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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 TRANSACTION
IN RELATION TO
THE DISPOSAL OF THE ENTIRE INTEREST IN
GREAT VIRTUE VENTURES LIMITED**

The transactions being the subject matter of this circular have been approved by written shareholders' approval pursuant to the Listing Rules and this circular is being despatched to the Shareholders for information only.

26 October 2021

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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:

“Bank Loan”	the loan owing by the Target Company to a bank, which was fully repaid on 6 October 2021
“Board”	the board of Directors
“Company”	Hanison Construction Holdings Limited (stock code: 896), a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms of the Formal Agreement
“Completion Date”	the date of Completion, being 1 December 2021 or such other date as the Vendor and Purchaser may agree in writing
“connected persons”, “percentage ratio” and “subsidiary(ies)”	each has the meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration in the amount of HK\$628,000,000 (subject to adjustment) payable by the Purchaser in respect of the Disposal
“Deposits”	has the meaning as defined in the section headed “The Formal Agreement – Consideration”
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share and the Sale Loan by the Vendor to the Purchaser pursuant to the Formal Agreement
“Existing Tenancies”	the leases, tenancy agreements and/or licence agreements in respect of the Property as at 22 October 2021
“Formal Agreement”	the formal agreement dated 22 October 2021 entered into among the Vendor, the Purchaser and the Guarantor in relation to the Disposal
“Further Deposit”	has the meaning as defined in the section headed “The Formal Agreement – Consideration”

DEFINITIONS

“Future Tenancies”	the leases, tenancy agreements or licence agreements in respect of the Property which may be entered into between the date of the Formal Agreement (exclusive of such date) and Completion, subject to the Purchaser’s prior written consent
“Group”	the Company and its subsidiaries
“Guarantor”	Hanison Construction Holdings (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Initial Deposit”	has the meaning as defined in the section headed “The Formal Agreement – Consideration”
“Latest Practicable Date”	22 October 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Asset Value” and “Net Liabilities”	the total current assets of the Target Company (other than the Property) as at Completion minus total liabilities of the Target Company (other than the liabilities in respect of the Sale Loan) as at Completion; it being referred to as “Net Asset Value” if it is a positive figure, and “Net Liabilities” if it is a negative figure
“Preliminary Agreement”	the preliminary agreement dated 30 July 2021 entered into among the Vendor, the Purchaser and the Guarantor in relation to the Disposal
“Property”	ALL THOSE pieces or parcels of grounds registered in the Land Registry as KWUN TONG INLAND LOT NO.567 and KWUN TONG INLAND LOT NO.568 TOGETHER with the messuages erections and building thereon

DEFINITIONS

“Purchaser”	Horman Investment Limited, a company incorporated in the British Virgin Islands with limited liability
“Rent Free Period Payment”	an aggregate amount equivalent to 50% of the monthly rent payable under the relevant tenancies in relation to the Property subsisting as at Completion and subject to rent-free periods falling after Completion, multiplied by the number of month(s) of such remaining rent-free periods in respect of such tenancies, being an aggregate of approximately HK\$257,000
“Sale Loan”	the loan owing by the Target Company to the Vendor as at Completion
“Sale Share”	one ordinary share of the Target Company, representing the entire issued share capital of the Target Company held by the Vendor
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Great Virtue Ventures Limited (達德創投有限公司), a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Vendor prior to Completion
“Vendor”	Golden Stream Ventures Limited (金川創投有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

LETTER FROM THE BOARD



(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 896)

Directors:

Mr. Cha Mou Daid, Johnson (*Chairman*)*
Mr. Wong Sue Toa, Stewart (*Managing Director*)
Mr. Tai Sai Ho (*General Manager*)
Mr. Chow Ka Fung
Dr. Lam Chat Yu*
Mr. Chan Pak Joe#
Dr. Lau Tze Yiu, Peter#
Dr. Sun Tai Lun#

Registered Office:

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Principal Office in Hong Kong:

22/F., Kings Wing Plaza 1
3 On Kwan Street
Shek Mun
Shatin, New Territories
Hong Kong

26 October 2021

* *Non-executive Director*

Independent Non-executive Director

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO
THE DISPOSAL OF THE ENTIRE INTEREST IN
GREAT VIRTUE VENTURES LIMITED**

INTRODUCTION

Reference is made to the announcement of the Company dated 30 July 2021 in relation to, among other things, the Disposal and the Preliminary Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

On 30 July 2021, the Vendor (an indirect wholly-owned subsidiary of the Company), the Purchaser and the Guarantor (a direct wholly-owned subsidiary of the Company) entered into the Preliminary Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase (a) the entire issued share capital in the Target Company (i.e. the Sale Share); and (b) the loan owing by the Target Company to the Vendor as at Completion (i.e. the Sale Loan), at the aggregate consideration of HK\$628,000,000 (subject to adjustment) subject to the terms of the Preliminary Agreement. The Formal Agreement was entered into on 22 October 2021.

The purpose of this circular is to provide you with, among other things, further details of the Formal Agreement and the Disposal.

THE DISPOSAL

The Formal Agreement

The principal terms of the Formal Agreement are summarised as follows:

Date

22 October 2021

Parties

- (i) the Vendor, an indirect wholly-owned subsidiary of the Company, as the vendor
- (ii) the Purchaser, as the purchaser
- (iii) the Guarantor, a direct wholly-owned subsidiary of the Company, as the Vendor's guarantor

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

Subject Matter

The Sale Share, representing the entire issued share capital in the Target Company, and the Sale Loan, representing the loan owing by the Target Company to the Vendor as at Completion. As at the Latest Practicable Date, the Sale Loan amounted to approximately HK\$537,463,000. The Target Company directly holds 100% legal and beneficial ownership of the Property. The Property is sold on an “as-is” basis free from encumbrances save for the Existing Tenancies, further details of which are set out below in this circular, and the Future Tenancies (if any).

LETTER FROM THE BOARD

The parties shall not be obliged to complete the sale and purchase of the Sale Share or the assignment of the Sale Loan unless the sale and purchase of the Sale Share and the assignment of the Sale Loan are completed simultaneously.

