder Loan at 31 December 2017 is approximately HK\$335,662,000.

### LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio for the Company in respect of the Disposal is 25% or more but is less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio for the Company in respect of the grant of the Put Option, which is exercisable at the discretion of the Purchaser and subject to the cap of HK\$1,300,000,000, is 25% or more but is less than 100%, the grant of the Put Option constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company has obtained the written approval for the Disposal and the grant of the Put Option 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 in the Company respectively, representing in total 52.45% of the then issued share capital of the Company. To the best of knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder of the Company has any material interest in the Disposal and the grant of the Put Option and is required to abstain from voting if the Company is to convene an

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## LETTER FROM THE BOARD

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extraordinary general meeting for the approval of the Disposal and the grant of the Put Option. As a result, no extraordinary general meeting will be convened to consider the Disposal and the grant of the Put Option.

**Completion is subject to the fulfillment of the conditions precedent and therefore the Transactions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

### RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Disposal, the grant of the Put Option 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, and would recommend the Shareholders to vote in favour of the resolutions to approve the Disposal, the grant of the Put Option and the transactions contemplated thereunder if it had been necessary to hold a general meeting for such purpose.

### ADDITIONAL INFORMATION

Your attention is also 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*

*The audited consolidated financial statements of the Group for the three years ended 31 March 2015, 2016 and 2017 and the unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2017 are disclosed in the annual reports and interim report of the Company in respect of the same year dated 23 June 2015 (pages 108-241), 8 June 2016 (pages 109-248), 13 June 2017 (pages 124-284) and same period dated 14 November 2017 (pages 37-92), respectively, which have been published on the website of the Company ([www.hanison.com.hk](http://www.hanison.com.hk)) and the website of the Stock Exchange ([www.hkexnews.hk](http://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 2015 dated 23 June 2015 (pages 108-241):

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0727/LTN20150727073.pdf>

- (2) 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/LTN201607222291.pdf>

- (3) 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>

- (4) interim report of the Company for the six months ended 30 September 2017 dated 14 November 2017 (pages 37-92):

<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/1220/LTN20171220133.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 January 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\$940,597,000 of which (a) bank loans of approximately HK\$840,597,000 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. The interest rates for secured bank loans range from HIBOR or relevant bank's cost of funding plus 0.9% to HIBOR plus 1.9%. The interest rate for unsecured bank loans is HIBOR plus 0.75%.

As at 31 January 2018, the Group had an outstanding corporate guarantee provided to a bank to secure banking facilities granted to a joint venture of approximately HK\$67,125,000, which represents the Group's proportionate share of the bank loan by the joint venture as at 31 January 2018. The interest rate for the banking facilities granted to the joint venture is HIBOR plus 2.5%.

As at 31 January 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 January 2018, the Group had outstanding performance bonds in respect of construction contracts amounting to approximately HK\$222,992,000. The interest rates for the outstanding performance bonds range from 0.625% to 2% per annum.

As at 31 January 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 January 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 January 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 2017, being the date to which the latest published audited financial statements of the Group were made up.

**4. FINANCIAL AND TRADING PROSPECTS**

During the six months ended 30 September 2017, the unaudited consolidated turnover was HK\$1,350,468,000 (for the six months ended 30 September 2016 HK\$1,529,075,000) and unaudited consolidated net profits after tax was HK\$101,134,000 (for the six months ended 30 September 2016: HK\$72,446,000).

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. In respect of the Group's property investment and property development segments, during the year, apart from the Transactions, the Group entered into conditional agreements for (i) the disposal of 50% interest of a property holding company holding a property known as "SUCCESS CENTRE" in Kwai Chung; (ii) the acquisition of 50% interest of a property holding company and formation of joint venture for the redevelopment of a property known as "Central Industrial Building" in Kwai Chung; and (iii) acquisition of 100% interest of a property holding company holding a whole block property in Central. Details of the disposal and acquisitions are set out in the announcements of the Company dated 23 December 2017, 17 January 2018, 1 February 2018, 28 February 2018 and 2 March 2018.

The Directors undertake strategic review of the Company's assets from time to time with a view to maximise returns to the Shareholders, maintain a steady gearing ratio and reserve the funds for other investment opportunities. The Directors consider that the current market presents a good opportunity for the Company to unlock part of the value of the Target Company. According to the property valuation report appended to this circular in Appendix II, the fair value of the Property as at 31 December 2017 was HK\$1,597,000,000. Upon Completion, the Group expects to recognise a gain on change in fair value of investment properties of approximately HK\$288,829,000 before costs and expenses relating to the Disposal in the second half of the financial year ending 31 March 2018. 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.

