

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Chinney Investments, Limited**, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



**建業實業有限公司**  
**Chinney Investments, Limited**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 216)**

**CONNECTED TRANSACTION  
IN RELATION TO  
FOUNDATION CONSTRUCTION WORKS**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**

**VEDA | CAPITAL**  
**智略資本**  
**Veda Capital Limited**

---

Capitalized terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 6 to 14 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 15 of this circular. A letter from Veda, the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 27 of this circular.

A notice convening the EGM to be held at Full Moon Shanghai Restaurant, Macau Jockey Club, 3rd Floor, East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Monday, 7 November 2016 at 4:00 p.m. is set out on pages 35 to 36 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

21 October 2016

---

## CONTENTS

---

	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	6
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	15
<b>LETTER FROM VEDA</b> .....	16
<b>APPENDIX – GENERAL INFORMATION</b> .....	28
<b>NOTICE OF EGM</b> .....	35

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following expressions have the meanings as set out below:*

“Architect”	Andrew Lee King Fun & Associates Architects Limited, the architect engaged by the Employer relating to the proposed development of the Land
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“CAG Group”	Chinney Alliance Group and its subsidiaries
“Chinney Alliance Group”	Chinney Alliance Group Limited (建聯集團有限公司*), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange (Stock Code: 385), and is the holding company of Chinney Kin Wing
“Chinney Holdings”	Chinney Holdings Limited (建業發展(集團)有限公司), a company incorporated in Hong Kong with limited liability and is the holding company of the Company holding approximately 63.25% of the issued shares of the Company as at the Latest Practicable Date
“Chinney Kin Wing”	Chinney Kin Wing Holdings Limited (建業建榮控股有限公司*), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange (Stock Code: 1556)
“Chinney Kin Wing Group”	Chinney Kin Wing and its subsidiaries
“Companies”	Chinney Kin Wing, Chinney Alliance Group, Hon Kwok Land and the Company
“Company” or “Chinney Investments”	Chinney Investments, Limited (建業實業有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Stock Exchange (Stock Code: 216) and is the holding company of Hon Kwok Land holding approximately 68.09% of its issued shares as at the Latest Practicable Date
“Conditions Precedent to the Framework Agreement”	the conditions precedent set out under the paragraph “Conditions Precedent” of the Framework Agreement

\* for identification purpose only

---

## DEFINITIONS

---

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Contract Documents”	the contract documents in respect of the Foundation Construction Works to be entered into between the Employer and the Contractor in accordance with and substantially in the same form and substance as annexed to the Framework Agreement
“Contract Sum”	a sum of Hong Kong Dollars Two Hundred and Ten Million (HK\$210,000,000)
“Contractor”	Kin Wing Foundations Limited (建榮地基有限公司), a company incorporated under the laws of Hong Kong with limited liability, and an indirect wholly-owned subsidiary of Chinney Kin Wing and an indirect non wholly-owned subsidiary of Chinney Alliance Group
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Dr. James Sai-Wing Wong”	Dr. James Sai-Wing Wong, the chairman and executive director of each of Chinney Alliance Group, Hon Kwok Land and the Company
“Drawings”	any drawings in relation to the Foundation Construction Works as contained in the Contract Documents
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, among other things, seeking approval from the Independent Shareholders in respect of the Transactions
“Employer”	Gold Famous Development Limited (金譽發展有限公司), a company incorporated under the laws of Hong Kong with limited liability, and an indirect wholly-owned subsidiary of Hon Kwok Land and an indirect non wholly-owned subsidiary of the Company

---

## DEFINITIONS

---

“Foundation Construction Works”	<p>includes, but not limited to, in relation to the Land:</p> <ul style="list-style-type: none"><li>(a) the construction of piling foundation, pipe piling, bored pile wall works to accord with the proposed engineer’s loading plans and schedule and all amendments by the proposed engineer’s design;</li><li>(b) the carrying out of all tests for the piling works as required in the Specifications;</li><li>(c) proof testing for piling system as required by the Architect or the Building Authority;</li><li>(d) the preparation of reports on subsoils, piling works, etc. all for submission to the Architect, and amendment of these as necessary to obtain approval from the Building Authority and any relevant governmental department;</li><li>(e) the maintenance and reinstatement of existing hoardings, covered walkways, fencings and gantries, etc. in accordance with the Drawings and the Specifications; and</li><li>(f) the taking of every precaution to protect adjacent structure from damage and making good any damage caused,</li></ul> <p>as more particularly set out in the Contract Documents</p>
“Framework Agreement”	a framework agreement dated 20 September 2016 entered into between the Contractor and the Employer in relation to the Foundation Construction Works
“Group” or “Chinney Investments Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hon Kwok Land”	Hon Kwok Land Investment Company, Limited (漢國置業有限公司), a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Stock Exchange (Stock Code: 160)
“Hon Kwok Land Group”	Hon Kwok Land and its subsidiaries