Consideration

The Consideration payable under the Formal Agreement is HK\$628,000,000, subject to adjustment as described in the paragraph headed “Adjustment to the Consideration” below, and shall be apportioned as follows:

- (a) an amount equal to the Sale Loan shall be applied for the repayment of the Sale Loan; and
- (b) the remaining balance of the Consideration (after adjustment) shall be applied as cash consideration for the Sale Share.

The Consideration has been and shall be paid by the Purchaser in the following manner:

- (a) a sum of HK\$31,400,000, being the initial deposit (the “**Initial Deposit**”), has been paid to the Vendor’s solicitors as stakeholders upon signing of the Preliminary Agreement;
- (b) a sum of HK\$31,400,000, being the further deposit (the “**Further Deposit**”, together with the Initial Deposit, the “**Deposits**”), has been paid to the Vendor’s solicitors as stakeholders on 14 September 2021; and
- (c) the balance of the Consideration, after deducting the Deposits and the Rent Free Period Payment, shall be paid to the Vendor or as the Vendor may direct at Completion.

Adjustment to the Consideration

The Consideration shall be adjusted such that there shall be added to the Consideration the amount (if any) by which the Net Asset Value is more than zero, or there shall be deducted from the Consideration the amount of Net Liabilities.

As at the Latest Practicable Date, the Net Asset Value was approximately HK\$1,369,000.

The Consideration was determined based on arm’s length negotiations between the Vendor and the Purchaser with reference to the prevailing market price of similar properties at similar locations and the prevailing rental yield as compared to the Property.

LETTER FROM THE BOARD

Conditions Precedent

Completion is conditional upon the following conditions precedent being satisfied (or waived by the Purchaser, where applicable) on or before the Completion Date:

- (a) the Target Company being able to show and give title to the Property in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong);
- (b) certain warranties of the Vendor remaining true and accurate in all material respects on the Completion Date; and
- (c) the approval of the Disposal and the Formal Agreement by the Shareholders in the manner as required under the Listing Rules having been obtained.

If any of the conditions precedent (a) to (c) set out above has not been satisfied, or waived by the Purchaser (as the case may be), on or before the Completion Date, either the Vendor or the Purchaser shall be entitled to terminate the Formal Agreement by notice to the other party, unless the parties otherwise agree in writing, and the Vendor shall procure the Vendor's solicitors to return all Deposits to the extent already paid by the Purchaser.

As at the Latest Practicable Date, condition precedent (c) above has been fulfilled.

Completion

Completion shall take place on the Completion Date. Upon Completion, the Company will cease to have any interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial statements of the Group.

Guarantee

The Guarantor guarantees to the Purchaser the due observance and performance of the Vendor's obligations and undertakings under the Formal Agreement and to pay, on demand, any sum which the Vendor fails to pay to the Purchaser in accordance with the Formal Agreement.

LETTER FROM THE BOARD

INFORMATION OF THE TARGET COMPANY AND THE PROPERTY

The Target Company is a company incorporated in the British Virgin Islands and is a property holding company with the sole purpose of holding the Property.

The Property constitutes the entire block of building located at No.1 Tai Yip Street, Kwun Tong, Kowloon, Hong Kong with a total gross floor area of 62,889 square feet. The Existing Tenancies will expire during the period between February 2022 and August 2024 and the aggregate monthly rent of the Existing Tenancies is approximately HK\$959,000 (which, for the avoidance of doubt, does not include the tenancy surrendered on 15 October 2021 with a monthly rent of approximately HK\$100,000). There are no Future Tenancies as at the Latest Practicable Date.

Financial information of the Target Company

Set out below is a summary of certain financial information of the Target Company for each of the financial years ended 31 March 2020 and 31 March 2021:

	For the year ended 31 March	
	2020	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Net (loss)/profit before taxation and extraordinary items	(18,954)	2,118
Net (loss)/profit after taxation and extraordinary items	(18,954)	1,983

The loss on change in fair value of investment properties for the years ended 31 March 2020 and 2021 was approximately HK\$16.9 million and approximately HK\$1.8 million, respectively. The rental profit generated from the Existing Tenancies for the year ended 31 March 2021 exceeded the fair value loss in the same year.

The audited net liability value of the Target Company as at 31 March 2021 was approximately HK\$16,977,000, which resulted from the accumulated fair value loss of the Property.

INFORMATION OF THE GROUP

The Company is an investment holding company incorporated in the Cayman Islands, the securities of which are listed on the Stock Exchange. The principal business activities of the Group are 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.

LETTER FROM THE BOARD

The Vendor is an investment holding company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company and a direct wholly-owned subsidiary of the Guarantor.

The Guarantor is an investment holding company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands and is principally engaged in investment holding. It is ultimately beneficially owned by Lee Chun Kee, Charlie.

REASONS FOR THE DISPOSAL

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

The Directors (including the independent non-executive Directors) consider that the Disposal, the terms of the Formal Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT ON THE GROUP AND USE OF PROCEEDS

Earnings

The Property was previously leased out and has generated an annual rental income of approximately HK\$5,601,000 and HK\$8,180,000, respectively, for the financial years ended 31 March 2020 and 31 March 2021. Upon Completion, the Group will lose rental income from the Disposal, which will have a negative effect on the earnings of the Group but will reduce expenses incurred in respect of the Target Company.

Upon Completion, the Group is expected to record a gain on change in fair value of investment properties of approximately HK\$106,193,000 (before costs, expenses and taxes relating to the Disposal) in the financial year ending 31 March 2022, which is calculated on the basis of the difference between the Consideration of the Disposal and the carrying value of the Property as at 30 June 2021. The actual gain on the Disposal to be recorded is subject to audit and may be different from the estimated amount.

The excess of the Consideration over the carrying value of the Property as at 30 June 2021 amounted to approximately HK\$106,193,000.

