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建業實業有限公司
Chinney Investments, Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code 216)



漢國置業有限公司
Hon Kwok Land Investment Company, Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code 160)

MAJOR TRANSACTION

DISCLOSEABLE TRANSACTION

JOINT ANNOUNCEMENT

**DISPOSAL OF 50% OF THE ISSUED SHARE CAPITAL OF FLORALMIST HOLDINGS LTD.
(TOGETHER WITH ASSOCIATED SHAREHOLDER'S LOAN) AND
ENTRY INTO SHAREHOLDERS' AGREEMENT**

The directors of Chinney and Hon Kwok would like to announce that on 17th December, 2005, High Able as vendor and Hon Kwok China as vendor's guarantor, have entered into the S&P Agreement with the Purchaser in relation to the sale of the Sale Shares, representing 50% of the issued share capital of Floralmist, and the assignment of the Loan to the Purchaser at an aggregate cash consideration of RMB133,920,000 (equivalent to HK\$128,769,000).

Floralmist is an investment holding company and the sole asset of significance held by the Floralmist Group is the Property. The Property is a residential development site located at Dali Yayao Lijiao, Nanhai District, Foshan, PRC (中國佛山市南海大瀝雅瑤立交) with a total site area of approximately 247,987 square metres.

High Able, the Purchaser and Floralmist have also entered into the Shareholders' Agreement which sets out certain commitments of the parties and to regulate the exercise of their rights in relation to the Floralmist Group and the development of the Property.

The Transaction constitutes a discloseable transaction for Hon Kwok and a major transaction for Chinney under the Listing Rules.

Chinney has obtained from Chinney Holdings Limited, which holds 55.67% of the issued share capital of Chinney, written approval of the Transaction. Pursuant to Rule 14.44 of the Listing Rules, the Transaction which constitutes a major transaction for Chinney has been approved by way of written shareholders' approval in lieu of holding a general meeting of Chinney.

A circular containing further information on the Transaction will be sent to the shareholders of Hon Kwok as soon as possible.

A circular containing further information on the Transaction will be sent to the shareholders of Chinney as soon as possible.

Trading in the shares of Hon Kwok and Chinney were suspended as from 9:30 a.m. on 19th December, 2005 at the request of Hon Kwok and Chinney pending the issue of this joint announcement. Applications have been made to the Stock Exchange for the resumption of trading in the shares of Hon Kwok and Chinney on the Stock Exchange from 9:30 a.m. on 21st December, 2005.

THE S&P AGREEMENT

Pursuant to the S&P Agreement, High Able agreed to sell the Sale Shares and assign the Loan to the Purchaser.

1. Date

17th December, 2005

2. Parties

Vendor: High Able Group Limited, an indirect wholly-owned subsidiary of Hon Kwok

Vendor's Guarantor: Hon Kwok Land Investment (China) Limited, a direct wholly-owned subsidiary of Hon Kwok

Purchaser: MSR Asia Acquisitions VII, Inc.

3. Sale Shares and the Loan

The Sale Shares represent 50% of the issued share capital of Floralmist and the Loan represent 50% of the total shareholder's loan owing by the Floralmist Group to High Able prior to completion of the S&P Agreement.

As at the date of the S&P Agreement, the total amount of shareholder's loan owing by the Floralmist Group to High Able is HK\$95 million which is subject to change prior to the completion of the S&P Agreement.

4. Information on Floralmist and the Property

Floralmist is an indirect wholly-owned subsidiary of Hon Kwok. Floralmist is an investment holding company which through Orient States holds 80% of the equity interest in Nanhai. The sole asset of significance held by Nanhai is the Property.

The remaining 20% of the equity interest in Nanhai is owned by Shenzhen Yujianye Development Co., Ltd. (深圳市御建業實業發展有限公司). At present, the Property is a bare land.

