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漢國置業有限公司
Hon Kwok Land Investment Company, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 160)

**PLACING OF EXISTING SHARES,
SUBSCRIPTION OF NEW SHARES
AND
RESUMPTION OF TRADING**



建業實業有限公司
Chinney Investments, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 216)

**MAJOR TRANSACTIONS
AND
RESUMPTION OF TRADING**

Placing Agent

HSBC

The Hongkong and Shanghai Banking Corporation Limited

On 15 November 2006, CIL and Hon Kwok entered into a Placing Agreement with HSBC pursuant to which CIL has (1) agreed to place, through HSBC on a fully underwritten basis, 80,047,700 Placing Shares to independent investors at a price of HK\$4.05 per Placing Share and (2) conditionally agreed to subscribe for 80,047,700 Subscription Shares at the Placing Price.

The Placing Price represents a discount of approximately 7.95% to the closing price of HK\$4.40 per Share as quoted on the Stock Exchange on 15 November 2006 and a discount of approximately 6.47% to the average closing price of HK\$4.33 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 15 November 2006.

The Placing Shares and the Subscription Shares represent approximately 20% and 20%, respectively, of Hon Kwok's existing issued share capital. The Subscription Shares represent approximately 16.67% of Hon Kwok's issued share capital as enlarged by the allotment and issue of the Subscription Shares.

Hon Kwok intends to use the net proceeds of approximately HK\$315 million from the Subscription as general working capital of the Hon Kwok Group for operating activities including the acquisition of landbank. For the period prior to the identification of suitable properties for the landbank, Hon Kwok may use such proceeds to reduce existing borrowings.

The Placing constitutes a major transaction for CIL on the basis that the profits ratio and the consideration ratio in relation to the disposal of Shares will be between 25% and 75% and the Placing is therefore subject to the approval of shareholders of CIL.

Following completion of the Subscription, the shareholding percentage of CIL in Hon Kwok will increase from approximately 42.92% to 52.44%. Accordingly, such an acquisition constitutes a major transaction for CIL on the basis that the calculation of the consideration ratio for CIL is within the range of 25% to 75% and the approval of shareholders of CIL will be required.

However, Chinney Holdings Limited presently holding 306,959,324 shares in CIL, representing approximately 55.67% of the issued share capital of CIL, has granted its consent in writing to approve the Placing and the Subscription. Accordingly no further shareholders' approval in general meeting will be required. CIL will comply with all the relevant requirements of Chapter 14 of the Listing Rules and in particular with regard to a circular to shareholders, in connection with the major transactions in connection with the Placing and the Subscription. The circular will contain, amongst other things, details of the terms of the Placing Agreement.

At the request of Hon Kwok and CIL, trading in the shares of Hon Kwok and CIL were suspended as from 9:30 a.m. on 16 November 2006 pending the release of this announcement. Applications have been made to the Stock Exchange for the resumption of trading in the shares of Hon Kwok and CIL from 9:30 a.m. on 17 November 2006.

PLACING AGREEMENT DATED 15 NOVEMBER 2006

Parties

The parties to the Placing Agreement are:

- (1) CIL, the vendor, is the controlling shareholder of Hon Kwok. As at the date of the Placing Agreement, CIL holds 251,848,553 Shares, representing approximately 62.92% of the existing issued share capital of Hon Kwok;
- (2) Hon Kwok; and
- (3) HSBC, the placing agent.

Placing Agent

HSBC has agreed to place 80,047,700 Placing Shares on a fully underwritten basis. HSBC is not a connected person of Hon Kwok under the Listing Rules for the purpose of this transaction.

Placees

The Placing Shares will be placed to no fewer than six placees. The placees and their respective beneficial owners (which will be professional, institutional, corporate and/or individual investors) will be independent of and not connected with CIL or any person acting in concert with it (as defined in the Takeover Code).