LETTER FROM THE BOARD

Assets and liabilities

Having taken into account the Consideration and the unaudited net asset value of the Target Company as at 30 June 2021, it is estimated that upon Completion, the total assets of the Group will increase by approximately HK\$103,341,000. The total liabilities of the Group will decrease by approximately HK\$2,852,000. It is estimated that the net assets of the Group will have an increase of approximately HK\$106,193,000, being the net effect of the changes of the Group.

The net proceeds arising from the Disposal are expected to be used as general working capital and/or financing and possible property or business investments. As at the Latest Practicable Date, the Company has not entered into any binding agreements in relation to such potential investment opportunities. The Company will make announcements as and when appropriate in compliance with the requirements of the Listing Rules.

LISTING RULES IMPLICATIONS

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

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, no Shareholder has any material interest in the Disposal and is required to abstain from voting if the Company is to convene an extraordinary general meeting for the approval of the Disposal. The Company has obtained written approval for the Disposal 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 (PTC) Limited (formerly known as LBJ Regents Limited), which are beneficially interested in 487,702,041 and 67,829,571 Shares respectively, representing in total 50.25% of the entire issued share capital of the Company as at the Latest Practicable Date. CCM Trust (Cayman) Limited and LBJ Regents (PTC) Limited (formerly known as LBJ Regents Limited) hold the Shares as the trustees of certain but not identical discretionary trusts of which members of the Cha Family (comprising, inter alios, Mr. Cha Mou Daid, Johnson, being a Director) are among the discretionary objects. As such, no extraordinary general meeting will be convened for the purpose of approving the Disposal.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Disposal and the Formal Agreement 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 resolution to approve the Disposal and the Formal Agreement 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

1. WORKING CAPITAL

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

2. STATEMENT OF INDEBTEDNESS

At the close of business on 31 August 2021, 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) unsecured bank loans of approximately HK\$430,000,000 and bank loans of approximately HK\$2,505,400,000 which were secured by certain leasehold land and buildings and investment properties of the Group. All the bank loans were guaranteed by one of the Company's subsidiaries; and
- (b) lease liabilities amounting to approximately HK\$5,292,000 which were secured by rental deposits amounting to approximately HK\$1,278,000 and unguaranteed, and lease liabilities amounting to approximately HK\$3,262,000 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 August 2021, 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 any material contingent liabilities.

3. FINANCIAL AND TRADING PROSPECTS

For the year ended 31 March 2021, the audited consolidated revenue was HK\$1,451,560,000 (for the year ended 31 March 2020: HK\$2,849,504,000) and audited consolidated net profits after tax was HK\$274,986,000 (for the year ended 31 March 2020: HK\$221,376,000). 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.

4. VALUATION RECONCILIATION STATEMENT

Colliers International (Hong Kong) Limited, the independent valuer, has valued the Property to be disposed of by the Group as at 31 August 2021. Texts of the letter and valuation particulars issued by the independent valuer are included in Appendix II to this circular.

The table below sets forth the reconciliation of the book value of the Property as at 31 March 2021 to the market value of the Property as at 31 August 2021 as included in the valuation report in Appendix II to this circular.

	<i>HK\$'000</i>
Fair value as at 31 March 2021	521,000
Add: Addition for the five months ended 31 August 2021	877
Add: Fair value gain	<u>76,123</u>
Valuation as at 31 August 2021 per valuation report set out in Appendix II to this circular	<u><u>598,000</u></u>

The following is the text of a letter and a valuation report prepared by Colliers International (Hong Kong) Limited, an independent valuer, in connection with its valuation as at 31 August 2021 of the subject property, for inclusion in this circular. The terms defined in this appendix apply 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

26 October 2021

The Directors**Hanison Construction Holdings Limited**

22nd Floor, Kings Wing Plaza 1

3 On Kwan Street

Sha Tin, New Territories

Hong Kong

Dear Sirs,

Re: Valuation of No. 1 Tai Yip Street, Kowloon, Hong Kong (the “Property”) (Kwun Tong Inland Lot No. 567 and 568)

TERMS OF ENGAGEMENT

We refer to the instruction received from Hanison Construction Holdings Limited (the “**Company**”) requiring us to conduct a market valuation 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 the Market Value of the Property, as at 31 August 2021 (the “**Valuation Date**”) for public disclosure purpose in relation to the disposal of the Property.

VALUATION STANDARDS

Our assessment is prepared in strict accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors (“**HKIS**”) and the latest edition of RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors (“**RICS**”), adopting and applying the latest edition of International Valuation Standard Council (IVSC) valuation standards, if applicable. Unless otherwise stated, our valuations are undertaken as External Valuers as defined in the relevant Valuation Standards. We have also complied with the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

VALUATION BASIS

Our valuation of the property interest is made on the basis of Market Value as defined by IVSC and adopted by HKIS and RICS, which 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 wherein the parties had each acted knowledgeably, prudently and without compulsion”.

We have valued the Property as a single property interest and have ignored the potential effect of selling the Property on a strata title basis.

We would also like to point out that the valuation presented in this report represent 100% interest of the Property and not the shareholdings within by the Company or its related, associated or subsidiary companies.

Colliers International (Hong Kong) Limited is regulated by the RICS and all necessary investigations, inspections, and other work carried out for the purpose of this assignment will meet its standards. The RICS monitors regulated firms under its Conduct and Disciplinary regulations. For your further information, Colliers International (Hong Kong) Limited maintains a complaint handling procedure, a copy of which is available on request. The Valuation and Advisory Services Department of Colliers International (Hong Kong) Limited is accredited by Lloyd’s Register Quality Assurance Limited under ISO 9001:2015.

VALUATION ASSUMPTIONS

Our valuation of the Property has been made on the following assumptions:

- No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interest valued nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value.
- It is assumed that any land premium or other fees payable for the acquisition, transfer, sale, letting or mortgage of the Property have been fully paid and settled.
- We have assumed proper title has been obtained, and the Property and the interest valued therein can be freely transferred, mortgaged and let in the market.
- We have assumed that the owner has free and uninterrupted rights to use the Property for the whole of the unexpired term of the government lease and/or land grant, in accordance with the terms of the lease/or the land grant.
- We are not aware of any easements or rights of way affecting the Property and have assumed that none exist.
- We have assumed that all information, estimates and opinions furnished to us and contained in this report including all information provided by the Client, are true and correct, fit for valuation purposes, and from reliable sources. We can assume no responsibility for accuracy.
- We have not carried out any detailed site measurements to verify the correctness of areas, nor have we tested any of the services and facilities. We have assumed that the areas shown on the documents provided to us are correct and that the services and facilities are in good working order.
- We have assumed that the Property is free from any contamination and environmental problems or hazards.
- We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all relevant laws, ordinances and statutory requirements.

