
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered 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 and the accompanying form of proxy 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



(Stock Code: 896)

**(1) CONTINUING CONNECTED TRANSACTION
– FRAMEWORK AGREEMENT
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



A letter from the Board is set out on pages 4 to 14 of this circular. A letter from the Independent Board Committee is set out on pages 15 to 16 of this circular. A letter from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 17 to 28 of this circular.

A notice convening the extraordinary general meeting of Hanison Construction Holdings Limited to be held at Yat Heen-Room I-V, Level 2, Alva Hotel By Royal, 1 Yuen Hong Street, Shatin, Hong Kong on Tuesday, 20 August 2024 at 2:30 p.m. (or immediately after the conclusion of the annual general meeting to be convened and held on the same date at the same place) is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you intend to attend the extraordinary general meeting, you are advised to read the notice and complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjourned meeting thereof should you so wish and, in such event, the form of proxy shall be deemed to be revoked.

No refreshment will be served at the Hanison EGM.

25 July 2024

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Letter from the Independent Board Committee	15
Letter from Gram Capital	17
Appendix I – General information	I-1
Notice of Hanison EGM	EGM-1

DEFINITIONS

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

“Announcement”	the joint announcement made by Hanison and MH on 19 July 2024 in relation to, among other things, the Framework Agreement and the transactions contemplated thereunder
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CCM Trust”	CCM Trust (Cayman) Limited, a company incorporated in the Cayman Islands with limited liability and the corporate trustee of certain but not identical discretionary trusts of which members of the Cha Family (comprising, inter alios, Mr. Cha Mou Daid, Johnson, the non-executive Chairman of Hanison and a non-executive director of MH) are among the discretionary objects. As at the Latest Practicable Date, CCM Trust is interested in approximately 45.4% and 47.4% shareholding interest (direct and indirect) in Hanison and MH respectively
“Company” or “Hanison”	Hanison Construction Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 896)
“connected person” and “connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Construction Project(s)”	the construction project(s), including the construction of residential, commercial, public housing and industrial buildings for which a member of the Hanison Group may from time to time be appointed as the main contractor
“Director(s)”	the director(s) of the Company
“Framework Agreement”	the framework agreement dated 19 July 2024 entered into between the Company and MH

DEFINITIONS

“Hanison EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Framework Agreement and the transactions contemplated thereunder
“Hanison Group”	the Company and its subsidiaries
“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
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Chan Pak Joe, Dr. Lau Tze Yiu, Peter and Dr. Chan Fan Cheong, Tony, being all the independent non-executive Directors, established to give recommendations to the Independent Shareholders in respect of the Framework Agreement (including the Annual Caps) and the transactions contemplated thereunder
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, which has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement and the transactions contemplated thereunder
“Independent Review Committee”	an ad hoc committee established by the Board to preview and approve any subsidiary agreement proposed to be entered into by the Company under the Framework Agreement, which committee shall comprise exclusively executive Directors and/or senior management of the Company who are in all respects independent of and have no responsibilities for or roles with MH or CCM Trust or any of their respective affiliates (excluding for these purposes the Hanison Group)
“Independent Shareholders”	Shareholders (other than CCM Trust, its associates and Mr. Cha Mou Daid, Johnson) who are not required to abstain from voting at the Hanison EGM under the Listing Rules

DEFINITIONS

“Independent Third Party(ies)”	individual(s) or entity(ies) who or which is/are not a connected person(s) within the meaning of the Listing Rules
“Latest Practicable Date”	19 July 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MH”	Million Hope Industries Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1897)
“MH EGM”	an extraordinary general meeting of MH to be convened to consider and approve the Framework Agreement and the transactions contemplated thereunder
“MH Group”	MH and its subsidiaries
“Services”	the design, supply and installation of façade and curtain walls, aluminium windows and doors works
“SFO”	the 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
“Shareholders”	holders of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Transaction(s)”	the transaction(s) between members of the Hanison Group on the one hand and members of the MH Group on the other hand in relation to the subsidiary agreements contemplated under the Framework Agreement
“%”	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. Chan Fan Cheong, Tony#

* *Non-executive Director*

Independent Non-executive Director

Registered Office:

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

Principal Place of Business:

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

25 July 2024

To the Shareholders

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTION
– FRAMEWORK AGREEMENT
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

(I) INTRODUCTION

Reference is made to the Announcement dated 19 July 2024. The Hanison Group is engaged in, among other things, construction and property development, and its property projects include residential, commercial, public housing and industrial development projects. The MH Group is principally engaged in the design, supply and installation of façade and curtain walls, aluminium windows and doors, and may from time to time submit tenders to provide the Services for the Construction Projects of the Hanison Group. The Hanison Group anticipates the prospect of engaging MH to provide the Services for its Construction Projects.

LETTER FROM THE BOARD

On 19 July 2024, the Company and MH have entered into the Framework Agreement to provide a framework for the regulation of the provision of the Services by the MH Group to the Hanison Group.

The purpose of this circular is to provide you with, among other things, (i) information in relation to the Framework Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Framework Agreement and the transactions contemplated thereunder; (iii) the recommendation of Gram Capital regarding the Framework Agreement and the transactions contemplated thereunder; and (iv) the notice of the Hanison EGM.

(II) FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are set out below:

Date

19 July 2024

Parties

- (1) Hanison
- (2) MH

Term

Subject to the approval of the independent shareholders of Hanison and MH at the Hanison EGM and the MH EGM respectively, the Framework Agreement will be effective from 1 April 2024 up to and including 31 March 2027, unless terminated earlier in accordance with the provisions of the Framework Agreement. Upon expiry of the Framework Agreement, the parties may renew the Framework Agreement subject to compliance with the Listing Rules.

LETTER FROM THE BOARD

Subject matter

The developer or the main contractor of a building construction project will typically invite tenders from sub-contractors in respect of the various aspects of the building construction works. Generally, the MH Group may be selected as a nominated sub-contractor by a developer, or as a domestic sub-contractor that is chosen by the main contractor, to perform certain works in a building construction contract. Under the Framework Agreement, the relevant member(s) of the MH Group may from time to time submit quotations or tenders to provide the Services for the Construction Projects. If the MH Group is selected to provide Services on a Construction Project, the relevant member of the Hanison Group (as the main contractor in respect of the Construction Project) shall engage the relevant member(s) of the MH Group to provide the Services which form the subject of the Transactions.

Relevant members of the Hanison Group and the MH Group will enter into subsidiary agreements covering the Transactions envisaged under the Framework Agreement. Each subsidiary agreement will set out the particulars and the terms upon which particular Services shall be rendered by the relevant member of the MH Group to the relevant member of the Hanison Group. The terms of each subsidiary agreement shall comply with the terms (including payment terms) of the Framework Agreement and the relevant requirements under the Listing Rules.

