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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)**

## **JOINT ANNOUNCEMENT**

### **MAJOR TRANSACTION DISPOSAL OF PROPERTY AND RESUMPTION OF TRADING**

The directors of Chinney and Hon Kwok would like to announce that on 5 March 2008, the Vendor, an indirect wholly-owned subsidiary of Hon Kwok, entered into the Provisional Agreement with the Purchaser for the Disposal at a cash consideration of HK\$335,000,000.

The Disposal contemplated under the Provisional Agreement constitutes a major transaction for both Chinney and Hon Kwok under the Listing Rules.

Chinney has obtained from Chinney Holdings, which holds 55.67% of the issued share capital of Chinney, written approval of the Disposal. Pursuant to Rule 14.44 of the Listing Rules, the Disposal 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.

Hon Kwok has obtained from Chinney, which holds 52.76% of the issued share capital of Hon Kwok, written approval of the Disposal. Pursuant to Rule 14.44 of the Listing Rules, the Disposal which constitutes a major transaction for Hon Kwok has been approved by way of written shareholders' approval in lieu of holding a general meeting of Hon Kwok.

A circular containing further information on the Disposal will be sent to the shareholders of Chinney and to the shareholders of Hon Kwok as soon as practicable.

Trading in the shares of Chinney and Hon Kwok on the Stock Exchange were suspended from 9:30 a.m. on Friday, 7 March 2008 at the request of Chinney and Hon Kwok, pending the release of this announcement. Applications have been made to the Stock Exchange for the resumption of trading in the shares of Chinney and Hon Kwok from 9:30 a.m. on Monday, 10 March 2008.

## **THE PROVISIONAL AGREEMENT**

### **1. Date**

5 March 2008

### **2. Parties**

Vendor : Hon Cheong Limited, an indirect wholly-owned subsidiary of Hon Kwok

Purchaser : Well Friendship Investment Limited

### **3. Information on the Property**

The Property is a commercial building situated at 236-242 Des Voeux Road Central, Hong Kong and known as Yien Yieh Commercial Building. The site area of the Property is approximately 3,249 square feet. The Property currently has undeveloped gross floor area arising from the increase in plot ratio of the subject site from 12 to 15 as approved in July 2006. As a result, the Property is currently under demolition for redevelopment into a modernized office building with retail shops to maximize the undeveloped potential behind the site and thereby to increase the rental income to the Hon Kwok Group.

The Property was acquired by the Vendor in December 2002 for a cash consideration of HK\$68 million and has since then been held as an investment property to generate recurring rental income. The carrying value of the Property as revalued by an independent valuer as at 30 September 2007 was HK\$240 million. The net profit before and after tax attributable to the Property for the year ended 31 March 2007 were approximately HK\$33 million and HK\$28 million respectively and the net profit before and after tax attributable to the Property for the year ended 31 March 2006 were approximately HK\$54 million and HK\$51 million respectively. A valuation report on the Property will be included in each of the circular of Chinney and Hon Kwok.

### **4. Consideration**

The consideration for the Disposal is HK\$335,000,000 in cash and was agreed after arm's length negotiations between the parties by reference to the market value of comparable properties in the same vicinity. The consideration is payable in the following manner:

- (i) an initial deposit of HK\$10,000,000 was paid by the Purchaser to the Vendor upon signing of the Provisional Agreement;
- (ii) a first further deposit of HK\$23,500,000 shall be paid by the Purchaser on or before 20 March 2008 upon signing of the formal sale and purchase agreement;
- (iii) a second further deposit of HK\$16,750,000 shall be paid by the Purchaser on or before 21 April 2008; and

(iv) the remaining balance of HK\$284,750,000 shall be paid on the Completion Date.

## **5. Completion**

Completion of the Disposal shall take place on or before 31 July 2008 or within 7 calendar days after the completion of the demolition work up to the ground level as certified by the Vendor's architect, whichever is the later.

### **REASONS AND BENEFITS FOR THE DISPOSAL**

The directors of Hon Kwok believe that the Disposal represents a good opportunity for the Hon Kwok Group to realize its investment in the Property at attractive return. The Disposal will further strengthen the financial position of the Hon Kwok Group and enhance its cashflow.