The placees will also be independent of, and not connected with, or acting in concert with Hon Kwok, any of the directors, chief executives or substantial shareholders of Hon Kwok, or any of their subsidiaries or any of their respective associates (as defined in the Listing Rules). Hon Kwok does not expect that any placees will become its substantial shareholders.

HSBC Bank plc will purchase in the Placing 922,700 Placing Shares (representing approximately 1.15% of the Placing Shares) at the Placing Price. HSBC Bank plc and the Placing Agent are both wholly-owned subsidiaries of HSBC Holdings plc.

Number of Shares to be placed

The Placing Shares represent approximately 20.00% of Hon Kwok's existing issued share capital of 400,238,501 Shares as at the date of this announcement and approximately 16.67% of Hon Kwok's issued share capital of 480,286,201 Shares as enlarged by the allotment and issue of the Subscription Shares.

Placing Price

The Placing Price of HK\$4.05 per Share was arrived after arm's length negotiation and represents:

- (i) a discount of approximately 7.95% to the closing price of HK\$4.40 per Share as quoted on the Stock Exchange on 15 November 2006, being the last trading day of the Shares before the date of this announcement; and
- (ii) a discount of approximately 6.47% to the average closing price of HK\$4.33 per Share as quoted on the Stock Exchange for the last five trading days up to and including 15 November 2006, being the last trading day of the Shares before the date of this announcement.

The Placing Agent will charge a placing commission of 2.5% of the aggregate Placing Price of the Placing Shares for which it has underwritten. All the expenses in relation to the Placing and the Subscription shall be borne by Hon Kwok.

The Placing and Subscription price will be HK\$3.94 per Share.

Use of Proceeds

All of the proceeds from the Placing will be used by CIL to subscribe for the Subscription Shares.

Rights

The Placing Shares will be sold free of all liens, charges, encumbrances and together with all rights attaching thereto as at the Transaction Date which is expected to be 17 November 2006, including the right to receive all dividends or other distributions declared, made or paid on the Placing Shares at any time on or after the Transaction Date.

Termination/Force Majeure

The Placing is unconditional and HSBC is entitled to terminate the Placing Agreement on the occurrence of certain events including a material breach of the representations, warranties and undertakings given by CIL or Hon Kwok which is materially adverse to the success of the Placing, or a material adverse change in the financial or trading position of the Hon Kwok Group as a whole which is materially adverse to the success of the Placing or an event of force majeure.

Lock-up

Pursuant to the Placing Agreement, CIL has undertaken to HSBC that (except for the sale of the Shares to be sold pursuant to the Placing Agreement), for a period of 90 days from the date of completion of the Placing, it will not, and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will, (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Shares which CIL will subscribe for under the Placing Agreement) or any interests therein beneficially owned or held by CIL or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities in cash or otherwise, or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, without the prior written consent of HSBC.

Hon Kwok will not, during the period of 90 days from the date of completion of the Placing, except for the Shares which CIL will subscribe for under the Placing Agreement and save pursuant to (i) the terms of any employee share option scheme of Hon Kwok; or (ii) any outstanding subscription warrants; or (iii) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with its articles of association; or (iv) conversion of outstanding convertible bonds, (1) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares or (2) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (1) above or (3) announce any intention to enter into or effect any such transaction described in (1) or (2) above without first having obtained the written consent of HSBC.

Completion of the Placing

The Placing is expected to be completed on 21 November, 2006.

Upon completion of the Placing, CIL's interest in Hon Kwok will be reduced from approximately 62.92% to 42.92% of the existing issued share capital of Hon Kwok.

TOP-UP SUBSCRIPTION

CIL has agreed, subject to the conditions stated below, to subscribe for the Subscription Shares.

The Subscriber

CIL holds 251,848,553 Shares as at the date of this announcement, representing approximately 62.92% of Hon Kwok's existing issued share capital. Upon completion of the Placing and the Subscription, CIL will hold approximately 52.44% of the then issued share capital of Hon Kwok.