Payment terms

The Framework Agreement provides that payments of contract sums must be settled in accordance with the terms of the relevant subsidiary agreements. The MH Group will be engaged to provide the Services on a project-by-project basis, and the terms of a subsidiary agreement in respect of a Transaction under the Framework Agreement will vary depending on the project. In general, the subsidiary agreement would set out a lump sum fixed price for the Services for each project and will provide a mechanism for staged payments. Typically, progress payment applications would be submitted by the MH Group on a monthly basis for the work done during that month. The appointed architects of the project or the main contractor (i.e. the relevant member of the Hanison Group in respect of a Transaction) will examine the work done and issue a payment certificate to the MH Group. The MH Group will then issue an invoice according to the payment certificate, and it generally takes 30 to 44 days after the issue of the payment certificate for the MH Group to receive payment. Payments are effected by cheque, autopay or bank transfer, generally to mirror the mechanics under the main contract for the project. The final account in respect of each project will also be issued to the MH Group after the defects liability period (a period during which the MH Group will be responsible, at its own costs, for remedial works which may arise in respect of any defective works or sub-standard materials used), and the outstanding balance presented in the agreed final account represents full and final settlement to the MH Group regarding the project.

LETTER FROM THE BOARD

Pricing basis

The Transactions in respect of each Construction Project shall be entered into by the Hanison Group and the MH Group on normal commercial terms or terms no less favourable to the Hanison Group than those offered by the MH Group to Independent Third Parties, and those offered to the Hanison Group by Independent Third Party service providers, and the contract sum shall be determined on a project-by-project basis by reference to, among other things, (i) the nature or type of design and the technical requirements of the project; (ii) the costs budget; (iii) the target completion date of the project; (iv) the MH Group's projects on hand and the availability of the MH Group's resources; and (v) the scale of the project.

The tender procedures for sub-contracting works in respect a Construction Project generally involve the following stages: (i) the invitation to tender from the Hanison Group; (ii) submission of tenders by sub-contractors to the Hanison Group; and (iii) assessment of the tenders by the Hanison Group. The Hanison Group maintains a list of approved sub-contractors, and will typically obtain at least three tenders for a sub-contract. The project manager would work with assigned staff to carry out a full analysis of the tenders in respect of the proposed contract sum, contractual terms and technical viability.

Sub-contractors, where considered appropriate, may be invited to attend a tender interview, where the parties may have further discussions to clarify the scope of work, technical queries, construction programme and cost, among other things. The tenders will be assessed based on, among other factors, the tender amount offered by the bidders, the past performance, relevant experience and technical competencies of the bidders, prior business relationships (if any), and quality of service of the bidders. After tender assessment, the preferred tenderer will be proposed for the approval of the senior management of the Hanison Group. If approval is obtained, the relevant member of the Hanison Group will enter into a binding agreement with the successful bidder in respect of the Services. The quantity surveying department of the Hanison Group, which is headed by Mr. Ho Chi Tong, a director of the Construction Division, Building Materials Division and Interior and Renovation Division of the Hanison Group, is responsible for the aforesaid tender assessment. Mr. Ho has extensive experience in quantity surveying consultancy and construction contracting. He holds a professional diploma in quantity surveying from The Hong Kong Polytechnic University. He is a Registered Professional Surveyor (QS) under the Surveyor Registration Board (RPS) and a member of The Royal Institution of Chartered Surveyors (MRICS) and Hong Kong Institute of Surveyors (MHKIS).

LETTER FROM THE BOARD

If the price and terms offered by the MH Group are equal or better than those offered by other Independent Third Party service providers, the Hanison Group may award the contract to the MH Group. As a tender is assessed on a combination of factors, a contract may be awarded to a sub-contractor in circumstances even where it has not offered the lowest price but there are other qualitative factors, such as perceived quality of service, ability to meet a timetable or overall payment terms, which Hanison deems to be more relevant or determinative in all of the circumstances than pricing alone. Where the MH Group is proposed as a nominated sub-contractor (i.e. it is directly selected by a developer), the price and the terms of the contract would generally be negotiated and agreed with the developer separately, and the relevant contract would then be entered into between the relevant member of the MH Group and the main contractor for the project (i.e. the relevant member of the Hanison Group in the case of a Construction Project).

Annual Caps

The total value of the Transactions to be entered into between the Hanison Group and the MH Group (in terms of payments made in the case of the Hanison Group and in terms of revenue recognised in the case of the MH Group) for each of the three years ending 31 March 2027 (“**Annual Caps**”) shall not exceed the following:

1 April 2024 – 31 March 2025	HK\$80,000,000
1 April 2025 – 31 March 2026	HK\$80,000,000
1 April 2026 – 31 March 2027	HK\$80,000,000

The Annual Caps were determined with reference to, among other things, the following factors:

- (a) for reference purposes, the total number of contracts put out for tender for the Services by the Hanison Group in 2021, 2022 and 2023 was 7, 11 and 4, respectively, with an average contract sum of approximately HK\$68.3 million, HK\$53.0 million and HK\$89.5 million, respectively. Assuming the MH Group would enter into two contracts with the Hanison Group, each of which lasts for two years with an estimated average contract sum of HK\$80 million (which is within the range of the average contract sum mentioned above), during the year ending 31 March 2025, the total value of the Transactions in the relevant years will be approximately HK\$80 million and the Annual Caps have been set accordingly;

LETTER FROM THE BOARD

- (b) the anticipated development plans of the Hanison Group for the three years ending 31 March 2027 and the existing and potential pipeline of Construction Projects of the Hanison Group;
- (c) the anticipated average construction costs per square metre and the expected progress of the construction works; and
- (d) the likelihood of member(s) of the MH Group to participate in the tender for a Construction Project,

and on the principal assumptions that, for the duration of the term of the Framework Agreement, there will not be any adverse change or disruption in market conditions, operation and business environment that may materially affect the businesses of the Hanison Group and/or the MH Group.

Shareholders should note that the Annual Caps should not be construed as any estimate or projections of the amount of construction contracts for the existing or potential Construction Projects or Transactions involving the Hanison Group and/or the MH Group, and should not be taken to have any direct bearing on the Hanison Group's financial or potential financial performance.

During the period from 1 April 2024 up to the Latest Practicable Date, the MH Group did not provide any Services to the Hanison Group. For the three years ended 31 March 2022, 2023 and 2024, the MH Group recorded expenses to the Hanison Group in the amount of approximately HK\$1,336,000, HK\$813,000 and nil, respectively, which were incurred by the MH Group for engaging the Hanison Group to provide services to the MH Group. As the percentage ratios in respect of these transactions were less than 5% and the transaction amounts were less than HK\$3,000,000, these transactions were fully exempt for the purpose of Chapter 14A of the Listing Rules. The Hanison Group did not record any expenses to the MH Group for any Services during the same period.

