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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**

**MAJOR AND CONNECTED  
TRANSACTION**

**JOINT ANNOUNCEMENT**

**SUBSCRIPTION FOR NEW SHARES IN  
CHINNEY TRADING COMPANY LIMITED**

**THE SUBSCRIPTION AGREEMENT**

The directors of Hon Kwok and Chinney would like to announce that on 18 September 2012, Bliss Ally, as subscriber and an indirect wholly-owned subsidiary of Hon Kwok, entered into the Subscription Agreement with the Target Company, as issuer, Chinney Development and Wan Thai, as guarantors, pursuant to which Bliss Ally has agreed to subscribe for, and the Target Company has agreed to allot and issue 2,600 new shares in the Target Company at a cash consideration of HK\$368,537,000, representing the sum payable for the Subscription Shares. The Target Company is currently being held by Chinney Development and Wan Thai as to 75% and 25% respectively. Upon Completion, the Target Company will be held by Chinney Development, Wan Thai and Bliss Ally as to 60%, 20% and 20% respectively.

The Target Company is an investment holding company and the sole asset of significance held by the Target Group via a wholly-owned subsidiary, the PRC Co, is the Property. The Property is a vacant site of 48,764 square metres situated at 中國深圳市南山區僑香路北側 (Qiaoxiang Road North, Nanshan District, Shenzhen, PRC) and is positioned by the relevant government authorities to be developed as 總部基地 (Advanced Business Park) which includes a group of buildings for composite use with a total gross floor area of approximately 224,500 square metres.

Based on the preliminary valuation by an Independent Valuer, the Property is valued at RMB1,700,000,000 (equivalent to HK\$2,098,765,000) as at 31 July 2012.

Chinney Development is a connected person of Hon Kwok and Chinney by virtue of the fact that it is a company controlled by Dr. James Sai-Wing Wong, Chairman and substantial shareholder of both Hon Kwok and Chinney. Accordingly, the Subscription 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 Subscription is subject to the approval of the independent shareholders of Hon Kwok and Chinney at their respective general meetings. Dr. James Sai-Wing Wong together with its associates (if any), will abstain from voting at the Hon Kwok EGM and the Chinney EGM in respect of the resolution to be proposed to approve the Subscription, as required by the Listing Rules.

In accordance with the Listing Rules, the Subscription also constitutes a major transaction for both Hon Kwok and 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 Subscription 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 Subscription 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 Subscription; (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 on or before 11 October 2012 in compliance with the Listing Rules.

A circular containing, among other things, (i) details of the Subscription; (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 on or before 11 October 2012 in compliance with the Listing Rules.

## **THE SUBSCRIPTION AGREEMENT**

Pursuant to the Subscription Agreement, Bliss Ally has agreed to subscribe for, and the Target Company has agreed to allot and issue, the Subscription Shares.

The Subscription Shares represent 20% of the enlarged total issued share capital of the Target Company upon Completion.

### **1. Date**

18 September 2012

### **2. Parties**

- (a) The Target Company, as issuer
- (b) Bliss Ally, as subscriber
- (c) Chinney Development, as guarantor
- (d) Wan Thai, as guarantor

### 3. Consideration

The cash consideration of HK\$368,537,000, representing the sum payable for the Subscription Shares, is determined by reference to the unaudited consolidated net assets of the Target Group as at 31 July 2012 after adjusting for the revaluation of the Property and shareholders' loans together with the Subscription monies receivable and was agreed at after arm's length negotiation amongst the parties. It is the current intention of the Hon Kwok Group to finance the Subscription by way of its internal resources. The cash consideration, to be utilized as general working capital of the Target Group, will be payable in the following manners:-

- (a) Initial Deposit  
HK\$36,853,700 has been paid to the Target Company upon signing of the Subscription Agreement. Such deposit shall be returned to Bliss Ally as soon as practicable without interest or compensation of any nature if conditions (a) and (b) as mentioned in paragraph 4 below are not fulfilled;
- (b) Second Deposit  
HK\$73,707,400 will be paid to the Target Company within five business days after conditions (a) and (b) as mentioned in paragraph 4 below are fulfilled. Such deposit together with the above initial deposit shall be returned to Bliss Ally as soon as practicable without interest or compensation of any nature if any of the conditions (c), (d), (e) and (f) as mentioned in paragraph 4 below are not fulfilled or waived; and
- (c) the balance of the consideration of HK\$257,975,900 will be paid to the Target Company within three months after payment of the Second Deposit.

### 4. Completion of the Subscription Agreement

Completion 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 Subscription;
- (b) the passing of an ordinary resolution by the independent shareholders of Chinney at the Chinney EGM to approve the Subscription;
- (c) all necessary waiver and/or approval regarding the execution of and to give effect to the transactions contemplated under the Subscription Agreement and each of the documents to be executed on or before the Completion have been obtained by the Target Company, Chinney Development, Wan Thai and/or Bliss Ally;
- (d) the warranties given by Chinney Development and Wan Thai remain true and correct in all material respects at all times from the date hereof and up to Completion;
- (e) the warranties given by Bliss Ally remain true and correct in all material respects at all times from the date hereof and up to Completion; and
- (f) Bliss Ally being reasonably satisfied with the results of the due diligence review on the Target Group.

