

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 JOIN ALLY LIMITED
(TOGETHER WITH ASSOCIATED SHAREHOLDER'S LOAN)**

The directors of Chinney and Hon Kwok would like to announce that on 30th September, 2006, 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 Join Ally, and the assignment of the Loan to the Purchaser at an aggregate cash consideration of RMB245,215,100 (equivalent to HK\$241,591,232).

Join Ally is an investment holding company and the sole asset of significance held by the Join Ally Group upon completion of the S&P Agreement shall be the Property. The Property, which comprises three sites, is situated at 17-107 Beijing Road South, Yue Xiu District, Guangzhou, PRC with a total site area of approximately 9,455 square metres. Following completion of the S&P Agreement, Join Ally will become a jointly-controlled entity owned as to 50% by High Able and 50% by the Purchaser.

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 was suspended as from 9:30 a.m. on 3rd October, 2006 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 5th October, 2006.

THE S&P AGREEMENT

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

1. Date

30th September, 2006

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 : SGM Golem Investment Limited

3. Sale Shares and the Loan

The Sale Shares represent 50% of the issued share capital of Join Ally and the Loan represents 50% of the total shareholder's loan owing by Join Ally to High Able as at completion of the S&P Agreement.

As at the date of the S&P Agreement, the total amount of shareholder's loan owing by Join Ally to High Able is HK\$33,334 which is subject to change at the time of completion of the S&P Agreement.

4. Information on Join Ally and the Property

Join Ally is an indirect wholly-owned subsidiary of Hon Kwok. Join Ally is an investment holding company.

Prior to the S&P Agreement, the Join Ally Group had entered into agreements to acquire interests in Hua Yin and Zhong Lv and is in the process of transferring interests in Hua Yin and Zhong Lv to the Join Ally Group. As at the date of the S&P Agreement, there were no assets of significance in the Join Ally Group. Upon completion of the S&P Agreement, Hua Yin and Zhong Lv shall become wholly-owned subsidiaries of the Join Ally Group, which in turn shall hold the legal and beneficial ownership of the land use rights of the Property, comprising three sites situated at 17-107 Beijing Road South, Yue Xiu District, Guangzhou, PRC with a total site area of approximately 9,455 square metres. A valuation report of the Property will be included in the circular of Chinney.

The cost for Join Ally Group to acquire the Property is currently estimated to be RMB350 million which will be funded by the shareholder's loan from High Able to Join Ally.

5. Consideration

The aggregate consideration for the Sale Shares and the Loan is RMB245,215,100 (equivalent to HK\$241,591,232) and was agreed after arm's length negotiations between the parties, taking reference of the value of the Property to the market price of properties in the vicinity as indicated by property agent.

The aggregate consideration of RMB245,215,100 (equivalent to HK\$241,591,232) will be payable in the following manner:

- (a) the deposit of the sum of the HK\$ equivalent to RMB24,500,000 will be paid within three business days from the date of signing of the S&P Agreement; and
- (b) the balance of the consideration of the sum of the HK\$ equivalent to RMB220,715,100 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 (amongst others) being fulfilled or waived:

- (a) completion of the transfer of interest in Hua Yin and Zhong Lv to the Join Ally Group as evidenced by (i) business licences and certificates of approval in relation to the transfer of the equity interest being effected by Hua Yin and Zhong Lv; and (ii) the legal opinion referred to in condition (d) below.
- (b) all necessary waivers and/or approvals (if any) regarding the execution of and giving effect to the transactions contemplated under the S&P Agreement and each of the documents that is required to be executed on or before completion of the S&P Agreement have been obtained and/or executed by High Able.
- (c) the warranties given by High Able remain true and correct in all material respects at all times from the date of the S&P Agreement and up to the date of completion of the S&P Agreement.
- (d) issuance of legal opinions by qualified lawyers in PRC which confirm:
 - (i) the transfer of interest in Hua Yin and Zhong Lv to the Join Ally Group have been duly completed; and
 - (ii) the legal and beneficial ownership of the land use rights of the Property is vested in the Join Ally Group.
- (e) a shareholders' agreement has been entered into between High Able and the Purchaser.

All of the above conditions (except condition (e)) 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.

7. Put Option

It is intended that after completion of the S&P Agreement, Join Ally will acquire Property A at a price to be agreed. The cost for the acquisition of Property A will be funded by High Able and the Purchaser in equal portion. If Join Ally fails to acquire Property A within 6 months after completion of the S&P Agreement or such later date as the parties may agreed in writing, the Purchaser shall have the right to require High Able to repurchase the Sale Shares and the Loan at an aggregate consideration of RMB245,215,100 together with interest calculated at a rate of 9% per annum and expenses. After completion of the S&P Agreement,

Join Ally will cease to be a subsidiary of Hon Kwok and thus no announcement is required to be made for the acquisition. Hon Kwok and Chinney will comply with the relevant Listing Rules if High Able has to repurchase the Sale Shares and the Loan.