---

## DEFINITIONS

---

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of the Board consisting of all the independent non-executive Directors, namely Messrs. Clement Kwok-Hung Young, Peter Man-Kong Wong and James C. Chen, established to advise the Independent Shareholders in respect of the Transactions
“Independent Shareholders”	Shareholders other than Dr. James Sai-Wing Wong together with his associates
“Land”	the parcel of land situated at and known as K.C.T.L. 495, Kin Chuen Street, Kwai Chung, New Territories, Hong Kong
“Latest Practicable Date”	18 October 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Laws”	includes the Listing Rules, all laws, bye-laws, rules, regulations, guidelines, orders, judgments, decrees or rulings of any court, government, governmental or regulatory authority whether or not ejusdem generis with any of the foregoing and the “Law” shall be construed accordingly
“Letter of Acceptance”	the letter of acceptance to be issued by the Architect to the Contractor confirming the engagement of the Contractor, which is substantially in the same form and substance as annexed to the Framework Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long-Stop Date”	31 December 2016
“Lucky Year”	Lucky Year Finance Limited, a company incorporated in the British Virgin Islands with limited liability
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers
“Parties”	the Contractor and the Employer, the parties to the Framework Agreement and a “Party” shall be construed accordingly

---

## DEFINITIONS

---

“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong
“Proposed CT”	the proposed connected transaction contemplated under the Framework Agreement
“Quantity Surveyor”	Currie & Brown (China) Limited, a firm of chartered quantity surveyors engaged by the Employer and is independent from the Company and its associates
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	shareholders of the Company
“Specifications”	the detailed specifications in relation to the Foundation Construction Works as contained in the Contract Documents
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Transactions”	the Proposed CT and the transactions contemplated thereunder
“Veda” or “Independent Financial Adviser”	Veda Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the SFO, being the independent financial adviser appointed by the Company in respect of the Transactions
“%”	per cent

---

LETTER FROM THE BOARD

---



建業實業有限公司  
Chinney Investments, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 216)

*Executive Directors:*

Dr. James Sai-Wing Wong (*Chairman*)  
Mr. Herman Man-Hei Fung (*Managing Director*)

*Non-executive Directors:*

Mr. William Chung-Yue Fan  
Mr. Paul Hon-To Tong  
Mr. James Sing-Wai Wong

*Independent non-executive Directors:*

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

*Registered Office:*

23rd Floor  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

21 October 2016

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION  
IN RELATION TO  
FOUNDATION CONSTRUCTION WORKS**

**INTRODUCTION**

With reference to the joint announcement dated 20 September 2016 as announced by the Company, Hon Kwok Land, Chinney Alliance Group and Chinney Kin Wing, the Contractor and the Employer entered into the Framework Agreement, pursuant to which the Employer conditionally agreed to engage the Contractor, and the Contractor conditionally agreed to carry out the Foundation Construction Works on the Land for the Contract Sum of HK\$210,000,000.

As at the Latest Practicable Date, the Employer is an indirect wholly-owned subsidiary of Hon Kwok Land and an indirect non wholly-owned subsidiary of the Company, and the Contractor is an indirect wholly-owned subsidiary of Chinney Kin Wing and an indirect non wholly-owned subsidiary of Chinney Alliance Group. The Company is interested in approximately 68.09% and 29.10% of the issued shares of Hon Kwok Land and Chinney Alliance Group respectively, and Chinney Alliance Group is in turn holding approximately



---

## LETTER FROM THE BOARD

---

74.50% of the issued shares of Chinney Kin Wing. Dr. James Sai-Wing Wong is the chairman of the Company, Hon Kwok Land and Chinney Alliance Group and is beneficially interested in (a) approximately 63.34% of the issued shares of the Company; (b) approximately 69.72% of the issued shares of Hon Kwok Land (including those interests held through the Company); (c) approximately 73.43% of the issued shares of Chinney Alliance Group (including those interests held through the Company); and (d) approximately 74.50% of the issued shares of Chinney Kin Wing (representing those interests held through Chinney Alliance Group). Hence, the Company, Hon Kwok Land, Chinney Alliance Group and Chinney Kin Wing are connected persons to one another within the meaning of the Listing Rules.

The entering into of the Framework Agreement constitutes a connected transaction of the Company under the Listing Rules. As the applicable percentage ratio of the Proposed CT is more than 5% and the Contract Sum is more than HK\$10 million, the Proposed CT constitutes non-exempt connected transaction under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (a) details of the Transactions; (b) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Transactions; (c) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions; (d) a notice of the EGM; and (e) other information as required under the Listing Rules.

### THE FRAMEWORK AGREEMENT

#### Date

20 September 2016 (after trading hours)

#### Parties

- (a) The Employer : Gold Famous Development Limited (金譽發展有限公司)
- (b) The Contractor : Kin Wing Foundations Limited (建榮地基有限公司)

As at the Latest Practicable Date, the Employer is an indirect wholly-owned subsidiary of Hon Kwok Land and an indirect non wholly-owned subsidiary of the Company, and the Contractor is an indirect wholly-owned subsidiary of Chinney Kin Wing and an indirect non wholly-owned subsidiary of Chinney Alliance Group.

