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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 AND CONNECTED
TRANSACTION**

**DISCLOSEABLE AND CONNECTED
TRANSACTION**

JOINT ANNOUNCEMENT

**ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL
OF GURU STAR INVESTMENTS LIMITED
TOGETHER WITH THE ASSIGNMENT OF RELATED SHAREHOLDER'S LOAN**

THE AGREEMENT

The directors of Hon Kwok and Chinney would like to announce that on 8 March 2010, Join Ally, as purchaser, has entered into the Agreement with Enhancement, as vendor, for the acquisition of the entire issued share capital of Guru Star and the assignment of related shareholder's loan to Join Ally for an aggregate cash consideration of HK\$144,211,000.

Guru Star is an investment holding company and the sole asset of significance held by the Guru Star Group is the Property. The Property is a completed 20-storey commercial and office building situated at the junction of Beijing Road (北京路), Nanti Er Road (南堤二馬路) and Baqi Er Road (八旗二馬路), Yuexiu District, Guangzhou, Guangdong Province, PRC and known as Newsun Commercial Building (新光商務大廈).

The market value of the Property as at 31 December 2009 was RMB185,000,000 (equivalent to approximately HK\$210,227,000) based on the preliminary valuation by an independent valuer. The Property is currently mortgaged to a bank and the outstanding mortgage loan amount as at 31 January 2010 was approximately RMB39,027,000 (equivalent to approximately HK\$44,349,000).

Enhancement is a connected person of Hon Kwok and Chinney by virtue of the fact that it is a company controlled by Mr. James Sai-Wing Wong, the Chairman and substantial shareholder of both Hon Kwok and Chinney. Accordingly, the Acquisition constitutes a connected transaction for both Hon Kwok and Chinney under Chapter 14A of the Listing Rules. As the consideration exceeds HK\$10 million, the Acquisition is subject to the approval of the independent shareholders of Hon Kwok and Chinney at their respective general meetings.

In accordance with the Listing Rules, the Acquisition also constitutes a discloseable transaction for Hon Kwok as the applicable percentage ratios exceed 5% but less than 25% and the Acquisition also constitutes a major transaction for Chinney as the applicable percentage ratios exceed 25% but less than 100%.

GENERAL

An independent board committee of Hon Kwok has been appointed and will advise the independent shareholders of Hon Kwok as to whether or not the terms of the Acquisition are fair and reasonable and in the interests of Hon Kwok and its shareholders as a whole. An independent financial adviser will also be appointed to advise the independent board committee of Hon Kwok in respect of such terms.

An independent board committee of Chinney has been appointed and will advise the independent shareholders of Chinney as to whether or not the terms of the Acquisition are fair and reasonable and in the interests of Chinney and its shareholders as a whole. An independent financial adviser will also be appointed to advise the independent board committee of Chinney in respect of such terms.

A circular containing, among other things, (i) details of the Acquisition; (ii) a letter from the independent financial adviser containing its advice to the independent board committee of Hon Kwok and the independent shareholders of Hon Kwok; (iii) recommendation from the independent board committee of Hon Kwok; (iv) a valuation report on the Property; and (v) a notice convening the Hon Kwok EGM will be despatched to the shareholders of Hon Kwok as soon as practicable.

A circular containing, among other things, (i) details of the Acquisition; (ii) a letter from the independent financial adviser containing its advice to the independent board committee of Chinney and the independent shareholders of Chinney; (iii) recommendation from the independent board committee of Chinney; (iv) a valuation report on the Property; and (v) a notice convening the Chinney EGM will be despatched to the shareholders of Chinney as soon as practicable.

THE AGREEMENT

Pursuant to the Agreement, Enhancement agreed to sell and Join Ally agreed to purchase the entire issued share capital of Guru Star and Enhancement also agreed to assign the related shareholder's loan to Join Ally.

1. Date

8 March 2010

2. Parties

(a) Vendor : Enhancement

(b) Purchaser : Join Ally, an indirect wholly-owned subsidiary of Hon Kwok

3. Information of the Guru Star Group and the Property

Guru Star is an investment holding company and the sole asset of significance held by the Guru Star Group is the Property. The Property is a completed 20-storey commercial and office building situated at the junction of Beijing Road (北京路), Nanti Er Road (南堤二馬路) and Baqi Er Road (八旗二馬路), Yuexiu District, Guangzhou, Guangdong Province, PRC and known as Newsun Commercial Building (新光商務大廈) with a gross floor area of approximately 13,000 square metres. The Property is currently leased out for rental income with occupancy rate of approximately 85%.