LETTER FROM THE BOARD

(III) REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT

The MH Group has been engaged in the business of design, supply and installation of façade and curtain walls, aluminium windows and doors works in Hong Kong for many years. Prior to the spin-off of MH from Hanison in 2019, the MH Group was part of the Hanison Group and from time to time provided the Services to the Hanison Group for its Construction Projects. At the time of the spin-off of MH in 2019, market conditions were favourable with the Hong Kong Government and property developers actively building residential properties to meet the strong market demand, and the MH Group was able to secure sufficient new contracts with Independent Third Parties of MH to support its business. However, since then, the COVID-19 pandemic had adversely affected the local and global economy, and the construction industry also faced increasing competition and rising labour and material costs. With the end of the COVID-19 pandemic in 2023, although Hong Kong's economy showed signs of recovery, the external environment remained challenging, particularly with interest rate hikes in 2022 and 2023 which had also affected demand for private housing. During 2023, the number of property transactions and the sales volume recorded drops as compared to 2022. While the Hong Kong Government took measures to boost housing demand and bring support to the property market, such as lowering stamp duty and adjusting the maximum loan-to-value ratio for residential properties, which is expected to boost the property market and create opportunities for the MH Group, competition remains fierce within the industry. As such, the MH Group considered that it would be in the interest of the MH Group to tender for suitable Construction Projects to provide an additional potential source of revenue to the MH Group. The Framework Agreement provides a single basis on which the MH Group would comply with the relevant announcement and independent shareholders' approval requirements under the Listing Rules and thereby reduce the administrative burden and costs on MH to comply with such requirements in relation to the execution or entering into of agreements in respect of the provision of the Services to the Hanison Group on each separate occasion.

The Hanison Group has been satisfied with the quality and competence of the MH Group to provide the Services, and noted that the MH Group has maintained a good reputation within the industry since its spin-off from Hanison in 2019. Going forward, the Hanison Group anticipates the prospects of engaging the MH Group to provide the Services for its Construction Projects.

The transactions contemplated under the Framework Agreement are expected to be of a recurrent nature and occur in the ordinary usual course of business of the Hanison Group and the MH Group. The Framework Agreement will provide the basic framework for future transactions of a revenue nature for each of the Hanison Group and the MH Group and streamline the continuing connected transactions between members of the Hanison Group and members of the MH Group.

LETTER FROM THE BOARD

The Directors of Hanison (including the independent non-executive Directors of Hanison whose views have been given after taking into account the advice from Gram Capital) are of the opinion that the Framework Agreement reflects terms that are fair and reasonable so far as its Shareholders are concerned and is in the interests of Hanison and its Shareholders as a whole.

(IV) INTERNAL CONTROL PROCEDURES

The Company has established the following internal control measures in order to ensure that the Framework Agreement and the transactions contemplated thereunder adhere to normal commercial terms or better (as defined in the Listing Rules) and the amounts of the Transactions do not exceed the Annual Caps:

- (i) prior to entering into any subsidiary agreement under the scope of the Framework Agreement, the Independent Review Committee must pre-vet and approve the terms of the subsidiary agreement to ensure that it is consistent with the principles and provisions of the Framework Agreement. Please also refer to paragraph headed “(II) Framework Agreement – Pricing basis” above for further details of Hanison’s tender assessment process;
- (ii) the Independent Review Committee will regularly review whether the Transactions have been conducted in accordance with the terms of the respective agreements and the Framework Agreement, and monitor the amounts under the Transactions to ensure that the applicable Annual Caps are not exceeded; and
- (iii) the Company will comply with the requirements under the Listing Rules for the annual review by the independent auditor and the independent non-executive Directors in respect of the Transactions.

(V) INFORMATION OF THE PARTIES

Hanison 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 Hanison 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.

MH is an investment holding company incorporated in the Cayman Islands, the securities of which are listed on the Stock Exchange. The MH Group is principally engaged in the design, supply and installation of façade and curtain walls, aluminium windows and doors.

LETTER FROM THE BOARD

(VI) LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, CCM Trust is interested in:

- (i) an aggregate of 487,702,041 Shares of Hanison (representing approximately 45.4% of the issued shares of Hanison), comprising 383,458,740 Shares held directly by CCM Trust and 104,243,301 Shares held indirectly through a wholly-owned subsidiary of Mingly Corporation. CCM Trust is interested in 87.5% equity interest in Mingly Corporation; and
- (ii) an aggregate of 195,104,050 shares of MH (representing approximately 47.4% of the issued shares of MH), comprising 153,383,496 shares directly held by CCM Trust and 41,720,554 shares held indirectly through a wholly-owned subsidiary of Mingly Corporation.

As such, CCM Trust is a substantial shareholder of Hanison and MH under the Listing Rules. For the purpose of Chapter 14A of the Listing Rules, (i) as Hanison is an over 30%-controlled company held (directly and indirectly) by CCM Trust, Hanison is an associate of CCM Trust and accordingly is a connected person of MH; and (ii) as MH is an over 30%-controlled company held (directly and indirectly) by CCM Trust, MH is an associate of CCM Trust and accordingly is a connected person of Hanison. Therefore, the Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of each of Hanison and MH under Chapter 14A of the Listing Rules.

As Mr. Cha Mou Daid, Johnson, Mr. Wong Sue Toa, Stewart, and Mr. Tai Sai Ho, are directors of both Hanison and MH, in order to avoid a conflict of interest, they have abstained from voting on the relevant board resolutions of Hanison and MH in respect of the Framework Agreement. Mr. Wong Sue Toa, Stewart and Mr. Tai Sai Ho did not participate in the negotiation of the terms of the Framework Agreement.

As the highest of the applicable percentage ratios of the Annual Caps for the Company in respect of the Framework Agreement is more than 5% and the aggregate amount exceeds HK\$10,000,000, the Framework Agreement and the transactions contemplated thereunder are subject to reporting, announcement, annual review and shareholders' approval requirements under the Chapter 14A of the Listing Rules for the Company.

The Hanison EGM will be convened by the Company for the purpose of, among other things, seeking the approval from the Independent Shareholders regarding the Framework Agreement by way of poll. CCM Trust, its associates and Mr. Cha Mou Daid, Johnson will be required to abstain from voting on the Shareholders' resolution of Hanison in respect of the Framework Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

(VII) INDEPENDENT BOARD COMMITTEE

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms of the Framework Agreement (including the Annual Caps) and the transactions contemplated thereunder. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

Your attention is drawn to the letters from the Independent Board Committee and Gram Capital set out in this circular. As set out in the letter from the Independent Board Committee, members of the Independent Board Committee are of the view that the Framework Agreement (including the Annual Caps) and the transactions contemplated thereunder is in the ordinary and usual course of business of the Hanison Group, on normal commercial terms and in the interests of the Company and the Shareholders as a whole and the terms of the Framework Agreement (including the Annual Caps) and the transactions contemplated thereunder are fair and reasonable as far as the Independent Shareholders are concerned.