---

## LETTER FROM THE BOARD

---

### **Foundation Construction Works**

Pursuant to the Framework Agreement, the Employer conditionally engages the Contractor and the Contractor conditionally agrees to carry out the Foundation Construction Works on the Land for the Contract Sum on the terms and subject to the Conditions Precedent to the Framework Agreement and the terms and conditions to be finalised and contained in the Contract Documents. The period of the Foundation Construction Works is estimated to be approximately 550 calendar days.

### **Contract Sum and Terms of Payment**

The Contract Sum is a sum of Hong Kong Dollars Two Hundred and Ten Million (HK\$210,000,000).

Payment of the Contract Sum will follow common industry practice which is to be effected in stages based on the progress of the Foundation Construction Works properly executed by the Contractor and the materials and goods delivered, as certified by the Architect in the Architect's certificates to be delivered to the Employer from time to time.

The Contract Sum was arrived at after arm's length negotiations between the Contractor and the Employer by reference to the prevailing market rate. The Contractor offered a quotation to the Employer after considering the geological condition of the Land, the complexity and difficulty of the Foundation Construction Works, and estimated project costs (including mainly machinery usage costs, direct labour costs, subcontracting charges and construction material costs).

The Employer has engaged the Quantity Surveyor to carry out an examination on the quotation offered by the Contractor. During the course of the examination, the Quantity Surveyor selected another four foundation contractors in Hong Kong and sent to each of them the request for quotation of the works as required under the Foundation Construction Works. Two of these foundation contractors replied to the Quantity Surveyor who then compared their quotations with that provided by the Contractor. The Employer, after reviewing the costs analysis prepared by the Quantity Surveyor, is satisfied that the Contract Sum is in line with the prevailing market rate.

In addition, the Quantity Surveyor has separately prepared an estimate on the value of the Foundation Construction Works based on the topography and geology of the Land and the construction techniques required by the Foundation Construction Works.

Based on a report issued by the Quantity Surveyor regarding the analysis and comparison of the Contract Sum, the returned quotations from the other foundation contractors, and the separate cost estimate of the value of the Foundation Construction Works, the Quantity Surveyor is of the opinion that the Contract Sum represents a fair and reasonable consideration in respect of the Foundation Construction Works.

---

## LETTER FROM THE BOARD

---

### Conditions Precedent to the Framework Agreement

The engagement of the Contractor and the obligations of the Parties under the Framework Agreement are conditional upon:

- (a) the passing by the independent shareholders of each of the Companies in their respective special general meetings or extraordinary general meetings (as the case may be) by way of poll of resolution(s) approving, amongst other things, the Transactions and authorising the execution, delivery and performance of all the transactions contemplated under the Framework Agreement and any agreement ancillary thereto;
- (b) all requirements imposed by the Stock Exchange under the Listing Rules or otherwise in connection with all the transactions contemplated by the Framework Agreement having been fully complied with; and
- (c) all waivers, consents, approvals or confirmations of the Stock Exchange which are required or appropriate or in relation thereto, and all relevant waivers, consents, approvals or confirmations required for the purposes of the Parties for the entry into and the implementation of the Framework Agreement having been obtained.

None of the conditions precedent to the Framework Agreement can be waived by the Contractor or the Employer.

The Parties shall use their reasonable endeavours to procure that the Conditions Precedent to the Framework Agreement shall be fulfilled by the Long-Stop Date.

If the Conditions Precedent to the Framework Agreement shall not have been fulfilled by the Long-Stop Date, or such other date as the Parties may agree in writing (time in either case being of the essence), then save in respect of any antecedent breach of the Framework Agreement, all rights and liabilities of the Parties shall cease and no Party shall have any claim against the other Party.

### INFORMATION ON THE COMPANY

The Company is an investment holding company. The subsidiaries of the Company (excluding Hon Kwok Land Group and CAG Group) are mainly engaged in garment manufacturing and trading and general investment.

As at the Latest Practicable Date, Dr. James Sai-Wing Wong is holding 349,243,324 shares of the Company (including 348,763,324 shares held indirectly representing approximately 63.25% and 480,000 shares held directly representing approximately 0.09%), representing approximately 63.34% of the issued shares of the Company in aggregate.

---

## LETTER FROM THE BOARD

---

### INFORMATION ON THE PARTIES

The Contractor is a company incorporated in Hong Kong with limited liability and is principally engaged in foundation construction works and providing piling construction services to the private sector in Hong Kong.

The Employer is a company incorporated in Hong Kong with limited liability and is principally engaged in property development business in Hong Kong.

### REASONS FOR AND BENEFITS OF THE TRANSACTIONS

One of the principal activities of Hon Kwok Land Group is property development and from time to time it engages contractors for construction works of its residential, commercial or hotel development projects. Over the last decade, Hon Kwok Land Group focuses in China real estate market and carries out property development business mainly in PRC. The Land has been acquired by Hon Kwok Land Group through government public tender in Hong Kong in 2015, and is planned to be developed for non-residential use and be held by Hon Kwok Land Group for recurrent rental income.

CAG Group and Chinney Kin Wing Group have been engaging in superstructure construction works, foundation construction works, and electrical and mechanical installation and maintenance services in Hong Kong for many years. In particular, as disclosed in the prospectus of Chinney Kin Wing dated 30 October 2015, Chinney Kin Wing Group ranked the fourth in the piling construction industry in Hong Kong in terms of market share for the years ended 31 December 2012, 2013 and 2014 respectively.