The market value of the Property as at 31 December 2009 was RMB185,000,000 (equivalent to approximately HK\$210,227,000) based on the preliminary valuation by an independent valuer. Comparing with the market value of the Property of RMB185,000,000 (equivalent to approximately HK\$210,227,000) as at 31 December 2009, the average price per square metre of the Property is approximately RMB14,230 (equivalent to approximately HK\$16,170). The original cost of the Property acquired by the Guru Star Group in May 2005 was approximately RMB95,000,000 (equivalent to approximately HK\$108,000,000).

The Property is currently mortgaged to a bank and the outstanding mortgage loan amount as at 31 January 2010 was approximately RMB39,027,000 (equivalent to approximately HK\$44,349,000).

As at 31 January 2010, the unaudited consolidated net assets of the Guru Star Group (which has already taken into account of the revaluation of the Property to its market value) was approximately HK\$101,085,000 (equivalent to approximately RMB88,954,800) and the amount of related shareholder's loan was approximately HK\$43,126,000 (equivalent to approximately RMB37,950,880).

The audited net profit before and after tax attributable to the Guru Star Group for the year ended 31 March 2008 were approximately HK\$14,864,000 and HK\$11,026,000 respectively. The unaudited net loss before and after tax attributable to the Guru Star Group for the year ended 31 March 2009 were approximately HK\$16,645,000 and HK\$12,519,000 respectively. Such losses, being non-cash items, were primarily due to the drop in the carrying value of the Property after the Global Financial Crisis in the second half of 2008 which resulted in a revaluation loss of approximately HK\$21,537,000 for the year ended 31 March 2009. As the global economy has been steadily recovering in 2009, the market value of the Property rebounded to RMB185,000,000 (equivalent to approximately HK\$210,227,000) as at 31 December 2009.

Upon completion of the Agreement, Guru Star will become a wholly-owned subsidiary of Join Ally, which in turn is an indirect wholly-owned subsidiary of Hon Kwok.

4. Consideration and Payment Terms

The aggregate cash consideration for the acquisition of the entire issued share capital of Guru Star and the assignment of related shareholder's loan is HK\$144,211,000 which is determined by reference to the unaudited consolidated net assets of the Guru Star Group together with the shareholder's loan as at 31 January 2010 and was agreed at after arm's length negotiations between the parties.

The aggregate cash consideration of HK\$144,211,000 will be payable in the following manners:

- (a) a refundable deposit of HK\$14,421,100 has been paid upon signing of the Agreement; and
- (b) the balance of the consideration of HK\$129,789,900 will be paid upon completion of the Agreement.

5. Completion of the Agreement

Completion of the Agreement is subject to and conditional on the following conditions being fulfilled or waived:

- (a) the passing of an ordinary resolution by the independent shareholders of Hon Kwok at the Hon Kwok EGM to approve the Acquisition;
- (b) the passing of an ordinary resolution by the independent shareholders of Chinney at the Chinney EGM to approve the Acquisition;
- (c) if applicable, the granting of consent from bank or other third parties which are necessary in connection with the execution of and to give effect to the transactions contemplated under the Agreement and each of the documents to be executed on or before the completion of the Agreement having been obtained by the vendor and/or the purchaser;
- (d) there having been no breach by the vendor of any obligations, undertakings, representations and warranties under the Agreement;
- (e) there having been no breach by the purchaser of any obligations, undertakings, representations and warranties under the Agreement; and
- (f) the purchaser having been reasonably satisfied with the results of the due diligence review on the Guru Star Group.

Completion of the Agreement shall take place within three business days immediately after all of the conditions are fulfilled or waived (or such other date as the parties may agree in writing).

REASONS AND BENEFITS FOR THE ACQUISITION

The Hon Kwok Group's core business is to develop real estate properties for sale and to hold investment properties for rental income. The Property is a completed 20-storey commercial and office building very well situated at the junction of Beijing Road (北京路), Nanti Er Road (南堤二馬路) and Baqi Er Road (八旗二馬路), Yuexiu District, Guangzhou, Guangdong Province, PRC and known as Newsun Commercial Building (新光商務大廈).