- We have assumed that for any use of the Property upon which this valuation report is based, any and all required licences, permits, certificates, and authorisations have been obtained and are ordinarily renewable.
- We have assumed that the Property is structurally sound, in a good state of repair and maintained in a condition fit for purpose.
- We have assumed current tenancies (if any) are of good covenant and will run their full terms at the current contracted rental levels.

VALUATION APPROACHES AND METHODS

We have adopted the income capitalization method and cross-checked by the market approach for our valuation.

The income capitalization method is based on the capitalization of the net income potential by adopting appropriate capitalization rate, which is derived from analysis of sale transactions and our interpretation of prevailing investor requirements or expectations. The market rents adopted in our valuations have reference to lettings of comparable premises.

The market approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. In analysing such sales, which qualify as arm's-length transactions between willing buyers and sellers, adjustments are made to reflect differences between the comparables and the subject of this valuation in matters such as transaction dates, size, location, quality, age and amenities and any other relevant factors, to assess the value of the subject asset. This approach is commonly used to value assets where reliable sales evidence is available.

Our assessment of the Market Value of the Property as at 31 August 2021 by the income capitalisation method and the market approach is at HKD598,000,000 and HKD594,000,000 respectively. We have adopted HKD598,000,000 as the Market Value of the Property as at the Valuation Date.

MEASUREMENTS

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

INSPECTIONS, INVESTIGATIONS AND SOURCES OF INFORMATION

Inspection of the Property and the surrounding environment, befitting this valuation, was undertaken by Mr. Eric Tsang, MRICS, MHKIS, MCIREA & RPS(GP), Senior Director and Ms. Bonny Yu, MRICS, Manager of Valuation and Advisory Services on 3 September 2021.

We have relied to a considerable extent on the information provided by the Company including a tenancy schedule dated 20 July 2021 and a copy of tenancy agreement of 11th Floor of the Property. We have also obtained relevant information available from public domain including the Land Registry and the Buildings Department and have accepted advice given to us on matters such as statutory notices, planning approvals, easements, floor plans, floor areas, tenure, particulars of occupancy and all other relevant matters. We have assumed that all information provided to us is correct. However, should it be established subsequently that the details relating to the property interests are incorrect, we reserve the right to adjust the values reported herein.

We have also been advised by the Company that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation.

No on-site measurements have been taken to verify the correctness of site areas. We have assumed that the site areas shown on documents provided to/obtained by us are correct.

No structural or environmental surveys have been carried out. Services and facilities have not been tested.

We have made enquiries at the Land Registry for the Property, but 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 legal documents disclosed in this letter and the valuation particulars are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the Property set out in this letter and the valuation particulars.

PLANT AND MACHINERY

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

CURRENCY

All monetary figures stated in this report are in Hong Kong dollars (HKD).

THE VALUERS

The valuation has been prepared by Mr. Eric Tsang, Senior Director and assisted by Ms. Bonny Yu, Manager under the supervision of Ms. Dorothy Chow, Executive Director of our department.

Ms. Dorothy Chow and Mr. Eric Tsang are members of the Royal Institution of Chartered Surveyors, members of the Hong Kong Institute of Surveyors and Registered Professional Surveyors (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in the Hong Kong Special Administrative Region. Ms. Bonny Yu is a member of the Royal Institution of Chartered Surveyors. The valuers are suitably qualified to carry out the valuation and have sufficient experience in the valuation of properties of this magnitude and nature.

Neither the valuer nor Colliers International (Hong Kong) Limited are aware of any pecuniary or other conflict of interest that would affect their ability to give an unbiased and objective opinion of the value of the Property.

CAVEATS AND ASSUMPTIONS

This report is subject to and includes our standard caveats and assumptions set out at the end of this report.

This report is for public disclosure purpose in relation to the disposal of the Property only. Neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without written consent of Colliers International (Hong Kong) Limited of the form and context in which it will appear.

Our valuation of the Property is set out in the Valuation Particulars attached hereto, which together with this covering letter, form our valuation report.

Yours faithfully,
For and on behalf of
Colliers International (Hong Kong) Limited
Dorothy Chow
MSc MRICS MHKIS MCIREA RPS(GP)
Executive Director
Valuation and Advisory Services – Asia

Note: Ms. Dorothy Chow, MRICS MHKIS MCIREA RPS(GP), is a qualified general practice surveyor and has over 23 years of experience in the valuation of properties in Hong Kong.

VALUATION PARTICULARS

Property	Description and Tenure	Particulars of Occupancy	Market Value of Property as at 31 August 2021
<p>No. 1 Tai Yip Street, Kwun Tong, Kowloon, Hong Kong</p> <p>Kwun Tong Inland Lot Nos. 567 and 568 (“KTIL 567 & 568”) (“the Lots”)</p>	<p>The Property is located at the junction of Tai Yip Street and Wai Yip Street within Kwun Tong Business Zone in Kowloon, which is a traditional industrial zone transforming to a business zone.</p> <p>The Property is a 14-storey industrial block completed in 1980. Loading/unloading spaces are provided on the Ground Floor. Vertical circulation is facilitated by 2 cargo lifts, 1 passenger lift and 2 staircases.</p> <p>As quoted from the building plan approved on 12 March 1980, total gross floor area of the Property is about 62,889sq ft (5,842.5sq m). The site of the Property is roughly rectangular with frontages onto Tai Yip Street and Wai Yip Street. The total site area of the Lots is about 5,780sq ft (537.0sq m), as quoted from the registered site plans.</p> <p>KTIL 567 is held under a Government Lease while KTIL 568 is held under Conditions of Sale No. UB8621. The lease term of the Lots is 99 years less the last 3 days commencing on 1 July 1898 and has been statutorily renewed to expire on 30 June 2047. The Property is subject to an annual government rent equivalent to an amount of 3% of its prevailing rateable value.</p>	<p>According to the tenancy schedule as at 20 July 2021 and the copy of tenancy agreement of 11th Floor provided by the Company, the Property was let to various tenants with occupancy rate of about 77%. The total monthly rental income of the Property is approximately HKD953,943, exclusive of rates and management fees. The latest expiry date of the existing tenancies will be in August 2024.</p> <p>9/F of the Property is subjected to a rental agreement which will commence in December 2021 and expire in July 2023. The monthly rental is approximately HKD104,800, exclusive of rates and management fees.</p>	<p>HKD598,000,000 (Hong Kong Dollars Five Hundred and Ninety Eight Million)</p>