Completion shall take place immediately after payment of the balance of the consideration which shall be payable within three months after payment of the Second Deposit (or such other date as the parties may agree in writing).

Upon Completion, Bliss Ally will hold 20% of the enlarged total issued share capital of the Target Company and shall appoint such number of persons as directors of the Target Company and the PRC Co corresponding to its then shareholding interests in these companies.

## **INFORMATION ON THE TARGET GROUP**

The Target Company is a company incorporated in Hong Kong on 3 April 1985 with limited liability. The authorised and issued share capital of the Target Company as at the date of this announcement is HK\$1,000,000 divided into 10,000 shares of HK\$100 each which are held by Chinney Development and Wan Thai as to 75% and 25% respectively.

The Target Company is an investment holding company and the sole asset of significance held by the Target Group via a wholly-owned subsidiary, the PRC Co, is the Property. The Property is a vacant site of 48,764 square metres situated at 中國深圳市南山區僑香路北側 (Qiaoxiang Road North, Nanshan District, Shenzhen, PRC) and is positioned by the relevant government authorities to be developed as 總部基地 (Advanced Business Park) which includes a group of buildings for composite use with a total gross floor area of approximately 224,500 square metres. According to the current development plan, other than gross floor area of 12,000 square metres which will be retained for local government use, the remaining 212,500 square metres will be developed as 商品房 (commodity housing) of which not less than 50% of such gross floor area is to be held for owner occupation, operation or investment whilst the remaining is to be developed for sale. The costs incurred to date by the Target Group relating to the Property (including acquisition, demolition, resettlement and land premium for upgrading the use of the buildings to be erected on the Property) amounted to RMB505,718,000 (equivalent to HK\$624,343,000).

Based on the preliminary valuation by an Independent Valuer, the Property is valued at RMB1,700,000,000 (equivalent to HK\$2,098,765,000) as at 31 July 2012.

The unaudited net loss before and after tax attributable to the Target Group for the year ended 31 March 2012 were both approximately HK\$1,564,000 respectively. The audited net loss before and after tax attributable to the Target Group for the year ended 31 March 2011 were both approximately HK\$1,199,000 respectively.

Upon Completion, the authorised and issued share capital of the Target Company will be increased to HK\$1,300,000 divided into 13,000 shares of HK\$100 each which will be held by Chinney Development, Wan Thai and Bliss Ally as to 60%, 20% and 20% respectively.

## **REASONS AND BENEFITS FOR THE SUBSCRIPTION**

Shenzhen is in the course of rapid transformation from an industrial oriented city decades ago to become a commercial oriented metropolis today. Demand for high quality office buildings with well designed ancillary apartments in serene environment at choice location increases substantially. It is anticipated that such trend of demand is set to continue in the coming years in tandem with the on-going development of Qianhai special pilot zone for financial and modern service industries as well as the steady growth of Mainland China economically.

The Hon Kwok Group's business strategy is to maintain a balanced portfolio of development properties for sale and investment properties for rental income. Properties held for sale tend to yield higher return and strengthen the overall financial position of the Hon Kwok Group whilst those held for rental income serve to generate stable cash inflow in the long term.

It is always the intention of the board of directors of Hon Kwok (the "Board of Hon Kwok") to look for appropriate timing to enlarge the property portfolio in Mainland China. At present, the Hon Kwok Group's projects in Shenzhen and Chongqing, both completed or in the course of construction, are mainly properties held for rental income whereas those held for sale are mostly in Guangzhou and Foshan Nanhai. After the long and tedious process of land acquisition, demolition and resettlement carried out by the Target Group since early 2007, the Property has now been transformed to a ready-to-develop site at core location in Shenzhen. The Board of Hon Kwok is of the opinion that it is now the most appropriate opportunity to participate and jointly develop the Property, particularly it comprises units partly for sale and partly for rental income which serves to improve the overall balanced property portfolio of the Hon Kwok Group.

In retrospect, the Hon Kwok Group carried out a total of two connected transactions for acquisition of properties in the past five years, namely, (a) two construction sites in Chongqing in June 2007, one of which, a twin tower office buildings on top of a commercial podium, has been completed and known as Chongqing Hon Kwok Centre (重慶漢國中心) with occupancy around 95% and generating satisfactory rental income. The other site comprises a twin tower office apartment and a 5-star hotel on top of a commercial podium, to be named as Chongqing International Finance Centre (重慶國際金融中心), is in the course of construction and (b) a completed commercial building in Guangzhou in March 2010, now known as Ganghui Dasha (港滙大廈), is held as investment property for rental income. At present, its occupancy is approximately 95%. The Board of Hon Kwok is very pleased to report that the fair market value of all these properties as disclosed in the Annual Report 2011/12 of Hon Kwok increased substantially comparing with the respective costs of acquisitions, thus contributed significant surplus to the consolidated total equity of the Hon Kwok Group and the net asset value per share to shareholders of Hon Kwok.