(VIII) HANISON EGM

You will find on pages EGM-1 to EGM-2 of this circular a notice of the Hanison EGM to be held at Yat Heen-Room I-V, Level 2, Alva Hotel By Royal, 1 Yuen Hong Street, Shatin, Hong Kong on Tuesday, 20 August 2024 at 2:30 p.m. (or immediately after the conclusion of the annual general meeting to be convened and held on the same date at the same place) for the purpose of considering and, if thought fit, approving the Framework Agreement and the transactions contemplated thereunder.

In accordance with the Listing Rules, Shareholders and connected persons of the Company who have material interests in the Framework Agreement and the transactions contemplated thereunder are required to abstain from voting in respect of the resolution approving the Framework Agreement and the transactions contemplated thereunder. Accordingly, CCM Trust and its associates, which are interested in a total of 487,702,041 Shares (representing approximately 45.4% of the issued shares of the Company) as at the Latest Practicable Date, will abstain from voting on the aforesaid resolution at the Hanison EGM. Mr. Cha Mou Daid, Johnson, by virtue of his interest in Hanison held in his personal capacity and as a discretionary beneficiary of CCM Trust, will also abstain from voting on the aforesaid resolution at the Hanison EGM. Save as disclosed in the foregoing, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, no other Shareholders or their associates have a material interest in the Framework Agreement and the transactions contemplated thereunder and would be required to abstain from voting on the relevant resolution to be proposed at the Hanison EGM.

LETTER FROM THE BOARD

Pursuant to Rule 13.39(4) of the Listing Rules, the resolution relating to the Framework Agreement and the transactions contemplated thereunder must be taken by poll at the Hanison EGM. The register of members of the Company will be closed from 15 August 2024 to 20 August 2024 (both days inclusive) for the purpose of determining the identity of Shareholders who are entitled to attend and vote at the Hanison EGM. In order to qualify for the entitlement to vote at the Hanison EGM, all transfer of Shares, accompanied by the relevant share certificates and transfer forms must be lodged with the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 14 August 2024.

A form of proxy for the Hanison EGM is enclosed. Whether or not you intend to be present at the meeting, you are advised to complete this form of proxy in accordance with the instructions printed thereon and deposit the same at the share registrar of the Company in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the Hanison EGM or any adjourned meeting (as the case may be). The completion and return of the form of proxy will not preclude you from attending and voting in person should you so wish and, in such event, the form of proxy shall be deemed to be revoked.

(IX) RECOMMENDATION

The Directors (including the independent non-executive Directors having taken into account the advice of Gram Capital) consider that the terms of the Framework Agreement (including the Annual Caps) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the Hanison EGM.

Your attention is drawn to the recommendation of the Independent Board Committee as set out on pages 15 to 16 to this circular and the letter from Gram Capital as set out on pages 17 to 28.

(X) ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
Hanison Construction Holdings Limited
Wong Sue Toa, Stewart
Managing Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the letter of recommendation to the Independent Shareholders from the Independent Board Committee in respect of the Transactions, which has been prepared for the purpose of incorporation in this circular.



(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 896)

25 July 2024

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION – FRAMEWORK AGREEMENT

We refer to the circular of Hanison dated 25 July 2024 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether (i) the terms of the Framework Agreement (including the Annual Caps) and the transactions contemplated thereunder are fair and reasonable so far as Hanison and the Independent Shareholders are concerned; and (ii) the Framework Agreement (including the Annual Caps) transactions contemplated thereunder are in the interests of Hanison and the Shareholders as a whole.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

Your attention is drawn to the “Letter from the Board” and the “Letter from Gram Capital” in the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Framework Agreement (including the Annual Caps) and the advice from Gram Capital (together with the principal factors and reasons considered in arriving such advice), we are of the opinion that (i) the terms of the Framework Agreement (including the Annual Caps) and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as Hanison and the Independent Shareholders are concerned, and are in the ordinary and usual course of business of the Hanison Group; and (ii) the Framework Agreement (including the Annual Caps) and the transactions contemplated thereunder are in the interests of Hanison and the Shareholders as a whole.

Accordingly, we recommend you to vote in favour of the relevant resolution to be proposed at the Hanison EGM to approve the Framework Agreement (including the Annual Caps) and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
the Independent Board Committee

Chan Pak Joe
*Independent Non-executive
Director*

Lau Tze Yiu, Peter
*Independent Non-executive
Director*

Chan Fan Cheong, Tony
*Independent Non-executive
Director*

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

25 July 2024

*To: The Independent Board Committee and the Independent Shareholders
of Hanison Construction Holdings Limited*

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 25 July 2024 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 19 July 2024, the Company and MH entered into the Framework Agreement to provide a framework for regulation of provision of the Services by MH Group to Hanison Group.

With reference to the Board Letter, the Transactions constitute continuing connected transactions of the Company and are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Chan Pak Joe, Dr. Lau Tze Yiu, Peter and Dr. Chan Fan Cheong, Tony (being all independent non-executive Directors) has been formed to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are conducted in the ordinary and usual course of business of Hanison Group and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Transactions at the Hanison EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

LETTER FROM GRAM CAPITAL

INDEPENDENCE

We were not aware of any relationships or interests between Gram Capital and the Company during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

Having considered the above and that none of the circumstances as set out under Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date, we are of the view that we are independent to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transactions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The 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 enquires, 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 therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

LETTER FROM GRAM CAPITAL

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, MH or their respective subsidiaries or associates, nor have we considered the taxation implication on Hanison Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

Information on the Company

With reference to the Board Letter, 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 Hanison 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 GRAM CAPITAL

Set out below is a summary of Hanison Group’s audited financial information for the two years ended 31 March 2024, as extracted from the Company’s annual results announcement for the year ended 31 March 2024 (the “**2023/24 AR Announcement**”):

	For the year ended 31 March 2024 (“FY2023/24”) HK\$’000	For the year ended 31 March 2023 (“FY2022/23”) HK\$’000	Year-on-year change %
Revenue	1,612,660	1,232,803	30.81
– from construction contract work	1,122,883	904,847	24.10
– from interior and renovation contracts	259,022	190,219	36.17
– from installation of building materials	140,772	56,967	147.11
– from property management services	5,620	11,159	(49.64)
– from sales of health products	11,252	11,220	0.29
– from property agency service	1,844	3,305	(44.21)
– fixed-lease income from property investment	71,267	55,086	29.37
Gross profit	119,855	114,826	4.38
Loss for the year	(216,014)	(38,432)	462.07

As illustrated in the table above, Hanison Group’s revenue increased from approximately HK\$1,232.8 million for FY2022/23 to approximately HK\$1,612.7 million for FY2023/24, representing an increase of approximately 30.81%, primarily attributed by the increase in Hanison Group’s revenue from construction contract work (the “**Construction Division**”). Hanison Group’s gross profit also increased from approximately HK\$114.8 million for FY2022/23 to approximately HK\$119.9 million for FY2023/24, representing an increase of approximately 4.38%.