Notes:

(1) The ownership particulars of the Property and interest valued are as follows:

Lot Numbers	:	Kwun Tong Inland Lot Nos. 567 and 568
Lease Terms	:	KTIL 567 is held under a Government Lease while KTIL 568 is held under Conditions of Sale No. UB8621. The lease term of the Lots is 99 years less the last 3 days commencing on 1 July 1898 and has been statutorily renewed to expire on 30 June 2047.
Registered Owner	:	Great Virtue Ventures Limited registered vide Memorial No. 19052402830181 dated 8 May 2019.
Major Encumbrances	:	<ul style="list-style-type: none">• Tripartite Legal Charge/Mortgage in favour of Standard Chartered Bank (Hong Kong) Limited, dated 3 September 2019 vide Memorial No. 19090901920031;• Rental Assignment in favour of Standard Chartered Bank (Hong Kong) Limited, dated 3 September 2019 vide Memorial No. 19090901920041; and• Deed of Variation and Further Charge in favour of Standard Chartered Bank (Hong Kong) Limited to secure All Moneys in respect of General Banking Facilities, dated 17 December 2020 vide Memorial No. 20123001910308.

(2) The user restrictions as stipulated in the Government Lease of KTIL 567 and Conditions of Sale No. UB8621 of KTIL 568 are as follows:

- Shall be used only for industrial and/or godown purposes
- No building other than a factory and/or a warehouse, ancillary offices and quarters for persons essential to the safety and security of the building
- No building or support for any building shall be erected at ground level on the area coloured pink hatched black on the plan of KTIL 567 and red hatched black on the plan of KTIL 568 and will not use the whole of this area at ground floor level for any purpose other than for the parking, loading and unloading of motor vehicles.
- Buildings at first floor level and above may be erected over the area coloured pink hatched black on the plan of KTIL 567 and red hatched black on the plan of KTIL 568, provided there is clear space extending upwards from the ground level to a height of 15 feet.
- No part of any structure erected on the lot shall exceed a height of 170 feet above Colony principal datum
- No right of ingress and egress for passage of motor vehicles from or to Wai Yip Street
- Non-offensive trades clause

- (3) The Property falls within an area zoned as “Other Specified Uses (Business)” under the Draft Kwun Tong (South) Outline Zoning Plan No. S/K14S/23 exhibited on 19 March 2021.
- (4) Under the town planning restriction, no new development, or addition, alteration and/or modification to or redevelopment of an existing building shall result in a total development and/or redevelopment in excess of a maximum plot ratio of 12.0 and a maximum building height of 100 metres above the Hong Kong Principal Datum (mPD), or the plot ratio and the height of the existing building, whichever is the greater. The setting back of buildings to cater for future increase in traffic demand may also be required.
- (5) From the records of the Town Planning Board (“**the Board**”), the latest application of planning permission (application no. A/K14/783) has been approved with conditions by the Board on 20 November 2020 for proposed minor relaxation of plot ratio and building height restrictions for proposed hotel use. The gross floor area of the proposed hotel development is approximately 7,732.512sq m and the plot ratio is about 14.4. The permitted building height is not more than 36 storeys or about 125mPD. Total numbers of 160 hotel rooms have been approved. The planning permission is valid until 20 November 2024.

Caveats and Assumptions**1. DEFINITIONS**

In these Caveats and Assumptions, the following words or phrases shall have the meaning or meanings set out below:

“**Confidential Information**” means information that:

- (a) Is by its nature confidential.
- (b) Is designed by Us as confidential.
- (c) You know or ought to know is confidential.
- (d) Includes, without limitation: information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services.

“**Currency Date**” means, in relation to any valuation report, the date as at which our professional opinion is stated to be current.

“**Fee**” means the amount agreed to be paid for the Services as set out in the Quotation.

“**Parties**” means You or Us as the context dictates.

“**Quotation**” means the written quote provided by Us in relation to the Services.

“**Services**” means the valuation services provided pursuant to these Terms and Conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the Services.

“**The Property**” means the assets which are subject of our appointment as your advisor.

“**We**”, “**Us**”, “**Our**”, “**Colliers**” means Colliers International (Hong Kong) Limited.

“**You**”, “**Your**”, “**Client**” means the person, company, firm or other legal entity by or on whose behalf instructions are given, and any person, firm, company or legal entity who actually gave the instructions to us even though such instructions were given as agent for another.

“**Professional Property Practice Standards**” refers to RICS Valuation and Appraisal Handbook, or appropriate standards.

2. PERFORMANCE OF SERVICES

2.1 We have provided the Services in accordance with:

- (a) The Terms and Conditions contained herein; or
- (b) As specifically instructed by You for the purpose of the Services; and
- (c) Within the current provisions set by the prevailing Professional Property Practice Standards.

3. CONDITION OF THE PROPERTY

3.1 No allowance has been made in our report for any charges, mortgages or amounts owing on any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value, whether existing or otherwise, unless otherwise stated. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title which is assumed to be good and marketable. We are not aware of any easements or rights of way affecting the property and our valuation assumes that none exists.