The Property is a residential development site located at Dali Yayao Lijiao, Nanhai District, Foshan, PRC (中國佛山市南海大瀝雅瑤立交) with a total site area of approximately 247,987 square metres. It is a site for low density residential development presently zoned with a maximum permitted plot ratio of 1.

Following completion of the S&P Agreement, Floralmist will cease to be a subsidiary of Hon Kwok and Chinney and become a jointly-controlled entity of Hon Kwok and Chinney. Chinney and Hon Kwok through High Able will then indirectly hold approximately 29.40% and 50% respectively of the total issued share capital of Floralmist.

5. Consideration

The consideration for the Sale Shares and the Loan is RMB133,920,000 (equivalent to HK\$128,769,000). The consideration for the Sale Shares and the Loan was agreed after arm's length negotiations between the parties, taking reference to the estimated fair value of the Property having a site area of 372 mou (1 mou = 666.7 square meters approximately) at a land price of RMB720,000 per mou and the prevailing market price of the properties in the vicinity. A valuation report on the Property will be included in the circular of Chinney.

The aggregate consideration of RMB133,920,000 (equivalent to HK\$128,769,000) will be payable in the following manner:

- a. the Hong Kong dollars equivalent of the deposit of RMB30,000,000 will be paid within seven business days after the signing of the S&P Agreement; and
- b. the Hong Kong dollars equivalent of the balance of the consideration of RMB103,920,000 will be paid upon completion of the S&P Agreement.

6. Completion

The completion of the S&P Agreement is subject to and conditional on the following conditions being fulfilled or waived:

- a. acquisition by Floralmist/Orient States of the remaining 20% equity interest in Nanhai;
- b. a new business licence, new certificate of approval and approval for transfer of equity interest from the local authority evidencing completion of (a) above have been obtained;
- c. all other necessary approval, consent and authorisations regarding (a) have been obtained;
- d. all necessary waiver and/or approval regarding the execution of and to give effect to the Transaction; and
- e. the representations, warranties and undertakings given by Floralmist remains true and correct in all material respect at all times from the date of the S&P Agreement and up to the date of completion of the S&P Agreement.

All of the above conditions can be waived by the Purchaser. Up to the date of this announcement, the Purchaser has not notified High Able that the conditions will be waived.

Completion of the S&P Agreement shall take place within seven business days immediately after all of the conditions are fulfilled or waived.

In the event that completion does not take place before the Long Stop Date, the S&P Agreement will lapse. In such event, High Able will refund the deposit to the Purchaser without deduction or interest and neither party shall have any claim against the other in connection with the S&P Agreement.

The proposed acquisition by Floralmist/Orient States of the remaining 20% equity interest in Nanhai will constitute a discloseable and connected transaction for both Hon Kwok and Chinney. Further announcement will be made when an agreement for the proposed acquisition is being signed. The consideration for the Sale Shares and the Loan has already taken into account of this proposed acquisition.

THE SHAREHOLDERS' AGREEMENT

The Shareholders' Agreement sets out certain commitments of the parties and to regulate the exercise of their rights in relation to the Flormalmist Group and the development of the Property.

1. Date

17th December, 2005

2. Parties

High Able Group Limited

MSR Asia Acquisitions VII, Inc

Flormalmist Holdings Ltd.

3. Principal Terms

Each party to the Shareholders' Agreement will have the right to appoint an equal number of directors in Flormalmist. No director will have a casting vote at board meetings. The quorum for board meetings will be one director appointed by each shareholder of Flormalmist. These arrangements for directors and board meetings will also apply to each of the other members of the Flormalmist Group. High Able and the Purchaser must contribute funding required by the Flormalmist Group from shareholders for the development of the Property in equal portions.

USE OF PROCEEDS

The consideration for the S&P Agreement will be used as general working capital for the Hon Kwok Group. No new projects have been identified, which will command usage of the proceeds from the Transaction.