Notwithstanding the aforesaid increases in Hanison Group’s revenue and gross profit, Hanison Group’s loss for FY2023/24 increased by approximately 462.07% as compared to that for FY2022/23. With reference to the 2023/24 AR Announcement and as confirmed by the Directors, such increase in loss was mainly due to (a) decrease in gain on disposal of assets classified as held for sale and liabilities associated with assets classified as held for sale and gain on disposal of property, plant and equipment from FY2022/23 to FY2023/24; and (b) increase in net impairment losses under expected credit loss model, loss on change in fair value of investment properties and finance costs from FY2022/23 to FY2023/24, as partially offset by decrease in share of loss of joint ventures from FY2022/23 to FY2023/24.

With reference to the 2023/24 AR Announcement, the Construction Division’s total amount of contracts on hand as at 31 March 2024 was approximately HK\$4,400.7 million, representing an increase of approximately 104.90% as compared to that as at 31 March 2023.

LETTER FROM GRAM CAPITAL

With reference to the 2023/24 AR Announcement, given the government's support and the gradual recovery of the Hong Kong market in the longer term, Hanison Group remains optimistic about the outlook for the coming years. Hanison Group will maintain a cautious approach to property development and investment, with a focus on securing more public sector construction projects.

Information on MH

With reference to the Board Letter, MH is an investment holding company incorporated in the Cayman Islands, the securities of which are listed on the Stock Exchange. MH Group is principally engaged in the design, supply and installation of facade and curtain walls, aluminium windows and doors.

As at the Latest Practicable Date, CCM Trust (a substantial shareholder of the Company) was interested in approximately 47.4% of the issued shares of MH. MH is a connected person of the Company.

Reasons for and benefits of the Transactions

With reference to the Board Letter, MH Group has been engaged in the business of design, supply and installation of façade and curtain walls, aluminum windows and doors works in Hong Kong for many years. Prior to the spin-off of MH from the Company in 2019, MH Group was part of Hanison Group and from time to time provided the Services to Hanison Group for its Construction Projects; and Hanison Group has been satisfied with quality and competence of MH Group to provide the Services. MH Group has also maintained a good reputation within the industry since its spin-off from Hanison Group in 2019.

As advised by the Directors, the Services to be provided by MH Group shall account for Hanison Group's costs of sales of Construction Division, which are in Hanison Group's ordinary and usual course of business and the Transactions shall be entered into on a frequent basis. The Directors consider that it would be less burdensome for the Company to enter into the Framework Agreement than to make separate disclosure of each relevant transaction and to obtain separate approval from the Independent Shareholders as required by the Listing Rules (if necessary).

We noted from the Framework Agreement that the scope of the Services is related to Hanison Group's principal business (in particular, the Construction Division), and terms offered by MH Group shall be no less favourable to Hanison Group than those offered by MH Group to independent third parties.

Having considered the above, we are of the view that the Transactions are conducted in the ordinary and usual course of business of Hanison Group and are in the interests of the Company and its Shareholders as a whole.

LETTER FROM GRAM CAPITAL

Principal terms of the Transactions

Set out below are the principal terms of the Transactions, details of which are set out under the section headed “(II) FRAMEWORK AGREEMENT” of the Board Letter.

Date

19 July 2024

Parties

- (1) Hanison
- (2) MH

Term

Subject to the approval of the independent shareholders of Hanison and MH at the Hanison EGM and the MH EGM respectively, the Framework Agreement will be effective from 1 April 2024 up to and including 31 March 2027, unless terminated earlier in accordance with the provisions of the Framework Agreement. Upon expiry of the Framework Agreement, the parties may renew the Framework Agreement subject to compliance with the Listing Rules.

Subject matter

Developer or main contractor of a building construction project will typically invite tenders from subcontractors in respect of the various aspects of the building construction works. Generally, MH Group may be selected as a nominated sub-contractor by a developer, or as a domestic subcontractor that is chosen by the main contractor, to perform certain works in a building construction contract. Under the Framework Agreement, relevant member(s) of MH Group may from time to time submit quotations or tenders to provide the Services for the Construction Projects. If MH Group is selected to provide Services on a Construction Project, relevant member of Hanison Group (as the main contractor in respect of the Construction Project) shall engage relevant member(s) of MH Group to provide the Services which form the subject of the Transactions.

Relevant members of Hanison Group and MH Group will enter into subsidiary agreements covering the Transactions envisaged under the Framework Agreement. Each subsidiary agreement will set out the particulars and the terms upon which particular Services shall be rendered by relevant member of MH Group to relevant member of Hanison Group. The terms of each subsidiary agreement shall comply with the terms of the Framework Agreement and the relevant requirements under the Listing Rules. Payment of the contract sum is by stages and will be settled in accordance with the terms of the subsidiary agreement.

LETTER FROM GRAM CAPITAL

Payment terms

The Framework Agreement provides that payments of contract sums must be settled in accordance with the terms of the relevant subsidiary agreements. MH Group will be engaged to provide the Services on a project-by-project basis, and the terms of a subsidiary agreement in respect of a transaction under the Framework Agreement will vary depending on the project. In general, the subsidiary agreement would set out a lump sum fixed price for the Services for each project and will provide a mechanism for staged payments. Typically, progress payment applications would be submitted by MH Group on a monthly basis for the work done during that month. The appointed architects of the project or the main contractor (i.e. the relevant member of Hanison Group in respect of a Transaction) will examine the work done and issue a payment certificate to MH Group. MH Group will then issue an invoice according to the payment certificate, and it generally takes 30 to 44 days after the issue of the payment certificate for MH Group to receive payment. Payments are effected by cheque, autopay or bank transfer, generally to mirror the mechanics under the main contract for the project. The final account in respect of each project will also be issued to MH Group after the defects liability period (a period during which MH Group will be responsible, at its own costs, for remedial works which may arise in respect of any defective works or sub-standard materials used), and the outstanding balance presented in the agreed final account represents full and final settlement to MH Group regarding the project.