3.2 We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, and authorisations have been obtained, except only where otherwise stated.

3.3 We have assumed that any development sites are in a condition suitable for development; this has not been checked by us.

3.4 We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us 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.

- 3.5 We have assumed that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the Property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.
- 3.6 An external inspection has been made; no detailed on site measurements have been taken.
- 3.7 While due care is exercised in the course of our inspection to note any serious defects, no structural survey of the Property will or has been undertaken, and We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the Property that are unexposed or inaccessible.
- 3.8 None of the services have been tested by Us and we are unable therefore to report on their present condition, but will presume them to be in good working order.
- 3.9 We have not undertaken a detailed inspection of any plant and equipment or obtained advice on its condition or suitability.
- 3.10 We recommend that You engage appropriately qualified persons to undertake investigations excluded from our Services.
- 3.11 No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the Property.

4. ENVIRONMENT AND PLANNING

- 4.1 We have obtained only verbal town planning information. It is your responsibility to check the accuracy of this information by obtaining a certificate under the appropriate legislation.
- 4.2 We do not hold ourselves to be experts in environmental contamination. Unless otherwise stated, our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show the site is contaminated, our valuation may require revision.

5. BUILDING AREAS AND LETTABLE AREAS

- 5.1 Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the prevailing Professional Property Practice Standards.
- 5.2 If you do not provide Us with a survey, We will estimate building and/or lettable areas based only upon available secondary information (including but not limited to building plans, deposited plans, and our own measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the prevailing Professional Property Practice Standards.
- 5.3 Where such a survey is subsequently produced which differs from the areas estimated then You will refer the valuation back to Us for comment or, where appropriate, amendment.

6. OTHER ASSUMPTIONS

- 6.1 Unless otherwise notified by You, We will assume:
- (a) There are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title.
 - (b) All licences and permits
- 6.2 Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with Services (including but not limited to surveys, quantity surveyors reports, environmental audits, structural/dilapidation reports), we will rely upon the apparent expertise of such experts/specialists. We will not verify the accuracy of this information or reports, and assume no responsibility for their accuracy.
- 6.3 Our services are provided on the basis that the client has provided us with a full and frank disclosure of all information and other facts which may affect the service, including all secrecy clauses and side agreements. We accept no responsibility or liability whatsoever for the valuation unless such a full disclosure has been made.
- 6.4 Any plans, sketches or maps included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.

6.5 The study of possible alternative development options and the related economics are not within the scope of this report.

6.6 Our opinion about the Market Value of the Property is free from any influence and/or point of views of any other parties.

7. VALUATION FOR FIRST MORTGAGE SECURITY

7.1 Where the Services are provided for mortgage purposes, You agree that You will not use the valuation report where the Property:

- (a) Is used as security other than by first registered mortgage;
- (b) Is used as part of a group of securities (except where the Property forms part of a trust); or
- (c) Is used as security for more than one loan.

7.2 We reserve the right, at Our absolute discretion, to determine whether or not to assign Our valuation to any third party. Without limiting the extent of Our discretion, We may decline a request for assignment where:

- (a) The proposed assignee is not a major recognised lending institution (such as a major bank);
- (b) The assignment is sought in excess of 3 months after the date of valuation;
- (c) We consider that there has been a change in conditions which may have a material impact on the value of the Property;
- (d) The proposed assignee seeks to use the valuation for an inappropriate purpose (including in a manner inconsistent with Your agreement at Clause 7.1); or
- (e) Our fee has not been paid in full.

7.3 Where we decline to provide an assignment on either of the basis at 7.2(b) or (c), we may be prepared to provide an updated valuation on terms to be agreed at that time.

7.4 In the event that You request Us to assign Our valuation and We agree to do so, You authorize Us to provide to the assignee a copy of these Terms and Conditions, the Quotation and any other document, including instructions provided by You, relevant to the scope of Our Services.

8. ESTIMATED SELLING PRICE

8.1 Where you instruct Us to provide an Estimated Selling Price, You agree that the Services:

- (a) Are limited to the provision of an opinion based on Our knowledge of the market and informal enquiries.
- (b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search of Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s); or other investigations which would be required for a formal valuation.
- (c) Provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.

8.2 No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an Estimated Selling Price.

9. CURRENCY OF VALUATION

9.1 Due to possible changes in market forces and circumstances in relation to the property the Services can only be regarded as relevant as at the Currency Date.

9.2 Where You rely upon Our valuation report after the Currency Date, You accept the risks associated with market movements between the Currency Date and the date of such reliance.

9.3 Without limiting the generality of 9.2, You should not rely upon Our valuation:

- (a) After the expiry of 3 months from the Currency Date;
- (b) Where circumstances have occurred during that period which may have a material effect on the value of the property or the assumptions or methodology used in the valuation report.

10. MARKET PROJECTIONS

- 10.1 Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.
- 10.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.
- 10.3 Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.

11. YOUR OBLIGATIONS

- 11.1 You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.
- 11.2 You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.
- 11.3 You authorise and license Us to incorporate Your intellectual property within Our report(s).
- 11.4 You will not release any part of Our valuation report or its substance to any third party without Our written consent. Such consent will be provided at Our absolute discretion and on such conditions as We may require including that a copy of these Terms and Conditions be provided to such third party. This clause shall not apply to persons noted as recipients in Your prior instruction to Us or in the Quotation provided that You shall provide any such recipient with a copy of these Terms and Conditions.

11.5 We reserve the right to reconsider or amend the valuation advice, or the Fee set out in Our Quotation to You, if;

- (a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value of the advice; or
- (b) Where subsequent site inspections made in relation to any of the matters raised in Clause 3 materially affect or may alter the value of the property, the subject of the Services.

11.6 If You release any part of the valuation advice or its substance without written consent, You agree: a) to inform the other person of the terms of our consent; and b) to compensate Us if You do not do so. We have no responsibility to any other person even if that person suffers damage as a result of any other person receiving this valuation.