FINANCIAL EFFECTS OF THE TRANSACTION

The unaudited consolidated net loss before and after taxation and extraordinary items of Flormalmist (based on the audited accounts of Orient States) for the financial year ended 31st March, 2005 were both approximately HK\$20,000. The unaudited consolidated net loss before and after taxation and extraordinary items of Flormalmist (based on the audited accounts of Orient States) for the financial year ended 31st March, 2004 were both approximately HK\$16,000. The unaudited consolidated net asset value of Flormalmist Group in the books of Hon Kwok was approximately HK\$94 million as at 31st March, 2005. The carrying value of the Property in the books of Hon Kwok as at 31st March, 2005 was approximately HK\$94 million.

The preliminary capital gain on disposal of Flormalmist before tax (if any) expected to accrue to the consolidated accounts of Hon Kwok upon completion of the Transaction is estimated to be approximately HK\$52 million.

The preliminary capital gain on disposal of Flormalmist before tax (if any) expected to accrue to the consolidated accounts of Chinney upon completion of the Transaction is estimated to be approximately HK\$26.6 million.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION

The Hon Kwok Group's core business strategy is to develop and invest in properties, either by itself or with appropriate partners. The Transaction is consistent with this strategy and the directors of Chinney and Hon Kwok believe the Transaction will be beneficial to the Hon Kwok Group as, by introducing the Purchaser as a partner for the development of the Property, it will enable the Hon Kwok Group to diversify risk and enable the Floralmist Group to benefit from a pooling of the resources and talents of both joint venture partners.

The directors of Hon Kwok believe that the terms of the Transaction are fair and reasonable and in the interests of the shareholders of Hon Kwok as a whole. The directors of Chinney believe that the terms of the Transaction are fair and reasonable and in the interests of the shareholders of Chinney as a whole.

GENERAL

The Transaction constitutes a discloseable transaction for Hon Kwok and a major transaction for Chinney under the Listing Rules. As the Purchaser is an independent third party, no shareholder of Chinney is required to abstain from voting in the general meeting for approving the Transaction. Chinney has obtained from Chinney Holdings Limited, which holds 55.67% of the issued share capital of Chinney, written approval of the Transaction. Pursuant to Rule 14.44 of the Listing Rules, the Transaction which constitutes a major transaction for Chinney has been approved by way of written shareholders' approval in lieu of holding a general meeting of Chinney.

A circular containing further information on the Transaction will be sent to the shareholders of Hon Kwok as soon as possible.

A circular containing further information on the Transaction will be sent to the shareholders of Chinney as soon as possible.

INFORMATION ON HON KWOK

Hon Kwok is an investment holding company. Its subsidiaries are mainly engaged in property development, property investment and property related businesses.

INFORMATION ON CHINNEY

Chinney is an investment holding company. Its subsidiaries (except the Hon Kwok Group) are mainly engaged in superstructure construction work, foundation piling, garment manufacturing and trading and general investment.

Chinney is currently the holding company of Hon Kwok holding approximately 58.81% of the issued share capital of Hon Kwok.

INFORMATION ON THE PURCHASER

The Purchaser is the Morgan Stanley Real Estate Fund for Asia acquisitions.

To the best of the knowledge, information and belief of the directors of Chinney and Hon Kwok having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are independent third parties of Hon Kwok and Chinney and are not connected persons (as defined in the Listing Rules) of Hon Kwok or Chinney.

DIRECTORS OF HON KWOK

At the date of this announcement, the directors are Mr. James Sai-Wing Wong, Ms. Madeline May-Lung Wong, Mr. William Chung-Yue Fan, Mr. Herman Man-Hei Fung and Mr. Zuric Yuen-Keung Chan and the independent non-executive directors are Mr. Daniel Chi-Wai Tse, Mr. Patrick Yen-Tse Tsai and Mr. Kenneth Kin-Hing Lam.