Pricing basis and internal control procedures

The Transactions in respect of each Construction Project shall be entered into by Hanison Group and MH Group on normal commercial terms or terms no less favourable to Hanison Group than those offered by MH Group to Independent Third Parties, and those offered to Hanison Group by Independent Third Party service providers, and the contract sum shall be determined on a project-by-project basis by reference to, among other things, (i) the nature or type of design and the technical requirements of the project; (ii) the costs budget; (iii) the target completion date of the project; (iv) MH Group's projects on hand and the availability of MH Group's resources; and (v) the scale of the project.

The tender procedures for sub-contracting works in respect a Construction Project generally involve the following stages: (i) the invitation to tender from Hanison Group; (ii) submission of tenders by sub-contractors to Hanison Group; and (iii) assessment of the tenders by Hanison Group. Hanison Group maintains a list of approved sub-contractors, and will typically obtain at least three tenders for a sub-contract. The project manager would work with assigned staff to carry out a full analysis of the tenders in respect of the proposed contract sum, contractual terms and technical viability. Sub-contractors, where considered appropriate, may be invited to attend a tender interview, where the parties may have further discussions to clarify the scope of work, technical queries, construction programme and cost, among other things. The tenders will be assessed based on, among other factors, the tender amount offered by the bidders, the past performance, relevant experience and technical competencies of the bidders, prior business

LETTER FROM GRAM CAPITAL

relationships (if any), and quality of service of the bidders. After tender assessment, the preferred tenderer will be proposed for the approval of the senior management of Hanison Group. If approval is obtained, relevant member of Hanison Group will enter into a binding agreement with the successful bidder in respect of the Services.

If the price and terms offered by MH Group are equal or better than those offered by other Independent Third Party service providers, Hanison Group may award the contract to MH Group. As a tender is assessed on a combination of factors, a contract may be awarded to a sub-contractor in circumstances even where it has not offered the lowest price but there are other qualitative factors, such as perceived quality of service, ability to meet a timetable or overall payment terms, which Hanison deems to be more relevant or determinative in all of the circumstances than pricing alone. Where MH Group is proposed as a nominated sub-contractor (i.e. it is directly selected by a developer), the price and the terms of the contract would generally be negotiated and agreed with the developer separately, and the relevant contract would then be entered into between the relevant member of MH Group and the main contractor for the project (i.e. the relevant member of Hanison Group in the case of a Construction Project).

With reference to the Board Letter, the Company established certain internal control measures in order to ensure that the Transactions adhere to normal commercial terms or better, including (1) prior to entering into any subsidiary agreement under the scope of the Framework Agreement, the Independent Review Committee (which shall comprise exclusively executive directors and/or senior management of the Company who are in all respects independent of and have no responsibilities for or roles with MH or CCM Trust or any of their respective affiliates (excluding Hanison Group) must pre-vet and approve the terms of the subsidiary agreement to ensure that it is consistent with the principles and provisions of the Framework Agreement; and (2) the Independent Review Committee will regularly review whether the Transactions have been conducted in accordance with the terms of the respective subsidiary agreement and the Framework Agreement. Details of the internal control measures (the “**IC Measures**”) are set out under the section headed “(IV) INTERNAL CONTROL PROCEDURES” of the Board Letter.

For our due diligence purpose, we obtained and reviewed the latest version of the construction policy and procedure of Hanison Group (the “**Construction Policy**”). We understood from the Directors that the Construction Policy is applied to the Construction Division for all matters relevant to Construction Division’s operation (including, the selection of sub-contractors irrespective of their relationship with Hanison Group) to ensure appropriate internal controls are in place. We noted from the Construction Policy that:

- the Construction Policy is reviewed annually and the latest version was approved by Mr. Wong Sue Toa Stewart (Executive Director and Managing Director of the Company) on 31 March 2024.

LETTER FROM GRAM CAPITAL

- the Construction Policy governs, among other things, project planning and approval process, formation of project team, selection of suppliers and sub-contractors, procurement procedures, quality control and internal reporting.
- the Construction Division would maintain a list of approved sub-contractors and would invite at least 3 tenderers to tender for a sub-contract. The project manager of the relevant project team shall instruct and co-ordinate with assigned staff to carry out full analysis of the tenders submitted by the tenderers, in respect of proposed contract sum, contractual terms and technical viability. The sub-contractor shall be selected by the project team based on, among other things, the tender price, technical capability, relevant work credentials and prior work relationship with the Construction Division. After reviewing the tenders and interviewing the tenderers, the project manager shall co-ordinate with the assigned staff to propose a preferred tenderer for senior management's final decision of tender award.

To assess the effectiveness of the Construction Policy, we obtained from the Company a copy of commitment application form (for tender evaluation and approval) (the “**Form(s)**”) in relation to the tender selection for a sub-contract, for each of 2022, 2023 and 2024. We noted from the Forms that the tenders were submitted by three tenderers and the sub-contractors selected by the relevant project team were subject to approval by head of quantity surveying department and project director of relevant project, General Manager of the Company (i.e. Mr. Tai Sai Ho) and Managing Director of the Company (i.e. Mr. Wong Sue Toa, Stewart).

Having reviewed the Forms and the Construction Policy, we are of the view that (i) the sub-contractors underlying the Forms were selected in accordance with the Construction Policy; and (ii) the procedures on selection of sub-contractors as set out in the Construction Policy are principally in line with that under the Transactions. Given that the IC Measures also incorporated additional review and approval procedures by the Independent Review Committee, we consider the effective implementation of the IC Measures would help to ensure that the Transactions shall be entered into according to the pricing basis.

Annual Caps

Set out below are the Annual Caps for the three years ending 31 March 2027:

	For the year ending 31 March 2025 ("FY2024/25") HK\$	For the year ending 31 March 2026 ("FY2025/26") HK\$	For the year ending 31 March 2027 ("FY2026/27") HK\$
Proposed annual caps	80,000,000	80,000,000	80,000,000

LETTER FROM GRAM CAPITAL

With reference to the Board Letter, the Annual Caps were determined with reference to, among other things, (i) the total number of contracts put out for tender for the Services by Hanison Group in calendar years 2021, 2022 and 2023 (the “**Historical Tender Project(s)**”) and their average contract sum of approximately HK\$68.3 million, HK\$53.0 million and HK\$89.5 million, respectively; and (ii) the anticipated development plans of Hanison Group for the three years ending 31 March 2027 and the existing and potential pipeline of Construction Projects of Hanison Group. Details of the determination basis of the Annual Caps are set out in the sub-section headed “Annual Caps” under the section headed “(II) FRAMEWORK AGREEMENT” of the Board Letter.