*The following is the text of a letter and a valuation certificate prepared for the purpose of incorporation in this circular received from Colliers International (Hong Kong) Limited, an independent valuer, in connection with its valuation as at 31 December 2017 of the Property to be partially disposed by the Group. Terms defined in this appendix applies to this appendix only.*



Colliers International (Hong Kong) Limited  
**Valuation & Advisory Services**  
Company Licence No: C-006052

Suite 5701 Central Plaza  
18 Harbour Road Wanchai  
Hong Kong



### **The Board of Directors**

Hanison Construction Holdings Limited  
P.O. Box 309, Uglan House  
Grand Cayman, KY1-1104  
Cayman Islands

27 March 2018

Dear Sirs,

### **INSTRUCTIONS, PURPOSE AND VALUATION DATE**

We refer to your instructions for us to assess the Market Value of the property (the “Property”) in Hong Kong to be partially disposed by Hanison Construction Holdings Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) for the purpose of issuing a public circular in relation to a potential transaction of the Property. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the Property as at 31 December 2017 (the “Valuation Date”).

### **VALUATION STANDARDS**

The valuation has been prepared in accordance with the HKIS Valuation Standards 2017 published by The Hong Kong Institute of Surveyors effective from 30 December 2017 with reference to the International Valuation Standards 2017 published by the International Valuation Standards Council effective from 1 July 2017; and the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on the Main Board issued by The Stock Exchange of Hong Kong Limited.

**VALUATION BASIS**

Our valuation is made on the basis of Market Value of the Property as at the Valuation Date. Market Value is defined 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”.

**VALUATION ASSUMPTIONS**

Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of deferred terms contracts, leasebacks, joint ventures, or any similar arrangements which would affect its value.

No allowances have been made in our valuation for any charges, mortgages or amounts owing neither on the Property nor for any expenses or taxes which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

As the Property is held under long term leasehold interests, we have assumed that the owner has free and uninterrupted rights to use the Property for the whole of the unexpired term of the land tenure.

We have assumed that the areas shown on the documents and/or official plans handed to us by the Group are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

**VALUATION METHODOLOGY**

We have adopted the Market Approach by making reference to comparable sale transactions as available in the relevant markets. Each comparable is analyzed and compared with the subject on the basis of its unit price and where there is a difference, the unit price is adjusted in order to arrive at the appropriate unit price for the subject.

**SITE INSPECTION**

We have inspected the exterior and, where possible, the interior of the Property. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Property are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

**INFORMATION SOURCES**

We have relied to a considerable extent on the information and documents provided by the Group, in particular but not limited to, the identification of the Property, the particulars of occupancy and all other relevant matters. We have no reason to doubt the truth and accuracy of the information provided by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect any material information has been withheld.

**TITLE INVESTIGATION**

We have made enquires and relevant searches at the Hong Kong Land Registry. However, we have not searched the original documents nor verified the existence of any amendments, which do not appear in the documents available to us. All documents have been used for reference only.

**CURRENCY**

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollar (“HKD”).

The valuation certificate is attached hereto.

Yours faithfully,

For and on behalf of

**Colliers International (Hong Kong) Ltd.**

**Vincent Cheung**

*BSc(Hons) MBA*

*FRICS MHKIS RPS(GP) MISCM MHKSI MCIREA*

*Registered Real Estate Appraiser PRC*

*Deputy Managing Director*

*Valuation & Advisory Services – Asia*

*Note:*

Vincent Cheung holds a Master of Business Administration and he is a Registered Professional Surveyor with over 20 years’ experiences in real estate industry and assets valuations sector. His experience on valuations covers Hong Kong, Macau, Taiwan, South Korea, Mainland China, Vietnam, Cambodia and other overseas countries. He is a fellow member of the Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a member of China Institute of Real Estate Appraisers and Agents and a Registered Real Estate Appraiser PRC. He is one of the valuers on the “list of property valuers for undertaking valuation for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers” as well as a Registered Business Valuer of the Hong Kong Business Valuation Forum.