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

### **FINANCIAL EFFECTS OF THE DISPOSAL**

The original price paid by the Vendor to acquire the Property in December 2002 was HK\$68 million. The Property has been treated as an investment property in the accounts of the Vendor and the Hon Kwok Group in view of the underlying intention to hold the Property for rental income. Under the Hon Kwok Group's accounting policies, the Property was re-measured to its fair value at the end of each accounting period, with any change in fair value being included in the income statement in the period in which it arose. The carrying value of the Property was HK\$240 million as at 30 September 2007. As a result, the Hon Kwok Group has so far recognized fair value gain in relation to the Property, net of renovation cost, of HK\$161 million in its financial statements up to 30 September 2007. Assuming the carrying value of the Property to be HK\$335 million as at 31 March 2008, it is expected that the Hon Kwok Group will further recognize fair value gain of approximately HK\$89 million in relation to the Property in the second half of the financial year ending 31 March 2008. Assuming there is no change in shareholding of Chinney in Hon Kwok, it is expected that the Chinney Group will further recognize fair value gain of approximately HK\$47 million in relation to the Property in the second half of the financial year ending 31 March 2008.

The Disposal is expected to generate net cash proceeds, after repayment of the bank loan pertaining to the Property and expenses, of approximately HK\$282 million to the Hon Kwok Group. The net proceeds are to be retained for general working capital of the Hon Kwok Group.

### **IMPLICATIONS OF THE LISTING RULES**

The Disposal constitutes a major transaction for both Chinney and Hon Kwok under the Listing Rules. As the Purchaser is an independent third party of Chinney and Hon Kwok, no shareholder of Chinney and Hon Kwok is required to abstain from voting in the respective general meeting of Chinney and Hon Kwok for approving the Disposal.

Chinney has obtained from Chinney Holdings, which holds 55.67% of the issued share capital of Chinney, written approval of the Disposal. Pursuant to Rule 14.44 of the Listing Rules, the Disposal 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.

Hon Kwok has obtained from Chinney, which holds 52.76% of the issued share capital of Hon Kwok, written approval of the Disposal. Pursuant to Rule 14.44 of the Listing Rules, the Disposal which constitutes a major transaction for Hon Kwok has been approved by way of written shareholders' approval in lieu of holding a general meeting of Hon Kwok.

A circular containing further information on the Disposal will be sent to the shareholders of Chinney and to the shareholders of Hon Kwok as soon as practicable.

### **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.

As at the date of this announcement, Chinney Holdings holds approximately 55.67% of the issued share capital of Chinney.

### **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.

As at the date of this announcement, Chinney holds approximately 52.76% of the issued share capital of Hon Kwok.

### **INFORMATION ON THE PURCHASER**

The Purchaser is a private company incorporated in Hong Kong with limited liability.

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

### **DIRECTORS OF CHINNEY**

As 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.

## **DIRECTORS OF HON KWOK**

As 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. Dennis Kwok-Wing Cheung and Mr. Zuric Yuen-Keung Chan and the independent non-executive directors are Dr. Daniel Chi-Wai Tse, Mr. Kenneth Kin-Hing Lam and Professor Hsin-Kang Chang.

## **RESUMPTION OF TRADING**

Trading in the shares of Chinney and Hon Kwok on the Stock Exchange were suspended from 9:30 a.m. on Friday, 7 March 2008 at the request of Chinney and Hon Kwok, pending the release of this announcement. Applications have been made to the Stock Exchange for the resumption of trading in the shares of Chinney and Hon Kwok from 9:30 a.m. on Monday, 10 March 2008.

## **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
“Chinney Group”	Chinney and its subsidiaries
“Chinney Holdings”	Chinney Holdings Limited, a company incorporated in Hong Kong with limited liability and which is the holding company of Chinney
“Completion Date”	completion of the Disposal under the Provisional Agreement, which shall take place on or before 31 July 2008 or within 7 calendar days after the completion of the demolition work up to the ground level as certified by the Vendor’s architect, whichever is the later
“Disposal”	the disposal of the Property by the Vendor to the Purchaser
“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 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
“Property”	a commercial building situated at 236-242 Des Voeux Road Central, Hong Kong and known as Yien Yieh Commercial Building
“Provisional Agreement”	the provisional agreement dated 5 March 2008 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
“Purchaser”	Well Friendship Investment Limited, a company incorporated in Hong Kong with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Hon Cheong Limited, a company incorporated in Hong Kong with limited liability and which is an indirect wholly-owned subsidiary of Hon Kwok

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, 7 March 2008