Hon Kwok had proposed the acquisition of the Property in the third quarter of 2008 through the acquisition of the entire issued share capital of Guru Star together with the assignment of related shareholder's loan. For details, please refer to the joint announcement dated 17 September 2008 together with the circulars dated 30 September 2008 issued by Hon Kwok and Chinney.

With the benefit of hindsight, the 2008 proposed acquisition, albeit in the best interest of the Hon Kwok Group, was proposed at the not so appropriate time when the property and the stock market sentiment as well as that of the shareholders' was bewildered by the uncertainty of the Global Financial Crisis since the Lehman Brothers debacle on 15 September 2008 while on the other hand, market comparables from nearby properties were not readily available to the shareholders to form an opinion as to the intrinsic value of and benefit for the Hon Kwok Group to acquire the Property as construction works of the Hon Kwok Group's commercial/residential project, now known as No. 5 Residence (北京路 5 號公館), adjoining to the Property had not been completed and pre-sale of units was yet to commence.

Now that the Global Financial Crisis is well on the track of steady recovery as a result of the enormous stimulus measures taken by most major countries all around the world, with China in particular, coupled with the fact that construction works of No. 5 Residence (北京路 5 號公館) has been fully completed and sale of the residential units on top of the basement car parks, ground floor shops and the commercial podium floors has been very encouraging. Up to the date of this announcement, 99% of those available residential units have been sold for an average of slightly over RMB16,000 per square metre. The most valuable ground floor shops, the commercial units at the podium floors and car parks at the basement will all be held as long term investment for recurrent rental income of the Hon Kwok Group. Two adjoining sites to No. 5 Residence (北京路 5 號公館) along Beijing Road (北京路) owned by the Hon Kwok Group will soon be developed which, when wholly completed and upon successful acquisition of the Property, will command a combined shop frontage of over 200 metres along Beijing Road (北京路) and Nanti Er Road (南堤二馬路) which will substantially enhance the overall merger value of the combined project as a whole.

Besides combining the shop frontage and the commercial podium floors of the Property with No. 5 Residence (北京路 5 號公館) and the two adjoining sites to be developed, one added benefit for the Hon Kwok Group to acquire the Property is that the existing entrance and exit of the basement carpark of the Property can be utilized by and shared with No. 5 Residence (北京路 5 號公館) as well as the two adjoining sites without the necessity of providing an exit for cars towards Beijing Road (北京路), thus will save some valuable shop spaces and increase the commercial value of the over 200 metres shop frontage along Beijing Road (北京路) and Nanti Er Road (南堤二馬路) without being unduly disrupted by an exit for cars.

The directors of Hon Kwok (excluding the independent non-executive directors who will opine on the terms of the Acquisition after considering the advice from the independent financial adviser) believe that the terms of the Acquisition are fair and reasonable and in the interests of Hon Kwok and its shareholders as a whole.

The directors of Chinney (excluding the independent non-executive directors who will opine on the terms of the Acquisition after considering the advice from the independent financial adviser) believe that the terms of the Acquisition are fair and reasonable and in the interests of Chinney and its shareholders as a whole.

IMPLICATIONS OF THE LISTING RULES

Enhancement is a connected person of Hon Kwok and Chinney by virtue of the fact that it is a company controlled by Mr. James Sai-Wing Wong, the Chairman and substantial shareholder of both Hon Kwok and Chinney. Accordingly, the Acquisition constitutes a connected transaction for both Hon Kwok and Chinney under Chapter 14A of the Listing Rules. As the consideration exceeds HK\$10 million, the Acquisition is subject to the approval of the independent shareholders of Hon Kwok and Chinney at their respective general meetings.

In accordance with the Listing Rules, the Acquisition also constitutes a discloseable transaction for Hon Kwok as the applicable percentage ratios exceed 5% but less than 25% and the Acquisition also constitutes a major transaction for Chinney as the applicable percentage ratios exceed 25% but less than 100%.

An independent board committee of Hon Kwok has been appointed and will advise the independent shareholders of Hon Kwok as to whether or not the terms of the Acquisition are fair and reasonable and in the interests of Hon Kwok and its shareholders as a whole. An independent financial adviser will also be appointed to advise the independent board committee of Hon Kwok in respect of such terms.