DIRECTORS OF CHINNEY

At the date of this announcement, the directors are Mr. James Sai-Wing Wong, Ms. Madeline May-Lung Wong, Mr. William Chung-Yue Fan and Mr. Herman Man-Hei Fung and the independent non-executive directors are Mr. Clement Kwok-Hung Young, Mr. Johnny Chung-Ah Wong and Mr. Peter Man-Kong Wong.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the shares of Hon Kwok and Chinney were suspended as from 9:30 a.m. on 19th December, 2005 at the request of Hon Kwok and Chinney pending the issue of this joint announcement. Applications have been made to the Stock Exchange for the resumption of trading in the shares of Hon Kwok and Chinney on the Stock Exchange from 9:30 a.m. on 21st December, 2005.

DEFINITIONS

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

“Chinney”	Chinney Investments, Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange and which is the holding company of Hon Kwok
“Floralmist”	Floralmist Holdings Ltd., a company incorporated in the British Virgin Islands and which is, prior to completion of the S&P Agreement, a wholly owned subsidiary of High Able
“Floralmist Group”	Floralmist, Orient States and Nanhai
“High Able”	High Able Group Limited, a company incorporated in the British Virgin Islands with limited liability and which is an indirect wholly-owned subsidiary of Hon Kwok
“Hon Kwok”	Hon Kwok Land Investment Company, Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
“Hon Kwok China”	Hon Kwok Land Investment (China) Limited, a company incorporated in Hong Kong with limited liability and which is a direct wholly owned subsidiary of Hon Kwok
“Hon Kwok Group”	Hon Kwok and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	being 50% of the total shareholder’s loan owing by the Floralmist Group to High Able prior to completion of the S&P Agreement

“Long Stop Date”	30th September, 2006 or such later date as the parties may agree in writing
“Nanhai”	Foshan Nanhai XinDa Land Development Ltd. (佛山市南海信達房地產有限公司), a company incorporated in the PRC and which is a 80% subsidiary of Orient States
“Orient States”	Orient States Limited, a company incorporated in Hong Kong with limited liability and which is a wholly owned subsidiary of Floralmist and owns 80% equity interest in the registered capital of Nanhai
“PRC”	The People’s Republic of China
“Property”	a residential development site located at Dali Yayao Lijiao, Nanhai District, Foshan, PRC (中國佛山市南海大瀝雅瑤立交) with a total site area of approximately 247,987 square metres
“Purchaser”	MSR Asia Acquisitions VII, Inc., a company incorporated in the Cayman Islands
“RMB”	the Renminbi, the lawful currency of the PRC
“S&P Agreement”	the sale and purchase agreement dated 17th December, 2005 entered into between High Able, the Purchaser and Hon Kwok China in relation to the sale of the Sale Shares and the assignment of the Loan to the Purchaser at an aggregate cash consideration of RMB133,920,000
“Sale Shares”	50 shares of US\$1 each in Floralmist, representing 50% of the issued share capital of Floralmist
“Shareholders’ Agreement”	the shareholders’ agreement dated 17th December, 2005 entered into between High Able, the Purchaser and Floralmist
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the sale of the Sale Shares by High Able to the Purchaser, the assignment of the Loan by High Able to the Purchaser and the entry into of the Shareholders’ Agreement
“US\$”	the United States dollar, the lawful currency of the United States of America

For illustration purpose, RMB has been translated into HK\$ at the exchange rate of HK\$1 = RMB1.04. Such translation should not be construed as a representation that any amounts in RMB or HK\$ have been, could have been, or could be, converted at the above rate or any other rates or at all.

By Order of the Board
Chinney Investments, Limited
Wendy Yuk-Ying Chan
Company Secretary

By Order of the Board
Hon Kwok Land Investment Company, Limited
Wendy Yuk-Ying Chan
Company Secretary

Hong Kong, 20th December, 2005

“Please also refer to the published version of this announcement in The Standard and South China Morning Post”