The management of Hon Kwok Land Group therefore considers that the engagement of the Contractor could capitalise on the experiences and expertises of CAG Group and Chinney Kin Wing Group in the Hong Kong construction industry, and could save resources in conducting market research for other possible alternatives in Hong Kong. The joint efforts of the Parties would provide more comprehensive and coordinated service in relation to the Foundation Construction Works in the common interest of the Parties and the Companies.

In addition, foundation construction is a highly technical industry and requires specialised expertises and capabilities. The management of Hon Kwok Land Group considers that it is beneficial and more cost effective to engage a capable, reliable and reputed foundation contractor whom it is familiar with. The Contractor is therefore an appropriate candidate given that (a) the market ranking of Chinney Kin Wing Group provides a solid proof of its capability and reliability; (b) same as the Employer, it is under the control of Dr. James Sai-Wing Wong who has the objective of achieving the well-being for all of the Companies; and (c) the long established relationship amongst the Companies will enhance work efficiency and effective communication.

Based on the reasons stated above, Hon Kwok Land Group will also consider engaging CAG Group for the superstructure construction works on the Land. However, since the relevant building plans have not yet been finalised, such engagement will only be considered in 2017. The Companies will comply with the relevant Listing Rules requirements should any

---

## LETTER FROM THE BOARD

---

agreements relating to the superstructure construction works be entered into between Hon Kwok Land Group and CAG Group.

The conditional engagement by the Employer and the conditional acceptance by the Contractor to carry out the Foundation Construction Works represent activities within the ordinary and usual course of business of each of Chinney Kin Wing Group, CAG Group, Hon Kwok Land Group and the Group.

The Contractor offered a quotation to the Employer based on the estimated project costs (including mainly machinery usage costs, direct labour costs, subcontracting charges and construction material costs). In preparing such quotation, the Contractor had followed an established set of internal guidelines and procedures and considered various factors when determining the appropriate pricing which would also apply to other foundation construction works of similar kind, including but not limited to (a) the size of the construction site; (b) the landscape and geological condition of the construction site; (c) the complexity and difficulty of the works to be performed; (d) the amount of resources required to be devoted into the project; (e) the estimated duration of the time of the works required to be performed; (f) the availability of the Contractor's resources; (g) the need and estimated cost of subcontracting certain works to other parties; and (h) the overall estimated cost. The Contractor then concluded an average cost of each bored pile to be incurred with respect to the construction time required for the Foundation Construction Works and adopted such cost, among others, in determining the Contract Sum. CAG Group and Chinney Kin Wing Group therefore consider that the Contract Sum offered by the Contractor to the Employer was comparable to those offered to other independent third parties for similar Foundation Construction Works.

The Employer, on the other hand, has engaged the Quantity Surveyor to carry out an examination on the quotation offered by the Contractor and the Quantity Surveyor is of the opinion that the Contract Sum represents a fair and reasonable consideration in respect of the Foundation Construction Works provided. The Quantity Surveyor is one of the world's leading cost management and quantity surveying consultancies which delivers cost management advice including but not limited to cost control, cost planning and contract advice. They have operations globally and have offices in the Americas, Asia Pacific, Europe, India and the Middle East. The officer responsible for the engagement by the Employer is a member of the Hong Kong Institute of Surveyors, member of the Royal Institution of Chartered Surveyors, Registered Professional Surveyor (Quantity Surveying) and Registered Cost Engineer (PRC) with over 50 years of experience in all types of quantity surveying services.

Accordingly, the Directors consider that the terms of the Framework Agreement (and the transaction contemplated therein) are on normal commercial terms and in the ordinary course of business of the Group, and that the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