As mentioned in the section headed “Reasons for and benefits of the Transactions” above, the Services to be provided by MH Group shall account for Hanison Group’s costs of sales of the Construction Division. We noted from the 2023/24 AR Announcement that the Construction Division’s total amount of contracts on hand as at 31 March 2024 was approximately HK\$4,400.7 million with 9 major Construction Projects undertaken, including construction works for residential and commercial development, public housing development and industrial redevelopment. As main contractor of the Construction Projects, Hanison Group is often required to invite tenders from sub-contractors for various aspects of building construction works, including the Services. Based on the aforesaid, we do not doubt Hanison Group’s demand for the Services for the three years ending 31 March 2027.

With reference to the Board Letter, the Annual Caps were formulated on the basis that MH Group would enter into two contracts with Hanison Group (the “**Expected Contract(s)**”) during FY2024/25, each of which would last for two years with an estimated average contract sum of HK\$80 million (the “**Estimated Average Contract Sum**”). For our due diligence purpose, we obtained the list of Historical Tender Projects and noticed their average contract sum for each of the three calendar year ended 31 December 2023 (i.e. approximately HK\$68.3 million, HK\$53.0 million and HK\$89.5 million for 2021, 2022 and 2023 respectively). The Estimated Average Contract Sum is within the aforesaid range.

Upon our enquiry, the Directors advised us that:

- (i) As the Expected Contracts would last for two years, the Estimated Average Contract Sum would be payable in two years (i.e. HK\$40 million for each year). Under this circumstance, Hanison Groups’ amount payable under the Transactions for each of FY2024/25 and FY2025/26 is expected to be HK\$80 million (as derived by HK\$40 million x 2).
- (ii) As the two Expected Contracts to be entered during FY2024/25 would last for two years, they are expected to be completed during FY2026/27. Thereafter, Hanison Group expects to enter into another two Expected Contracts during FY2026/27. Under this circumstance, Hanison Groups’ amount payable under the Transactions for FY2026/27 is expected to be HK\$80 million (as derived by HK\$40 million x 2).

LETTER FROM GRAM CAPITAL

Having considered the above and Hanison Group's pipeline of Construction Projects (the Construction Division's total amount of contracts on hand as at 31 March 2024 was approximately HK\$4,400.7 million), we are of the view that the aforesaid basis adopted in formulating the Annual Caps to be justifiable.

In light of the above, we consider the Annual Caps for the three years ending 31 March 2027 are fair and reasonable.

Shareholders should note that as the Annual Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 March 2027, and they do not represent forecasts of costs to be incurred from the Transactions. Consequently, we express no opinion as to how closely the actual costs to be incurred from the Transactions will correspond with the Annual Caps.

Having considered the principal terms of the Transactions above, we are of the view that the terms of the Transactions (including the Annual Caps) are on normal commercial terms and are fair and reasonable.

LISTING RULES IMPLICATION

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the value of the Transactions must be restricted by the Annual Caps; (ii) the terms of the Transactions (including the Annual Caps) must be reviewed by the independent non-executive Directors annually; and (iii) details of the independent non-executive Directors' annual review on the terms of the Transactions must be included in the Company's subsequent published annual reports. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Transactions (i) have not been approved by the Board; (ii) were not, in all material aspects, in accordance with the pricing policies of Hanison Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the proposed annual caps. In the event that the total amount of the Transactions is anticipated to exceed the proposed annual caps, or that there is any proposed material amendment to the terms of the Transactions, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for the continuing connected transactions pursuant to the Listing Rules by the Company, we are of the view that there are adequate measures in place to monitor the Transactions (together with the Annual Caps) and hence the interest of the Independent Shareholders would be safeguarded.

LETTER FROM GRAM CAPITAL

RECOMMENDATION

Having taken into account the above factors and reasons, we are of the opinion that (i) the terms of the Transactions are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are conducted in the ordinary and usual course of business of Hanison Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the Hanison EGM to approve the Transactions and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

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 enquires, 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

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 or any associated corporation (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 C3 to the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange were as follows:

(a) Long positions in the Shares

Name	Capacity	Number of Shares held	Total number of Shares held	Approximate percentage of issued Shares
Cha Mou Daid, Johnson	Beneficial owner	14,155,500	553,656,461	51.59%
	Beneficiary of discretionary trusts	539,500,961		
		(Note i)		
Wong Sue Toa, Stewart	Beneficial owner	48,704,157	58,460,619	5.44%
	Interest of controlled corporation	4,270,975		
	Interest of spouse	5,485,487		
		(Note iii)		

Name	Capacity	Number of Shares held	Total number of Shares held	Approximate percentage of issued Shares (Note v)
Tai Sai Ho	Beneficial owner	17,385,721	17,385,721	1.62%
Chow Ka Fung	Beneficial owner	2,394,000	2,394,000	0.22%
Lam Chat Yu	Beneficial owner	318,000		
	Interest held jointly with another person	2,140,000 (Note iv)	2,458,000	0.22%
Chan Pak Joe	Beneficial owner	2,830,100	2,830,100	0.26%
Lau Tze Yiu, Peter	Beneficial owner	5,110,950	5,110,950	0.47%

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% equity interest in Executive Plaza Limited, which holds 4,270,975 Shares.
- (iii) These Shares are held by Ms. Wong Lui Kwok Wai, the spouse 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. 1,073,074,676 Shares).

(b) Share options granted to the Directors pursuant to the share option scheme adopted by the Company on 21 September 2011 (the “2011 Share Option Scheme”)

Name	Date of grant	Exercise price per Share	Exercise period (Note i)	Number of share options outstanding as at the Latest Practicable Date	Approximate percentage of issued Shares (Note ii)
Cha Mou Daid, Johnson	18.10.2019	HK\$1.16	18.10.2019 to 17.10.2024	5,454,000	0.50%
Tai Sai Ho	18.10.2019	HK\$1.16	18.10.2019 to 17.10.2024	5,454,000	0.50%
Chow Ka Fung	18.10.2019	HK\$1.16	18.10.2019 to 17.10.2024	1,898,000	0.17%
Chan Pak Joe	18.10.2019	HK\$1.16	18.10.2019 to 17.10.2024	1,090,000	0.10%

Notes:

- (i) The share options vested immediately on the date of grant.
- (ii) The percentage is calculated based on the total number of issued Shares as at the Latest Practicable Date (i.e. 1,073,074,676 Shares).

The 2011 Share Option Scheme was adopted by the Company on 21 September 2011 and was terminated on 25 August 2020. Share options granted prior to the termination continue to be valid and exercisable in accordance with the terms of the 2011 Share Option Scheme. The Company adopted a new share option scheme (the “**Existing Scheme**”) on 25 August 2020, pursuant to which all executive or non-executive Directors and full-time employees of, and consultants employed on a contract basis by, any member of the Hanison Group are eligible to participate in the Existing Scheme. Up to the Latest Practicable Date, no options have been granted under the Existing Scheme since its adoption.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company and their respective associates held any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporation (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.