SHAREHOLDINGS IN JOIN ALLY AFTER COMPLETION OF THE S&P AGREEMENT

Following completion of the S&P Agreement, Join Ally will cease to be a subsidiary of Hon Kwok and become a jointly-controlled entity owned as to 50% by High Able and 50% by the Purchaser. High Able is a wholly-owned subsidiary of Hon Kwok. Chinney is currently interested in 62.7% of the issued share capital of Hon Kwok. Assuming no change in such shareholdings, Hon Kwok and Chinney through High Able will then indirectly hold approximately 50% and 31.35% respectively of the total issued share capital of Join Ally.

High Able and the Purchaser will procure financing for the Join Ally Group and, failing which, contribute funding required by the Join Ally Group for the development of the Property in equal portion.

USE OF PROCEEDS

The consideration for the S&P Agreement will be used as general working capital for the Hon Kwok Group. The Hon Kwok Group has not identified any projects for the use of the proceeds.

FINANCIAL EFFECTS OF THE TRANSACTION

Join Ally was established in July 2006. The corporate structuring which involves the acquisition of the relevant companies within the Join Ally Group has yet to be completed. Based on the accounts of the Join Ally Group as at the date of the S&P Agreement, there was no asset within the Join Ally Group other than cash and bank balances of HK\$130. The accumulated losses of Join Ally Group was HK\$33,984 as at the date of the S&P Agreement.

The preliminary capital gain on disposal of Join Ally before tax (if any) expected to accrue to the consolidated accounts of Hon Kwok upon completion of the Transaction is currently estimated to be approximately HK\$65 million.

The preliminary capital gain on disposal of Join Ally before tax (if any) expected to accrue to the consolidated accounts of Chinney upon completion of the Transaction is currently estimated to be approximately HK\$41 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 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 Join Ally 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 (excluding 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 62.7% of the issued share capital of Hon Kwok.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Cayman Islands and is engaged in real estate investment.

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. Herman Man-Hei Fung, Mr. Zuric Yuen-Keung Chan and Mr. Dennis Kwok-Wing Cheung 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 was suspended as from 9:30 a.m. on 3rd October, 2006 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 5th October, 2006.

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
“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
“Hua Yin”	Guangzhou Hua Yin Land Development Co., Ltd., a company incorporated in the PRC and is the owner of a semi-completed property situated at 17-43 Beijing Road South, Yue Xiu District, Guangzhou, PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Join Ally”	Join Ally Limited, a company incorporated in the British Virgin Islands and which is, prior to completion of the S&P Agreement, a direct wholly-owned subsidiary of High Able
“Join Ally Group”	Join Ally and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	being 50% of the total shareholder’s loan owing by Join Ally to High Able as at completion of the S&P Agreement
“Long Stop Date”	31st March, 2007 or such later date as the parties may agree in writing
“PRC”	the People’s Republic of China

“Property”	the properties situated at 17-107 Beijing Road South, Yue Xiu District, Guangzhou, PRC to be held by Hua Yin and Zhong Lv upon completion of the S&P Agreement. The Property comprises a semi-completed property and bare lands to be re-developed for commercial and residential uses. The development plan for the Property is not yet finalised and thus the total cost of investment for the development of the Property is not determined
“Property A”	a completed commercial/office property with tenants and situated at 3-15 Beijing Road South, Yue Xiu District, Guangzhou, PRC with a site area of approximately 1,358 square metres
“Purchaser”	SGM Golem Investment Limited
“RMB”	the Renminbi, the lawful currency of the PRC
“S&P Agreement”	the sale and purchase agreement dated 30th September, 2006 entered into between High Able, the Purchaser and Hon Kwok China in relation to the sale and purchase of the Sale Shares and the assignment of the Loan to the Purchaser at an aggregate cash consideration of RMB245,215,100
“Sale Shares”	50 shares of US\$1 each in Join Ally, representing 50% of the issued share capital of Join Ally
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the sale of the Sale Shares by High Able to the Purchaser and the assignment of the Loan by High Able to the Purchaser
“Zhong Lv”	Guangzhou Zhong Lv Da Dao Real Estate Development Co., Ltd., a company incorporated in the PRC which shall hold the land use rights in relation to 45-107 Beijing Road South, Yue Xiu District, Guangzhou, PRC upon completion of the S&P Agreement

For illustration purpose, RMB has been translated into HK\$ at the exchange rate of HK\$1=RMB1.015. 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, 4th October, 2006

“Please also refer to the published version of this announcement in The Standard”