12. CONFIDENTIALITY

12.1 This report and each part of it is prepared and intended for the exclusive use of the Client for the sole purpose outlined in Our agreement for internal reference purposes, and in accepting this report, the Client expressly agrees not to use or rely upon this report or any part of it for any other purpose. No person other than the Client shall use or rely upon this report or any part of it for any purpose unless we have given Our express written consent. Similarly neither the whole nor any part of this report nor any reference there to may be included in any document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.

12.2 If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.

12.3 You agree that You will indemnify, hold harmless and defend Us from and against any and all loss, liability, costs or expenses (including but not limited to professional or executive time) We may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.

12.4 Unless otherwise directed in writing by Client, Colliers retains the right to include references to the Services in its promotional material. Such references shall not contain confidential material.

13. PRIVACY

13.1 We may obtain personal information about You in the course of performing Our Services. We respect your privacy and advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organization other than Us.

14. SUBCONTRACTING

14.1 We may sub-contract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms and Conditions, with Your consent.

15. LIMITATION OF COLLIERS LIABILITY

15.1 To the extent permissible under applicable laws, in no event shall Colliers be liable to Client or anyone claiming by, through or under Client, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.

15.2 All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers. Notwithstanding this, Colliers reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.

15.3 Colliers, or any employee of Ours shall not be required to give testimony or to appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.

15.4 We are free from any possible legal and/or non-legal issue which may attach to the Property's title documents.

16. ENTIRE AGREEMENT

- 16.1 No further agreement, amendment or modification of these Terms and Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.
- 16.2 If there is inconsistency between these Terms and Conditions and the Quotation, any letter of instruction from You, or other specific request or information shall prevail to the extent of the inconsistency.

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 Shares held	Total number of Shares held	Approximate percentage of issued share capital (Note v)
Cha Mou Daid, Johnson	Beneficial owner	8,963,500	548,464,461	49.60%
	Beneficiary of discretionary trusts	539,500,961 (Note i)		
Wong Sue Toa, Stewart	Beneficial owner	48,704,157	58,460,619	5.28%
	Interest of controlled corporation	4,270,975 (Note ii)		
	Interest of spouse	5,485,487 (Note iii)		
Tai Sai Ho	Beneficial owner	17,385,721	17,385,721	1.57%
Chow Ka Fung	Beneficial owner	2,394,000	2,394,000	0.21%

Name	Capacity	Number of Shares held	Total number of Shares held	Approximate percentage of issued share capital (Note v)
Lam Chat Yu	Beneficial owner Interest held jointly with another person	318,000 2,140,000 (Note iv)	2,458,000	0.22%
Chan Pak Joe	Beneficial owner	2,830,100	2,830,100	0.25%
Lau Tze Yiu, Peter	Beneficial owner	4,205,950	4,205,950	0.38%
Sun Tai Lun	Beneficial owner	3,078,000	3,078,000	0.27%

Notes:

- (i) These Shares are held under certain but not identical discretionary trusts, of which Mr. Cha Mou Daid, Johnson is among the members of the class of discretionary beneficiaries.
- (ii) 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.
- (iii) These Shares are held by Ms. Wong Lui Kwok Wai, the wife of Mr. Wong Sue Toa, Stewart.
- (iv) These Shares are held by Dr. Lam Chat Yu jointly with his spouse Ms. Lam Elizabeth Mona.
- (v) The percentage is calculated based on the total number of issued Shares as at the Latest Practicable Date (i.e. 1,105,585,676 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	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	0.46%
	18.10.2019	HK\$1.16	18.10.2019 to 17.10.2024	5,454,000	0.49%
Tai Sai Ho	18.10.2019	HK\$1.16	18.10.2019 to 17.10.2024	5,454,000	0.49%
Chow Ka Fung	5.9.2017	HK\$1.54	5.9.2017 to 4.9.2022	1,485,000	0.13%
	18.10.2019	HK\$1.16	18.10.2019 to 17.10.2024	1,898,000	0.17%

Name	Date of grant	Exercise price per Share	Exercise period	Number of share options	Approximate percentage of issued share capital (Note)
Chan Pak Joe	18.10.2019	HK\$1.16	18.10.2019 to 17.10.2024	1,090,000	0.09%
Lau Tze Yiu, Peter	18.10.2019	HK\$1.16	18.10.2019 to 17.10.2024	905,000	0.08%
Sun Tai Lun	18.10.2019	HK\$1.16	18.10.2019 to 17.10.2024	1,090,000	0.09%

Note:

The percentage is calculated based on the total number of issued Shares as at the Latest Practicable Date (i.e. 1,105,585,676 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 Shares held	Approximate percentage of issued share capital <i>(Note vi)</i>
CCM Trust (Cayman) Limited ("CCM Trust")	Trustee Interest of controlled corporations	487,702,041 <i>(Note i)</i>	44.11%
Mingly Corporation ("Mingly")	Beneficial owner Interest of controlled corporations	104,243,301 <i>(Note ii)</i>	9.42%
CCM Capital Corporation ("CCM Capital")	Beneficial owner	78,866,272 <i>(Note ii)</i>	7.13%
LBJ Regents (PTC) Limited ("LBJ") (formerly known as LBJ Regents Limited)	Trustee Interest of controlled corporation	67,829,571 <i>(Note iii)</i>	6.13%
Cha Mou Sing, Payson (Deceased)	Beneficial owner Interest of controlled corporations	65,346,427 <i>(Note iv)</i>	5.91%
Wong Lui Kwok Wai	Beneficial owner Interest of controlled corporation Interest of spouse	58,460,619 <i>(Note v)</i>	5.28%

Notes:

- (i) 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 Daid, Johnson (the Chairman of the Company)) are among the discretionary objects.
- (ii) 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.
- (iii) 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 Daid, Johnson (the Chairman of the Company)) are among the discretionary objects.
- (iv) These share interests comprise 37,446,925 Shares (including 10,909,000 underlying shares under equity derivative) beneficially owned by the late Mr. Cha Mou Sing, Payson and 14,189,502 Shares and 13,710,000 Shares held indirectly through Accomplished Investments Limited and Kola Heights Limited, respectively. These two companies are directly wholly-owned by the late Mr. Cha.
- (v) Ms. Wong Lui Kwok Wai is the wife of Mr. Wong Sue Toa, Stewart and is deemed under the SFO to be interested in 48,704,157 Shares beneficially owned by her spouse. Ms. Wong is personally interested in 5,485,487 Shares and owns 50% equity interest in Executive Plaza Limited which holds 4,270,975 Shares.
- (vi) The percentage is calculated based on the total number of issued Shares as at the Latest Practicable Date (i.e. 1,105,585,676 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, directly or indirectly, in any assets which have, since 31 March 2021 (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 i)	Name of company	Nature of interest	Competing business (Note ii)
Cha Mou Daid, Johnson	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
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:

- (i) Mr. Cha Mou Daid, Johnson is a non-executive Director and Mr. Chan Pak Joe is an independent non-executive Director, both 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. Wong Sue Toa, Stewart held share interests and 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 three executive Directors, two non-executive Directors and three independent non-executive Directors), the Company operates its businesses independently of, and at arm’s length from the businesses of the Private Companies.

- (ii) 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.

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	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 2021 (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) the Preliminary Agreement;
- (b) the Formal Agreement;
- (c) the sale and purchase agreement dated 1 September 2021 entered into among Storage Holding I Ltd (an indirect wholly-owned subsidiary of the Company) as seller, Brilliant Raise Holdings Limited as purchaser, and Wine's Link International Holdings Limited (stock code: 8509) as the purchaser's guarantor, regarding the disposal of the property comprising (i) Unit N-3 on 1st Floor and Staircases Nos.R4, R5 and R6 on Ground Floor of Block 3, Kwun Tong Industrial Centre, Nos.448-458 Kwun Tong Road, Kowloon, Hong Kong; (ii) Unit Q-4 (including the flat-roof appurtenant thereto) on 1st Floor of Block 4, Kwun Tong Industrial Centre, Nos.436-446 Kwun Tong Road, Kowloon, Hong Kong; and (iii) Car Parking Spaces Nos.55 and 56 on Ground Floor, Kwun Tong Industrial Centre, Nos.436-484 Kwun Tong Road, Kowloon, Hong Kong (together with such fittings and fixtures installed therein as at completion) at the aggregate consideration of HK\$129,200,000. Further details of the sale and purchase agreement are set out in the announcements of the Company dated 1 September 2021 and 2 September 2021;
- (d) the sale and purchase agreement dated 30 July 2021 entered into between the Guarantor as seller, and VIA IV (BVI) Holdco 3 Ltd as purchaser, regarding the disposal of 50% of all the issued shares in Excess Wonder Limited and the repayment of 50% of the related shareholder's loan(s) at the aggregate consideration of HK\$305,000,000 (subject to adjustment). Further details of the sale and purchase agreement are set out in the announcement of the Company dated 30 July 2021;
- (e) the sale and purchase agreement dated 31 May 2021 entered into among Colourful Bloom Limited (an indirect wholly-owned subsidiary of the Company) as seller, China Life Frontier Private Investment Fund, L.P. as purchaser, and the Guarantor as guarantor, regarding the disposal of 50% of all the issued shares in Esteemed Virtue Limited and the repayment of 50% of the related shareholder's loan(s) at the aggregate consideration of HK\$130,000,000 (subject to adjustment). Further details of the sale and purchase agreement are set out in the announcement of the Company dated 31 May 2021;

- (f) the sale and purchase agreement dated 31 March 2021 entered into between the Guarantor as seller, and Crystal Mirage Limited as purchaser, regarding the disposal of 50% of all the issued shares in Protic Limited and the repayment of 50% of the related shareholder's loan(s) at the aggregate consideration of HK\$67,500,000 (subject to adjustment). Further details of the sale and purchase agreement are set out in the announcement of the Company dated 31 March 2021;
- (g) the sale and purchase agreement dated 31 March 2021 entered into among Prosper Jade Limited (an indirect wholly-owned subsidiary of the Company) as seller, KLT Holdings (BVI) L.P. as purchaser, and the Guarantor as guarantor, regarding the disposal of 50% of all the issued shares in Honour Advent Limited and the repayment of 50% of the related shareholder's loan(s) at the aggregate consideration of HK\$160,500,000 (subject to adjustment). Further details of the sale and purchase agreement are set out in the announcement of the Company dated 31 March 2021; and
- (h) the sale and purchase agreement dated 22 December 2020 entered into between Tai Kee Pipes Limited (泰記有限公司) (an indirect wholly-owned subsidiary of the Company) as seller, and CRABEC (Shanghai) Limited (路橋(上海)有限公司) as purchaser, regarding the disposal of the property comprising all those pieces or parcels of ground respectively registered in the Land Registry as The Remaining Portion of Lot No.2028, Lot No.2034, Section A of Lot No.2052, Section B of Lot No.2052, Lots Nos.2053, 2054, 2055, 2056, 2057, The Remaining Portion of Lot No.2059, The Remaining Portion of Lot No.2060, Lot No.2062, The Remaining Portion of Section A of Lot No.2063, The Remaining Portion of Section B of Lot No.2063, The Remaining Portion of Section C of Lot No.2063, Lot No.2064, The Remaining Portion of Lot No.2065, The Remaining Portion of Lot No.2066 and Lot No.2068, all in Demarcation District No.76, Ping Che, Fanling, New Territories, Hong Kong, for an aggregate consideration of HK\$208,552,888. Further details of the sale and purchase agreement are set out in the announcements of the Company dated 22 December 2020 and 12 January 2021.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.hanison.com) for a period of 14 days from the date of this circular:

- (a) the Preliminary Agreement;
- (b) the Formal Agreement;
- (c) the property valuation report, the text of which is set out in Appendix II to this circular; and

- (d) the written consent referred to in the paragraph headed “Qualification and Consent of Expert and Expert’s Interests” in this appendix.

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 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, Wanchai, Hong Kong;
- (d) the company secretary of the Company is Ms. Ma Lai King, who is a member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute; and
- (e) the English text of this circular prevails over the Chinese text in case of inconsistency.