## VALUATION CERTIFICATE

## Property for Investment to be Disposed of by the Group in Hong Kong

Property	Description and Tenure	Particulars of Occupancy	Market Value as at 31 December 2017 HKD
PEAKCASTLE, No. 476 Castle Peak Road, Kowloon, Hong Kong  Lot Number: New Kowloon Inland Lot No. 1761	<p>The Property is a 23-storey commercial building known as PEAKCASTLE located in Cheung Sha Wan. As per the Occupation Permit No. NK19/84, it was completed in about 1984.</p> <p>As per the approved building plans of the Property, the total gross floor area of the Property is approximately 145,394.43 square feet.</p> <p>The subject lot is held under Government Lease for a term of 75 years and renewable for 24 years less the last three days commencing from 1 July 1898, which has been statutorily extended to 30 June 2047.</p>	<p>According to the information provided by the Group, the Property is currently leased to different tenants with a monthly rental income of approximately HKD2,347,484 exclusive of government rent, rates and management fee, subject to an occupancy rate of approximately 78%.</p>	<p>1,597,000,000 (One Billion Five Hundred and Ninety Seven Million)</p> <p>50% interest to be attributable to the Group pre-disposal: 798,500,000 (Seven Hundred and Ninety Eight Million Five Hundred Thousand)</p>

## Notes:

- The Property was inspected by Vincent Cheung *MHKIS FRICS RPS(GP) MISCM MHKSI MCIREA Registered Real Estate Appraiser PRC* on 27 February 2018.
- The valuation of the Property was prepared by Kit Cheung *MHKIS MRICS RPS(GP) MCIREA Registered Real Estate Appraiser PRC* and Vincent Cheung *MHKIS FRICS RPS(GP) MISCM MHKSI MCIREA Registered Real Estate Appraiser PRC*.

3. The details of the land search records of the Property dated 14 February 2018 are summarized below:

<b>Item</b>	<b>Details</b>
Registered Owner:	<p>Billion Mart Development Limited by an assignment dated 31 October 2016, registered vide Memorial No. 12111502560070;</p> <p>Trillion Mart Development Limited by a certified true copy certificate of change of name dated 15 February 2016, registered vide Memorial No. 16021702180147</p>
Government Rent:	HKD164,412.00 per annum (statutorily updated to an amount equal to 3% of the rateable value of the Property from time to time)
Major Encumbrances:	<ul style="list-style-type: none"> <li>• Modification Letter with Plan dated 12 February 1997, registered vide Memorial No. UB6936842</li> <li>• Mortgage in favour of The Bank of East Asia, Limited dated 22 October 2015, registered vide Memorial No. 15111102090103</li> <li>• Memorandum of Change of Name of Building dated 22 February 2015, registered vide Memorial No. 15111702190094</li> </ul>

4. The Property is situated on New Kowloon Inland Lot No. 1761 which is held under a Government Lease. The salient conditions are summarized below:

<b>Item</b>	<b>Details</b>
Tenure:	75 years and renewable for 24 years less the last three days commencing from 1 July 1898, which has been statutorily extended to 30 June 2047
Site Area:	Approximately 10,000.00 square feet
Use:	The lot shall not be used for any purpose other than the manufacture of soy ginger sauce preserved fruits or vegetables or Chinese sweetmeats and shall not be erected with any domestic building or buildings other than such quarters for the staff and workmen employed on the premises; and it shall not be used for the trade or business of a Brazier Slaughterman Soap-maker Sugar-baker Fellmonger Melter of tallow Oilman Butcher Distiller Victualler or Tavern-keeper Blacksmith Nightman Scavenger or any other noisy noisome or offensive trade or business whatever without the previous licence.

The Government Lease is subject to two modification letters dated 4 March 1950 and 12 February 1997.

5. As per the Modification Letter dated 12 February 1997, registered vide Memorial No. UB6936842, the key conditions of the Government Lease as modified by the Modification Letter dated 4 March 1950 are modified as below:

<b>Item</b>	<b>Details</b>
Use:	<p>The lot shall not be used for any purpose other than non-industrial (excluding residential and cinema) purposes. In particular,</p> <ul style="list-style-type: none"> <li>• the ground floor shall not be used for any purpose other than for retail purposes and/or restaurant and for the manoeuvring, parking, loading and unloading of service vehicles; and</li> <li>• the upper floors shall not be used for any purpose other than for office purposes.</li> </ul>
Gross Floor Area:	Shall not exceed 13,859.56 square metres

6. The Property falls within an area zoned as “Other Specified Uses (for “Business” only) 1” under Approved Cheung Sha Wan Outline Zoning Plan No. S/K5/37 statutorily exhibited on 16 December 2016.