Price of the Subscription Shares

The subscription price is equivalent to the Placing Price of HK\$4.05 per Share.

The Subscription Shares

80,047,700 new Shares are to be subscribed, representing approximately 20.00% of Hon Kwok's existing issued share capital of 400,238,501 Shares, and approximately 16.67% of Hon Kwok's issued share capital of 480,286,201 Shares as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares.

The Subscription Shares will be issued pursuant to the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the shareholders passed at Hon Kwok's annual general meeting held on 20 September 2006. As at the date of this announcement, no Shares have been allotted and issued pursuant to such general mandate.

Conditions of the Subscription

Completion of the Subscription is conditional upon:

- (i) completion of the Placing; and
- (ii) listing of, and permission to deal in, the Subscription Shares being granted by the Listing Committee of the Stock Exchange.

Completion of the Subscription

The Subscription is to be completed on the second business day after the date upon which the last of the conditions to be satisfied shall have been so satisfied, provided that completion will not be later than 14 days after the date of Placing Agreement (i.e. 29 November 2006) or such later date as CIL and Hon Kwok may agree in writing. CIL and Hon Kwok intend to complete the Subscription on the second business day after the listing of, and permission to deal in, the Subscription Shares is granted by the Listing Committee of the Stock Exchange.

If the Subscription is not completed within 14 days after the date of the Placing Agreement, the Subscription will constitute a connected transaction for Hon Kwok under the Listing Rules and Hon Kwok will comply with the relevant provisions of Chapter 14 of the Listing Rules.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholdings in Hon Kwok before and after the Placing and the Subscription are summarised as follows:

	Before Placing and Subscription (%)	After Placing but before Subscription (%)	After Placing and Subscription (%)
CIL	62.92	42.92	52.44
DJE Investment S.A.	6.04	6.04	5.03
Placees ⁽¹⁾	–	20.00	16.67
Public	31.04	31.04	25.86
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Remark :

⁽¹⁾ Refers to Shares purchased in the Placing only. Any existing holdings of such Shares are included under “Public” below.

USE OF PROCEEDS

Hon Kwok intends to use the net proceeds of approximately HK\$315 million from the Subscription as general working capital of the Hon Kwok Group for operating activities including the acquisition of landbank. For the period prior to the identification of suitable properties for the landbank, Hon Kwok may use such proceeds to reduce existing borrowings.

FUND RAISING DURING THE PAST 12 MONTHS

The fund raising activity conducted by Hon Kwok in the past 12 months immediately preceding the date of this announcement is set out below:

Date of Announcement	Event	Amount of Bonds issued	Net proceeds	Usage
20 June 2006	Issue of HK\$280M 3.5% Convertible Guarantee Bonds due 2011	HK\$280M	HK\$273M	General working capital of the Hon Kwok Group. Intended/actual usage of the proceeds are the same.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The Directors considered various ways of raising funds and consider that the Placing and the Subscription represent an opportunity to raise capital for Hon Kwok while at the same time broadening the shareholder base and the capital base of Hon Kwok.

The Directors consider the terms of the Placing Agreement to be fair and reasonable and in the interests of Hon Kwok and its shareholders as a whole.

INFORMATION ON HON KWOK AND CIL

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

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

MAJOR TRANSACTIONS

The Placing constitutes a major transaction for CIL on the basis that the profits ratio and the consideration ratio in relation to the disposal of Shares will be between 25% and 75%. The Placing is therefore subject to the approval of shareholders of CIL.

Following completion of the Subscription, the shareholding percentage of CIL in Hon Kwok will increase from approximately 42.92% to 52.44%. Accordingly, such an acquisition constitutes a major transaction for CIL on the basis that the calculation of the consideration ratio for CIL is within the range of 25% to 75%. The Subscription is therefore subject to the approval of shareholders of CIL.