Substantial Shareholders' Interests

So far as is known to each Director or the chief executive of the Company, as at the Latest Practicable Date, the following persons, other than a Director or the chief executive of the Company, had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Hanison Group:

Long positions in the Shares

Name	Capacity	Number of Shares held	Approximate
			percentage of issued Shares (Note vi)
CCM Trust	Trustee Interest of controlled corporations	487,702,041 (Note i)	45.44%
Mingly Corporation ("Mingly")	Interest of controlled corporation	104,243,301 (Note ii)	9.71%
Mingly Asia Capital Limited ("Mingly Asia")	Beneficial owner	104,243,301	9.71%
LBJ Regents (PTC) Limited ("LBJ") (formerly known as LBJ Regents Limited)	Trustee Interest of controlled corporation	67,829,571 (Note iii)	6.32%

Name	Capacity	Number of Shares held	Approximate
			percentage of issued Shares (Note vi)
Wong Lui Kwok Wai	Beneficial owner	58,460,619	5.44%
	Interest of controlled corporation	(Note iv)	
	Interest of spouse		
Cha Mou Sing, Payson (Deceased)	Beneficial owner	54,437,427	5.07%
	Interest of controlled corporations	(Note v)	

Notes:

- (i) These Share interests comprise 383,458,740 Shares directly held by CCM Trust and 104,243,301 Shares held indirectly through Mingly's wholly-owned subsidiary. 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. Mr. Cha Mou Daid, Johnson is a director of CCM Trust.
- (ii) These Share interests are held by Mingly indirectly through its wholly-owned subsidiary, Mingly Asia. Mr. Cha Mou Daid, Johnson is a director of Mingly and Mingly Asia.
- (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. Mr. Cha Mou Daid, Johnson is also a director of LBJ.
- (iv) Ms. Wong Lui Kwok Wai is the spouse 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 is holding 4,270,975 Shares.
- (v) These Share interests comprise 26,537,925 Shares 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.
- (vi) The percentage is calculated based on the total number of issued Shares as at the Latest Practicable Date (i.e. 1,073,074,676 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 Hanison Group.

3. DIRECTORS' INTERESTS

- (a) As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Hanison Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).
- (b) As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have, since 31 March 2024 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by or leased to any member of the Hanison Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Hanison Group.
- (c) None of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular and which is significant in relation to the business of the Hanison Group.
- (d) As at the Latest Practicable Date, the interests of the Directors in businesses (apart from the business of the Hanison Group) which compete or were likely to compete, either directly or indirectly, with the business of the Hanison 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

Name of Director (Note i)	Name of company	Nature of interest	Competing business (Note ii)
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 Hanison 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 (“**Private Companies**”) which engage in property investment and serviced apartment or hotel operation. As the Board 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.

4. EXPERT AND CONSENT

Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement and the transactions contemplate thereunder, is a corporation licensed by Securities and Futures Commission to carry out Type 6 (advising on corporate finance) regulated activities under the SFO.

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with copies of its letter and the references to its name included herein the form and context in which they respectively appear.

As at the Latest Practicable Date, Gram Capital was not interested in any Shares or shares in any member of the Hanison Group, nor did it have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Share or share in any member of the Hanison Group.

As at the Latest Practicable Date, Gram Capital did not have any direct or indirect interests in any assets which have since 31 March 2024 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by or leased to the Company or any of its subsidiaries.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Hanison Group since 31 March 2024, being the date to which the latest published audited accounts of the Company have been made up.

6. GENERAL

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

7. DOCUMENTS ON DISPLAY

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

- (i) the Framework Agreement;
- (ii) the letter from Gram Capital, the text of which is set out on pages 17 to 28 of this circular; and
- (iii) the written consent referred to in the paragraph “4. Expert and Consent” in this appendix.

NOTICE OF HANISON EGM



(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 896)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Hanison Construction Holdings Limited (the “**Company**”) will be held at Yat Heen-Room I-V, Level 2, Alva Hotel By Royal, 1 Yuen Hong Street, Shatin, Hong Kong on Tuesday, 20 August 2024 at 2:30 p.m. (or immediately after the conclusion of the annual general meeting to be convened and held on the same date at the same place) for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolution as an ordinary resolution of the Company. The capitalised terms defined in the circular dated 25 July 2024 issued by the Company (the “**Circular**”) of which this notice forms part shall have the same meanings when used herein unless otherwise specified:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the framework agreement (the “**Framework Agreement**”) entered into between the Company and Million Hope Industries Holdings Limited dated 19 July 2024 (a copy of which is produced to the meeting marked “A” and initialled by the chairman of the meeting for the purpose of identification) be and is hereby approved, confirmed and ratified;
- (b) the Annual Caps (as defined and described in the Circular) be and are hereby approved, confirmed and ratified; and
- (c) any one director of the Company (or where execution under the common seal of the Company is required, any two directors or any one director and the company secretary of the Company) be and is/are hereby authorised to do all such further acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute such further documents, instruments and agreements and to take all steps and to do all such acts or things deemed by the director of the Company to be incidental to, ancillary to or in connection with the matters contemplated in the Framework Agreement and the transactions contemplated thereunder as the director of the Company may in his absolute discretion consider necessary, desirable or expedient to give effect to the Framework Agreement and the implementation of all transactions contemplated thereunder and to agree with such variation,

NOTICE OF HANISON EGM

amendment or waiver as, in the opinion of the directors of the Company, in the interest of the Company and its shareholders as a whole.”

By order of the Board of
Hanison Construction Holdings Limited
WONG Sue Toa, Stewart
Managing Director

Hong Kong, 25 July 2024

Notes:

1. The register of members of the Company will be closed from 15 August 2024 to 20 August 2024 (both days inclusive) for the purpose of determining the identity of members who are entitled to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 14 August 2024.
2. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by reference to the order in which the names stand on the register of members in respect of the joint holding.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be deposited at the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy shall not preclude a member from attending and voting in person at the meeting or any adjourned meeting thereof should he so wish and, in such event, the form of proxy shall be deemed to be revoked.
5. The registration of the EGM will start at 2:00 p.m. on Tuesday, 20 August 2024. In order to ensure the meeting can start on time, shareholders or their proxies are encouraged to arrive for registration at least 15 minutes before the meeting starts.
6. No refreshment will be served at the EGM.
7. If Typhoon Signal No. 8 or above is expected to be issued as announced by the Hong Kong Observatory or remains hoisted on the date of the EGM, the Company will, where appropriate, post an announcement on the Company’s website (www.hanison.com) and HKExnews website (www.hkexnews.hk) to notify the shareholders of the Company for arrangements of the EGM in response to the signal issued.
8. In the event of any inconsistency, the English version of this notice shall prevail over the Chinese version.