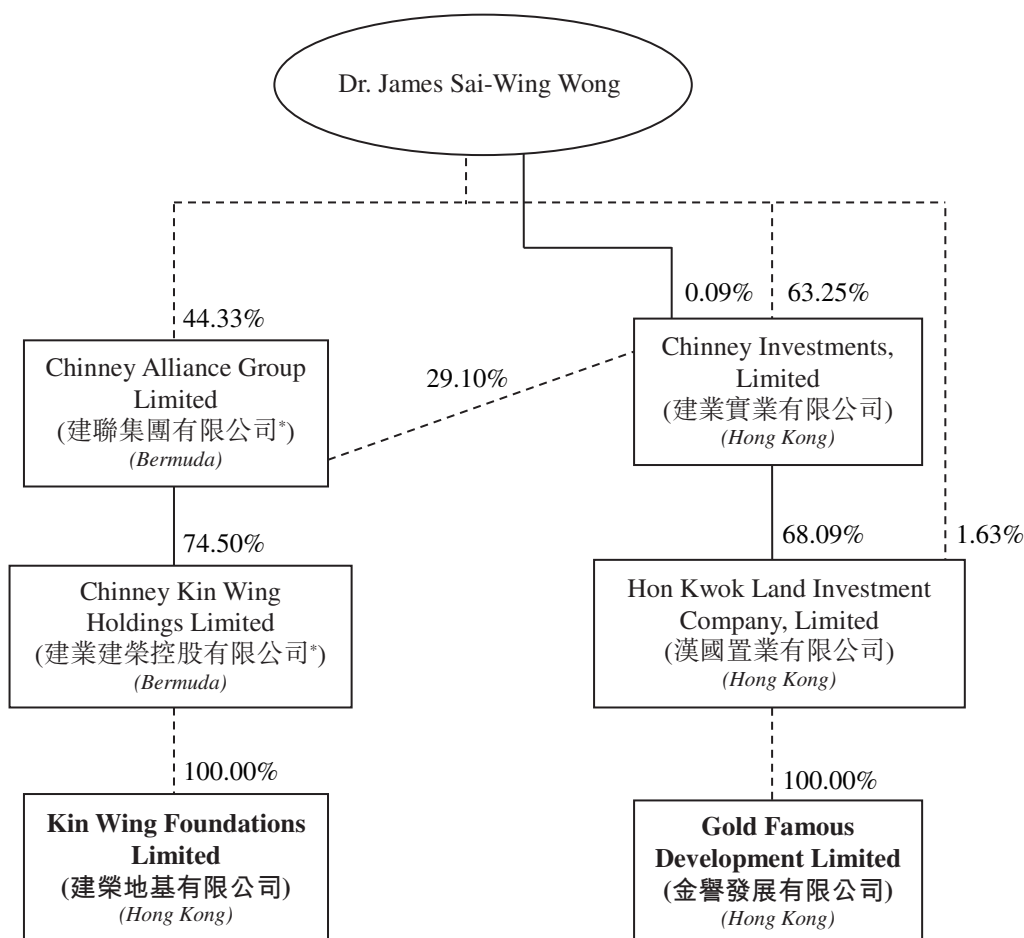
### **LISTING RULES IMPLICATIONS**

As at the Latest Practicable Date, the Employer is an indirect wholly-owned subsidiary of Hon Kwok Land and an indirect non wholly-owned subsidiary of the Company, and the Contractor is an indirect wholly-owned subsidiary of Chinney Kin Wing and an indirect non

## LETTER FROM THE BOARD

wholly-owned subsidiary of Chinney Alliance Group. The Company is interested in approximately 68.09% and 29.10% of the issued shares of Hon Kwok Land and Chinney Alliance Group respectively, and Chinney Alliance Group is in turn holding approximately 74.50% of the issued shares of Chinney Kin Wing. Dr. James Sai-Wing Wong is the chairman of the Company, Hon Kwok Land and Chinney Alliance Group and is beneficially interested in (a) approximately 63.34% of the issued shares of the Company; (b) approximately 69.72% of the issued shares of Hon Kwok Land (including those interests held through the Company); (c) approximately 73.43% of the issued shares of Chinney Alliance Group (including those interests held through the Company); and (d) approximately 74.50% of the issued shares of Chinney Kin Wing (representing those interests held through Chinney Alliance Group). Hence, the Company, Hon Kwok Land, Chinney Alliance Group and Chinney Kin Wing are connected persons to one another within the meaning of the Listing Rules.

The relationships of Dr. James Sai-Wing Wong, the Parties and the Companies are set out in the structure chart below:



\* for identification purpose only

Notes:

1. ----- represents indirect shareholding interests
2. ——— represents direct shareholding interests
3. The percentages are subject to rounding

---

## LETTER FROM THE BOARD

---

Accordingly, the entering into of the Framework Agreement constitutes a connected transaction of the Company under the Listing Rules. As the applicable percentage ratio of the Proposed CT is more than 5% and the Contract Sum is more than HK\$10 million, the Proposed CT constitutes non-exempt connected transaction under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Dr. James Sai-Wing Wong, being a Director and having a material interest in the Transactions, has abstained from voting on the Board resolutions passed on 20 September 2016 for approving the Transactions. Mr. James Sing-Wai Wong, being the son of Dr. James Sai-Wing Wong, has also abstained from voting on the said Board resolutions voluntarily for the purpose of good corporate governance.

### **EGM**

The EGM will be convened and held at Full Moon Shanghai Restaurant, Macau Jockey Club, 3rd Floor, East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Monday, 7 November 2016 at 4:00 p.m. to consider and, if thought fit, to approve the Transactions. A notice convening the EGM is set out on pages 35 to 36 of this circular.

As at the Latest Practicable Date, Dr. James Sai-Wing Wong is holding 349,243,324 shares of the Company (including 348,763,324 shares held indirectly representing approximately 63.25% and 480,000 shares held directly representing approximately 0.09%), representing approximately 63.34% of the issued shares of the Company in aggregate. Dr. James Sai-Wing Wong and his associates are required to abstain from voting in respect of the resolution approving the Transactions at the EGM. Save as aforementioned, to the best of the knowledge, information and belief of the Directors and having made all reasonable enquiry, no other Shareholder has a material interest in the Transactions and therefore no other Shareholder is required to abstain from voting at the EGM.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders regarding the fairness and reasonableness of the terms of the Transactions.