As per a Section 16 Planning Permission (Application No. A/K5/778), dated 28 October 2016, a proposed minor relaxation of maximum plot ratio restriction for permitted office/shop and services/eating place uses of the Property was permitted. The permission should be valid until 28 October 2020, and after the said date, the permission should cease to have effect unless before the said date, the development permitted was commenced or the permission was renewed.

## 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	10,974,925		
	Interest of controlled corporations	15,689,502 (Note 1)		
	Beneficiary of discretionary trusts	531,981,820 (Note 2)	558,646,247	53.39%
Cha Mou Daid, Johnson	Beneficiary of discretionary trusts	539,500,961 (Note 2)	539,500,961	51.56%

Name	Capacity	Number of ordinary shares held	Total number of ordinary shares held	Approximate percentage of issued share capital (Note 6)
Wong Sue Toa, Stewart	Beneficial owner	15,136,157		
	Interest of controlled corporation	4,270,975 (Note 3)		
	Interest of spouse	5,485,487 (Note 4)	24,892,619	2.37%
Tai Sai Ho	Beneficial owner	6,057,721	6,057,721	0.57%
Lo Kai Cheong	Beneficial owner	3,215,137		
	Interest of spouse	2,000,422 (Note 5)	5,215,559	0.49%
Chan Pak Joe	Beneficial owner	757,100	757,100	0.07%
Lau Tze Yiu, Peter	Beneficial owner	2,101,950	2,101,950	0.20%
Sun Tai Lun	Beneficial owner	1,005,000	1,005,000	0.09%

## 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%
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%
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%
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).

**(iii) Award shares granted to the Directors pursuant to the share award scheme adopted by the Company on 28 July 2016**

Name	Date of grant	Vesting date	Number of award shares	Approximate percentage of issued share capital (Note)
Cha Mou Sing, Payson	10.3.2017	30.6.2018	5,178,000	0.49%
Cha Mou Daid, Johnson	10.3.2017	30.6.2018	5,178,000	0.49%
Wong Sue Toa, Stewart	10.3.2017	30.6.2018	12,274,000	1.17%
Tai Sai Ho	10.3.2017	30.6.2018	6,136,000	0.58%
Lo Kai Cheong	10.3.2017	30.6.2018	2,209,000	0.21%
Chan Pak Joe	10.3.2017	30.6.2018	1,035,000	0.09%
Lau Tze Yiu, Peter	10.3.2017	30.6.2018	828,000	0.07%
Sun Tai Lun	10.3.2017	30.6.2018	1,035,000	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 position in the shares of the Company***

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	46.61%
Mingly Corporation ("Mingly") <i>(Note 2)</i>	Beneficial owner Interest of controlled corporations	104,243,301	9.96%
CCM Capital Corporation ("CCM Capital") <i>(Note 2)</i>	Beneficial owner	78,866,272	7.53%
LBJ Regents Limited ("LBJ") <i>(Note 3)</i>	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 2017 (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

Name of Director (Note 1)	Name of company	Nature of interest	Competing business (Note 2)
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.
- (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. QUALIFICATION AND CONSENT OF EXPERT AND EXPERT'S INTERESTS

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

Name	Qualification
Colliers International (Hong Kong) Limited	An independent professional property valuer

As at the Latest Practicable Date, the expert 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 2017 (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.

The above expert 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) a memorandum of understanding dated 10 June 2016 entered into between Esteemed Virtue Limited (an indirect wholly-owned subsidiary of the Company) (“**Esteemed Virtue**”) as purchaser and Mr. Lai Shu Chi as vendor, regarding the possible acquisition of the entire equity interest and the shareholder’s loan in Befit Limited (“**Befit**”) at an initial consideration of HK\$150,000,000 (“**Befit Acquisition**”). Further details of the memorandum of understanding are set out in the announcement of the Company dated 10 June 2016;

- (b) a sale and purchase agreement dated 5 July 2016 entered into between Emwell Limited (a wholly-owned subsidiary of the Company) as vendor and Century Marvel Limited as purchaser, regarding the disposal of a property which is located at Workshop 16 on the Fifth Floor of Block B, Shatin Industrial Centre, Nos. 5-7 Yuen Shun Circuit, Shatin, New Territories, Hong Kong at a consideration of HK\$9,172,800. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 5 July 2016;
- (c) a sale and purchase agreement dated 8 August 2016 entered into between Esteemed Virtue as purchaser and Mr. Lai Shu Chi as vendor, regarding the Befit Acquisition referred to in paragraph (a) above. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 8 August 2016;
- (d) a 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;
- (e) a 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;
- (f) a shareholders deed dated 19 October 2016 entered into among 338 Apartment Member, Silver Wave and 338 Apartment Holdings, regarding the management of 338 Apartment Holdings and 338 Apartment (BVI) Limited (“**338 Apartment BVI**”) and 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;
- (g) a 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;