The directors of Hon Kwok (excluding the independent non-executive directors who will opine on the terms of the Subscription after considering the advice from the independent financial adviser) consider that the Subscription is a rare opportunity for the Hon Kwok Group to replenish its land bank in Shenzhen and believe that the terms of the Subscription 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 Subscription after considering the advice from the independent financial adviser) consider that the Subscription is a rare opportunity for the Hon Kwok Group to replenish its land bank in Shenzhen and believe that the terms of the Subscription are fair and reasonable and in the interests of Chinney and its shareholders as a whole.

## **IMPLICATIONS OF THE LISTING RULES**

Chinney Development is a connected person of Hon Kwok and Chinney by virtue of the fact that it is a company controlled by Dr. James Sai-Wing Wong, Chairman and substantial shareholder of both Hon Kwok and Chinney. Accordingly, the Subscription 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 Subscription 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 Subscription also constitutes a major transaction for both Hon Kwok and 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 Subscription 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 Subscription 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 Subscription. Dr. James Sai-Wing Wong (through his beneficial interest in Chinney) together with its associates (if any), currently holding 267,846,553 shares of Hon Kwok (representing approximately 55.77% 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 Subscription, as required by the Listing Rules.

A circular containing, among other things, (i) details of the Subscription; (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 on or before 11 October 2012 in compliance with the Listing Rules.

## **CHINNEY EGM**

The Chinney EGM will be convened as soon as practicable at which resolution will be proposed to approve the Subscription. Dr. James Sai-Wing Wong (through his beneficial interest in Chinney Holdings) together with its associates (if any), currently holding 320,759,324 shares of Chinney (representing approximately 58.18% of its issued share capital), will abstain from voting at the Chinney EGM in respect of the resolution to be proposed to approve the Subscription, as required by the Listing Rules.

A circular containing, among other things, (i) details of the Subscription; (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 on or before 11 October 2012 in compliance with the Listing Rules.

## **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 267,846,553 shares of Hon Kwok, representing approximately 55.77% 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 320,759,324 shares of Chinney, representing approximately 58.18% of its issued share capital.

## **DIRECTORS OF HON KWOK**

At the date of this announcement, the directors of Hon Kwok are Dr. James Sai-Wing Wong, Madam Madeline May-Lung Wong, Mr. Herman Man-Hei Fung, Mr. Yuen-Keung Chan, Mr. Xiao-Ping Li and Dr. Emily Yen Wong (alternate director to Madam Madeline May-Lung Wong) 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 of Chinney are Dr. James Sai-Wing Wong, Madam Madeline May-Lung Wong, Mr. William Chung-Yue Fan, Mr. Herman Man-Hei Fung and Mr. Paul Hon-To Tong 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:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Bliss Ally”	Bliss Ally Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of Hon Kwok
“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 Development”	Chinney Development Company Limited, a company incorporated in Hong Kong with limited liability and is beneficially owned by Dr. James Sai-Wing Wong
“Chinney EGM”	the extraordinary general meeting of Chinney to be convened for approving the Subscription
“Chinney Holdings”	Chinney Holdings Limited, a company incorporated in Hong Kong with limited liability and is the holding company of Chinney
“Completion”	completion of the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“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 Subscription
“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
“Independent Valuer”	Savills Valuation and Professional Services Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China



“PRC Co”	運泰建業置業(深圳)有限公司 (Wanthai Chinney Real Estate (Shenzhen) Co., Ltd.), a company incorporated in Shenzhen, PRC with limited liability and a wholly-owned subsidiary of the Target Company
“Property”	a vacant site of 48,764 square metres situated at 中國深圳市南山區僑香路北側 (Qiaoxiang Road North, Nanshan District, Shenzhen, PRC)
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by Bliss Ally in accordance with the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 18 September 2012 entered into amongst the Target Company, Bliss Ally, Chinney Development and Wan Thai in relation to the Subscription
“Subscription Shares”	2,600 new shares of HK\$100 each in the share capital of the Target Company to be subscribed by Bliss Ally, representing 20% of the enlarged total issued share capital of the Target Company upon Completion
“Target Company”	Chinney Trading Company Limited, a company incorporated in Hong Kong with limited liability
“Target Group”	the Target Company and its wholly-owned subsidiary, the PRC Co
“Wan Thai”	Wan Thai Group Limited, a company incorporated in the British Virgin Islands with limited liability

*For illustration purpose, RMB has been translated into HK\$ at the exchange rate of HK\$1.00 = RMB0.81. 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**  
**Louisa Kai-Nor Siu**  
*Company Secretary*

By Order of the Board  
**Hon Kwok Land Investment Company, Limited**  
**Thomas Hang-Cheong Ma**  
*Company Secretary*

Hong Kong, 18 September 2012