However, Chinney Holdings Limited presently holding 306,959,324 shares in CIL, representing approximately 55.67% of the issued share capital of CIL, has granted its consent in writing to approve the Placing and the Subscription. Accordingly no further shareholders' approval in general meeting will be required. CIL will comply with all the relevant requirements of Chapter 14 of the Listing Rules and in particular with regard to a circular to shareholders, in connection with the major transactions in connection with the Placing and the Subscription. The circular will contain, amongst other things, details of the terms of the Placing Agreement.

EFFECT OF THE MAJOR TRANSACTIONS

As disclosed in Hon Kwok's annual report for the financial year ended 31 March 2006, the audited consolidated net assets of the Hon Kwok Group as at 31 March 2006 was approximately HK\$2,055 million. The audited net profit before and after taxation of the Hon Kwok Group for the financial year ended 31 March 2006 amounted to approximately HK\$747 million and HK\$585 million respectively. The audited net profit before and after taxation of the Hon Kwok Group for the financial year ended 31 March 2005 amounted to approximately HK\$232 million and HK\$230 million respectively.

Upon completion of the Placing and Subscription, the shareholding in Hon Kwok held by CIL will be reduced from approximately 62.92% to 52.44%. Hon Kwok will continue to be accounted for as a subsidiary of CIL.

Based on the audited consolidated financial statements of Hon Kwok as at 31 March 2006, it is expected that share of Hon Kwok's consolidated net assets by CIL will be decreased by about HK\$45 million as a result of the disposal of the net 10.48% interest in the issued share capital of Hon Kwok as a result of the Placing and the Subscription. The above expected decrease in the share of Hon Kwok's consolidated net assets by CIL represents the difference between CIL's 62.92% share of the audited consolidated net assets of Hon Kwok as at 31 March 2006 and adjusted for the 2006 final dividend and CIL's 52.44% share of the audited consolidated net assets of Hon Kwok as enlarged by the net proceeds from the Subscription and adjusted for the 2006 final dividend. It is also expected that the share of the assets and the financial results of the Hon Kwok Group by CIL will be decreased from approximately 62.92% to 52.44% in the consolidated account of CIL after completion of the Placing and Subscription.

APPLICATION FOR LISTING

Application will be made by Hon Kwok to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, all the Subscription Shares.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for Shares.

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 CIL

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

At the request of Hon Kwok and CIL, trading in the shares of Hon Kwok and CIL were suspended as from 9:30 a.m. on 16 November 2006 pending the release of this announcement. Applications have been made to the Stock Exchange for the resumption of trading in the shares of Hon Kwok and CIL from 9:30 a.m. on 17 November 2006.

DEFINITIONS

“associates”	has the meaning ascribed to it in the Listing Rules
“CIL”	Chinney Investments Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of Hon Kwok
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hon Kwok”	Hon Kwok Land Investment Company, Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Hon Kwok Group”	Hon Kwok and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, a registered institution under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and an independent third party not connected with or acting in concert with the directors, chief executives or substantial shareholders of Hon Kwok or any of their subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the placing, underwriting and subscription agreement entered into between CIL, Hon Kwok and HSBC, dated 15 November 2006
“Placing Price”	HK\$4.05 per Placing Share
“Placing Shares”	80,047,700 Shares to be placed under the Placing
“Shares”	ordinary shares of nominal value HK\$1.00 each in the capital of Hon Kwok
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the conditional subscription by CIL for the Subscription Shares pursuant to the Placing Agreement
“Subscription Shares”	a total of 80,047,700 new Shares to be subscribed by CIL pursuant to the Placing Agreement
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers

“Transaction Date” means the date when the sale of the Sale Shares shall be reported as a cross-trade to the Stock Exchange, which shall be the first day on which dealings in Hon Kwok resume and the cross-trade can be reported to the Stock Exchange in accordance with its rules, or such other date as CIL and HSBC may agree in writing

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

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

Hong Kong, 16 November 2006

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