- (h) a counter indemnity dated 19 October 2016 executed by Hanison Construction Holdings (BVI) Limited (a wholly-owned subsidiary of the Company) (“**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;
- (i) a memorandum of understanding dated 11 November 2016 entered into among Great Practice Limited (an indirect wholly-owned subsidiary of the Company) (“**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 Holdings Limited (“**Honour Tower**”) and (ii) the entire equity interest and the shareholder’s loan in Reliable Worldwide Limited (“**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;
- (j) a 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 Development Limited (“**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;
- (k) a 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 (i) above. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 28 December 2016;

- (l) a 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 (j) above. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 8 February 2017;
- (m) a shareholders deed dated 25 February 2017 entered into among Pagson Development Limited (“**Pagson**”), Honour Gain Global Limited (“**Honour Gain**”) (an indirect wholly-owned subsidiary of the Company) 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 shareholders deed are set out in the announcement of the Company dated 25 February 2017;
- (n) a memorandum of understanding dated 17 May 2017 entered into among Heroic Elite Investments Limited (an indirect wholly-owned subsidiary of the Company) (“**Heroic Elite**”) as purchaser, WHL Vendor (as defined in the announcement) as vendor and WHL Guarantor (as defined in the announcement) as 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;
- (o) a memorandum of understanding dated 17 May 2017 entered into among Oriental Elite Global Limited (an indirect wholly-owned subsidiary of the Company) (“**Oriental Elite**”) as purchaser, FSL Vendor (as defined in the announcement) as vendor and FSL Guarantor (as defined in the announcement) as 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;
- (p) a memorandum of understanding dated 1 June 2017 entered into among Keen Elite Developments Limited (an indirect wholly-owned subsidiary of the Company) (“**Keen Elite**”) as purchaser, Vendor A (as defined in the announcement) and Vendor B (as defined in the announcement) as vendors and Guarantor A (as defined in the announcement) and Guarantor B (as defined in the announcement) as guarantors, regarding the possible acquisition of the entire equity interest and the shareholder’s loan in Ultimate Elite Investments Limited and Vision Smart Limited (“**UEIL SPV**”) as the target group 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;

- (q) an acceptance of offer dated 20 June 2017 received by Regal Prosper Limited (an indirect wholly-owned subsidiary of the Company) as purchaser from 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, regarding the acquisition of a property at a purchase price of HK\$166,380,000. Further details of the acceptance of offer are set out in the announcement of the Company dated 20 June 2017;
- (r) a sale and purchase agreement dated 13 July 2017 entered into among Heroic Elite as purchaser, WHL Vendor as vendor and WHL Guarantor as guarantor, regarding the WHL Acquisition referred to in paragraph (n) above. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 13 July 2017;
- (s) a sale and purchase agreement dated 13 July 2017 entered into among Oriental Elite as purchaser, FSL Vendor as vendor and FSL Guarantor as guarantor, regarding the FSL Acquisition referred to in paragraph (o) above. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 13 July 2017;
- (t) a sale and purchase agreement dated 31 July 2017 entered into among Keen Elite as purchaser, Vendor A and Vendor B as vendors, Guarantor A and Guarantor B as guarantors and UEIL SPV, regarding the UEIL Acquisition referred to in paragraph (p) above. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 31 July 2017;
- (u) a 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 and the shareholder’s loans owing by Pagson 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;
- (v) a 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 possible 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;

- (w) a 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 (u) above. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 1 February 2018;
- (x) the Sale and Purchase Agreement; and
- (y) a 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 (v) above. Further details of the sale and purchase agreement are set out in the announcement of the Company dated 2 March 2018.

#### **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 property valuation report, the text of which is set out in Appendix II to this circular;
- (d) the written consent referred to in the paragraph headed "Qualification and consent of expert and expert's interests" in this Appendix;
- (e) the annual reports of the Company for the two financial years ended 31 March 2016 and 2017;
- (f) the material contracts referred to in the section headed "Material contracts" in this Appendix;
- (g) the circular dated 27 March 2018 in relation to the Pagson Disposal issued by the Company;
- (h) the circular dated 27 March 2018 in relation to the Richway Acquisition issued by the Company; 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 branch 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.