Veda has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

---

## LETTER FROM THE BOARD

---

### RECOMMENDATION

The Directors (including the independent non-executive Directors after considering the opinion of Veda) consider that the terms of the Framework Agreement are on normal commercial terms and in the ordinary and usual course of business of the Company and the Transactions are fair and reasonable as far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Transactions.

### ADDITIONAL INFORMATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” set out on page 15 of this circular, which contains its recommendation to the Independent Shareholders; (ii) the “Letter from Veda” set out on pages 16 to 27 of this circular, which contains its advice and recommendation to the Independent Board Committee and the Independent Shareholders; and (iii) the additional information set out in the appendix to this circular.

Yours faithfully,  
By Order of the Board  
**Herman Man-Hei Fung**  
*Managing Director*





**建業實業有限公司**  
**Chinney Investments, Limited**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 216)**

21 October 2016

*To the Independent Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION  
IN RELATION TO  
FOUNDATION CONSTRUCTION WORKS**

We refer to the circular issued by the Company to the Shareholders dated 21 October 2016 (the “Circular”), of which this letter forms part. Capitalised terms defined in the Circular have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders on the terms of the Transactions. Veda has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the “Letter from the Board” set out on pages 6 to 14 of the Circular and the “Letter from Veda” to us and the Independent Shareholders set out on pages 16 to 27 of the Circular.

Having considered the terms of the Transactions, and taking into account the advice of Veda, in particular the principal factors, reasons and advice as set out in their letter, we consider that the entering into of the Framework Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole, the terms of the Framework Agreement are on normal commercial terms and in the ordinary and usual course of business of the Company and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Transactions.

Yours faithfully,  
For and on behalf of  
**Independent Board Committee of  
Chinney Investments, Limited**

**Clement Kwok-Hung Young**

**Peter Man-Kong Wong**  
*Independent non-executive Directors*

**James C. Chen**

---

## LETTER FROM VEDA

---

*The following is the full text of the letter from the Independent Financial Adviser setting out the advice to the Hon Kwok Land IBC and Chinney Investments IBC and the independent shareholders of Hon Kwok Land and Chinney Investments in respect of the Transactions, which has been prepared for the purpose of inclusion in this circular.*

**VEDA | CAPITAL**  
**智 略 資 本**

Room 1106, 11/F.  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

21 October 2016

*To: the Hon Kwok Land IBC and Chinney Investments IBC; and  
the Hon Kwok Land Independent Shareholders and  
Chinney Investments Independent Shareholders*

Dear Sir/Madams,

### **CONNECTED TRANSACTION IN RELATION TO FOUNDATION CONSTRUCTION WORKS**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the independent board committee of Hon Kwok Land (the “**Hon Kwok Land IBC**”) and the independent board committee of Chinney Investments (the “**Chinney Investments IBC**”) and the independent shareholders of Hon Kwok Land (the “**Hon Kwok Land Independent Shareholders**”) and the independent shareholders of Chinney Investments (the “**Chinney Investments Independent Shareholders**”) in respect of the Transactions. Details of which are set out in the “Letter from the Board” contained in the circular of Hon Kwok Land and the circular of Chinney Investments, both dated 21 October 2016 (collectively, the “**Circulars**”) of which this letter forms part. Terms used in this letter have the same meanings as defined elsewhere in the Circulars unless the context require otherwise.

On 20 September 2016 (after trading hours of the Stock Exchange), the Contractor and the Employer entered into the Framework Agreement, pursuant to which the Employer conditionally agreed to engage the Contractor, and the Contractor conditionally agreed to carry out the Foundation Construction Works on the Land for the Contract Sum of HK\$210,000,000.

As at the Latest Practicable Date, the Employer is an indirect wholly-owned subsidiary of Hon Kwok Land and an indirect non wholly-owned subsidiary of Chinney Investments, and the Contractor is an indirect wholly-owned subsidiary of Chinney Kin Wing and an indirect non wholly-owned subsidiary of Chinney Alliance Group. Chinney Investments is interested in approximately 68.09% and 29.10% of the issued shares of Hon Kwok Land and Chinney Alliance Group respectively, and Chinney Alliance Group is in turn holding approximately

---

## LETTER FROM VEDA

---

74.50% of the issued shares of Chinney Kin Wing. Dr. James Sai-Wing Wong is the chairman of Chinney Investments, Hon Kwok Land and Chinney Alliance Group and is beneficially interested in (a) approximately 63.34% of the issued shares of Chinney Investments; (b) approximately 69.72% of the issued shares of Hon Kwok Land (including those interests held through Chinney Investments); (c) approximately 73.43% of the issued shares of Chinney Alliance Group (including those interests held through Chinney Investments); and (d) approximately 74.50% of the issued shares of Chinney Kin Wing (representing those interests held through Chinney Alliance Group). Hence, Chinney Investments, Hon Kwok Land, Chinney Alliance Group and Chinney Kin Wing are connected persons to one another within the meaning of the Listing Rules.