An independent board committee of Chinney has been appointed and will advise the independent shareholders of Chinney as to whether or not the terms of the Acquisition are fair and reasonable and in the interests of Chinney and its shareholders as a whole. An independent financial adviser will also be appointed to advise the independent board committee of Chinney in respect of such terms.

HON KWOK EGM

The Hon Kwok EGM will be convened as soon as practicable at which resolution will be proposed to approve the Acquisition. Mr. James Sai-Wing Wong (through his beneficial interest in Chinney) together with its associates (if any), currently holding 261,112,553 shares of Hon Kwok (representing approximately 54.37% of its issued share capital), will abstain from voting at the Hon Kwok EGM in respect of the resolution to be proposed to approve the Acquisition, as required by the Listing Rules.

A circular containing, among other things, (i) details of the Acquisition; (ii) a letter from the independent financial adviser containing its advice to the independent board committee of Hon Kwok and the independent shareholders of Hon Kwok; (iii) recommendation from the independent board committee of Hon Kwok; (iv) a valuation report on the Property; and (v) a notice convening the Hon Kwok EGM will be despatched to the shareholders of Hon Kwok as soon as practicable.

CHINNEY EGM

The Chinney EGM will be convened as soon as practicable at which resolution will be proposed to approve the Acquisition. Mr. James Sai-Wing Wong (through his beneficial interest in Chinney Holdings) together with and its associates (if any), currently holding 318,675,324 shares of Chinney (representing approximately 57.80% of its issued share capital), will abstain from voting at the Chinney EGM in respect of the resolution to be proposed to approve the Acquisition, as required by the Listing Rules.

A circular containing, among other things, (i) details of the Acquisition; (ii) a letter from the independent financial adviser containing its advice to the independent board committee of Chinney and the independent shareholders of Chinney; (iii) recommendation from the independent board committee of Chinney; (iv) a valuation report on the Property; and (v) a notice convening the Chinney EGM will be despatched to the shareholders of Chinney as soon as practicable.

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.

At the date of this announcement, Chinney is holding 261,112,553 shares of Hon Kwok, representing approximately 54.37% of its issued share capital.

INFORMATION ON CHINNEY

Chinney is an investment holding company. Its subsidiaries (excluding the Hon Kwok Group) are mainly engaged in garment manufacturing and trading and general investment.

At the date of this announcement, Chinney Holdings is holding 318,675,324 shares of Chinney, representing approximately 57.80% of its issued share capital.

INFORMATION ON THE VENDOR

Enhancement is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company.

DIRECTORS OF HON KWOK

At the date of this announcement, the directors are Mr. James Sai-Wing Wong, Ms. Madeline May-Lung Wong, Mr. Herman Man-Hei Fung, Mr. Kwok-Wing Cheung, Mr. Yuen-Keung Chan and Mr. Xiao-Ping Li and the independent non-executive directors are Dr. Daniel Chi-Wai Tse, Mr. Kenneth Kin-Hing Lam and Professor Hsin-Kang Chang.

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 Dr. Clement Kwok-Hung Young, Mr. Peter Man-Kong Wong and Mr. James C. Chen.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire issued share capital of Guru Star and the assignment of related shareholder’s loan
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“Agreement”	the sale and purchase agreement dated 8 March 2010 entered into between Join Ally, as purchaser, and Enhancement, as vendor, for the acquisition of the entire issued share capital of Guru Star and the assignment of the related shareholder’s loan to Join Ally
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Chinney”	Chinney Investments, Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange and is the holding company of Hon Kwok
“Chinney EGM”	the extraordinary general meeting of Chinney to be convened for approving the Acquisition
“Chinney Holdings”	Chinney Holdings Limited, a company incorporated in Hong Kong with limited liability and is the holding company of Chinney
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Enhancement”	Enhancement Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is beneficially owned by Mr. James Sai-Wing Wong
“Guru Star”	Guru Star Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Guru Star Group”	Guru Star and its two wholly-owned subsidiaries
“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 EGM”	the extraordinary general meeting of Hon Kwok to be convened for approving the Acquisition
“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
“Join Ally”	Join Ally Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of Hon Kwok
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Property”	a completed 20-storey commercial and office building situated at 3 Beijing Road (北京路), Yuexiu District, Guangzhou, Guangdong Province, PRC and known as Newsun Commercial Building (新光商務大廈)
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

For illustration purpose, RMB has been translated into HK\$ at the exchange rate of HK\$1.00 = RMB0.88. 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, 8 March 2010