The entering into of the Framework Agreement constitutes a connected transaction of Hon Kwok Land and Chinney Investments under the Listing Rules. As the applicable percentage ratio of the Proposed CT is more than 5% and the Contract Sum is more than HK\$10 million, the Proposed CT constitutes non-exempt connected transaction under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Dr. James Sai-Wing Wong, being a director of both Hon Kwok Land and Chinney Investments and having a material interest in the Transactions, has abstained from voting on resolutions of the respective boards of directors of Hon Kwok Land and Chinney Investments both passed on 20 September 2016 for approving the Transactions. Dr. Emily Yen Wong and Mr. James Sing-Wai Wong, being the daughter and the son of Dr. James Sai-Wing Wong, have also abstained from voting voluntarily on the resolutions of the boards of directors of Hon Kwok Land and Chinney Investments respectively on the ground of good corporate governance. None of the other directors of Hon Kwok Land and Chinney Investments has a material interest in the Transactions or was required to abstain from voting on such boards resolutions.

### **INDEPENDENT BOARD COMMITTEES**

The Hon Kwok Land IBC comprising Dr. Daniel Chi-Wai Tse, Mr. Zuo Xiang and Mr. William Kwan-Lim Chu, being all the independent non-executive directors of Hon Kwok Land, has been established by Hon Kwok Land to advise and make recommendations to the Hon Kwok Land Independent Shareholders in respect of the Transactions.

The Chinney Investments IBC comprising Dr. Clement Kwok-Hung Young, Mr. Peter Man-Kong Wong and Mr. James C. Chen, being all the independent non-executive directors of Chinney Investments, has been established by Chinney Investments to advise and make recommendations to the Chinney Investments Independent Shareholders in respect of the Transactions.

Our appointment as the Independent Financial Adviser to (i) the Hon Kwok Land IBC and the Hon Kwok Land Independent Shareholders; and (ii) the Chinney Investments IBC and the Chinney Investments Independent Shareholders, has been approved by the respective boards of

---

## LETTER FROM VEDA

---

directors of Hon Kwok Land and Chinney Investments. Our role as the Independent Financial Adviser is to advise (i) the Hon Kwok Land IBC and the Hon Kwok Land Independent Shareholders; and (ii) the Chinney Investments IBC and the Chinney Investments Independent Shareholders regarding the fairness and reasonableness of the terms of the Transactions.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we do not have any relationship with, or interest in, or other services provided to, Hon Kwok Land and Chinney Investments or any other parties that could reasonably be regarded as relevant to our independence in the past two years except for the Transactions. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser in relation to the Transactions, no arrangements exist whereby we had received or will receive any fees or benefits from Hon Kwok Land and Chinney Investments or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

### BASIS AND ASSUMPTIONS OF OUR OPINION

In formulating our advice and recommendation to (i) the Hon Kwok Land IBC and the Hon Kwok Land Independent Shareholders; and (ii) the Chinney Investments IBC and the Chinney Investments Independent Shareholders, we have reviewed, amongst other things, the Framework Agreement, the cost analysis report (the “**Cost Analysis Report**”) prepared by the Quantity Surveyor and other information set out in the Circulars.

We have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circulars and the information and representations made to us by Hon Kwok Land and Chinney Investments, the directors of Hon Kwok Land (the “**Hon Kwok Directors**”) and the directors of Chinney Investments (the “**Chinney Investments Directors**”) and the management of Hon Kwok Land and Chinney Investments (collectively, the “**Management**”). We have assumed that all information and representations contained or referred to in the Circulars and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. The shareholders of Hon Kwok Land and the shareholders of Chinney Investments will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM of Hon Kwok Land and EGM of Chinney Investments respectively.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Hon Kwok Directors and the Chinney Investments Directors in the Circulars were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circulars, the omission of which make any such statement contained in the Circulars misleading. We have no reason to suspect that any relevant information have been

---

## LETTER FROM VEDA

---

withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circulars, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not, carried out any independent verification of the information provided by the Management, nor have conducted any independent investigation into the business, financial conditions and affairs of Hon Kwok Land Group and Chinney Investments Group or their future prospects. The Hon Kwok Land Directors and the Chinney Investments Directors have collectively and individually accepted full responsibility, including particulars given in compliance with the Listing Rules, for the accuracy of the information contained in the Circulars and have confirmed, after having made all reasonable enquires, which to the best of their knowledge and belief, that the information contained in the Circulars is accurate and complete in all material respects and not misleading or deceptive, opinions expressed in the Circulars have been arrived at after due and careful consideration and there are no other matters of facts the omission of which would make any statement herein or the Circulars misleading.

This letter is issued to (i) the Hon Kwok Land IBC and the Hon Kwok Land Independent Shareholders; and (ii) the Chinney Investments IBC and the Chinney Investments Independent Shareholders, solely in connection for their consideration of the terms of the Framework Agreement, and except for its inclusion in the Circulars, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In giving our recommendation to (i) the Hon Kwok Land IBC and the Hon Kwok Land Independent Shareholders; and (ii) the Chinney Investments IBC and the Chinney Investments Independent Shareholders in relation to the Transactions, we have taken into consideration the following principal factors and reasons:

#### **(i) Information on the Parties**

##### ***Background of the Contractor, Chinney Kin Wing and Chinney Alliance Group***

The Contractor is a company incorporated under the laws of Hong Kong with limited liability, and an indirect wholly-owned subsidiary of Chinney Kin Wing, and an indirect non wholly-owned subsidiary of Chinney Alliance Group. It is principally engaged in foundation construction works and providing piling construction services to the private sector in Hong Kong.

CAG Group and Chinney Kin Wing Group have been engaging in superstructure construction works, foundation construction works, and electrical and mechanical installation and maintenance services in Hong Kong for many years.

---

## LETTER FROM VEDA

---

### *Background of the Employer, Hon Kwok Land and Chinney Investments*

The Employer is a company incorporated under the laws of Hong Kong with limited liability, and an indirect wholly-owned subsidiary of Hon Kwok Land, and an indirect non wholly-owned subsidiary of Chinney Investments. It is principally engaged in property development business in Hong Kong.

Hon Kwok Land is an investment holding company incorporated in Hong Kong with limited liability. Hon Kwok Land Group is principally engaged in the businesses of property development and property investment and mainly focused on three major cities in Mainland China, namely Shenzhen, Guangzhou and Chongqing while focused mainly on property investment in Hong Kong. The long term strategy of the Hon Kwok Land Group aims to generate recurring rental income sufficient to cover its operating overheads including administration expenses, finance costs plus dividends with project sales supplement the Hon Kwok Land Group's additional cash inflows.

Chinney Investments is an investment holding company incorporated in Hong Kong with limited liability. Chinney Investments Group (excluding Hon Kwok Land Group and Chinney Alliance Group) is mainly engaged in garment manufacturing and trading and general investment.

#### **(ii) Reasons for and benefits of the Framework Agreement**

As mentioned in the Circulars, one of the principal activities of Hon Kwok Land Group is property development and from time to time it engages contractors for construction works of its residential, commercial or hotel development projects. Over the last decade, Hon Kwok Land Group focuses on China real estate market and carries out property development business mainly in the PRC. The Land has been acquired by Hon Kwok Land Group through government public tender in Hong Kong in 2015, and is planned to be developed for non-residential use and be held by Hon Kwok Land Group for recurrent rental income.

Chinney Kin Wing Group was founded in 1994 and has been engaging piling construction and other ancillary services, and drilling and site investigation in Hong Kong for many years. The piling construction business of Chinney Kin Wing in Hong Kong is generally undertaken through its wholly-owned subsidiaries, Kin Wing Engineering Company Limited and the Contractor. Kin Wing Engineering is principally engaged in foundation projects in the public sector, whereas the Contractor is focused on the private sector. According to the register of the Buildings Department, the Contractor is registered as a specialist contractor in the categories of foundation works and site formation works. Furthermore, as disclosed in the prospectus of Chinney Kin Wing on 30 October 2015 (the "**Prospectus**"), the private sector is the major source of revenue of Chinney Kin Wing Group, which also interpreted that the Contractor, as a subsidiary focusing on foundation projects in private sector, is the key revenue driver of Chinney Kin Wing Group.

---

## LETTER FROM VEDA

---

In accordance with a research report on the trends of the construction industry in Hong Kong and Macau conducted by Ipsos Limited published in the Prospectus, Chinney Kin Wing Group ranked the fourth in the piling construction industry in Hong Kong in terms of revenue generated for the years ended 31 December 2012, 2013 and 2014 respectively. It contributed approximately HK\$934.0 million, HK\$1,060.0 million and HK\$1,233.4 million of the revenue or about 4.6%, 5.7% and 6.3% of the market share in the piling construction industry in Hong Kong for the years ended 31 December 2012, 2013 and 2014 respectively. Ipsos Limited is a market research company incorporated in Hong Kong on 21 August 1998. It has experiences in conducting market research for various industries in initial public offerings of companies listed on the Stock Exchange.

As disclosed in the annual report for the year ended 31 December 2015 and the interim report for the six months ended 30 June 2016 of Chinney Kin Wing Group, Chinney Kin Wing Group had completed total 18 projects relating to the foundation construction and ancillary services during the period from 1 January 2015 to 30 June 2016. The total unaudited revenue from foundation construction and ancillary services segment amounted to approximately HK\$2,206 million for the 18 months ended 30 June 2016.

As also noted from the Prospectus, the customers of the Contractor in private sector are diversified, including property developers, construction companies, Urban Renewal Authority, charity organisations as well as their respective main contractors. Some well-known customers of the Contractors include Cheung Kong Property Holdings Limited, Wheelock Properties (Hong Kong) Limited and Sun Hung Kai Properties Limited.

In addition, the Management considered the foundation construction is a highly technical industry and requires specialised expertises and capabilities so that it is beneficial and more cost effective to engage a capable, reliable and reputed foundation contractor whom it is familiar with.

As further mentioned in the Circulars, the Management considered that the engagement of the Contractor could capitalise on the experiences and expertises of CAG Group and Chinney Kin Wing Group in the Hong Kong construction industry, and could save resources in conducting market research for other possible alternatives in Hong Kong. Moreover, both of the Employer and the Contractor are under the same control of Dr. James Sai-Wing Wong who has the objective of achieving the well-being for all of the Companies. The long established relationship amongst Hon Kwok Land, Chinney Investments, Chinney Kin Wing and Chinney Alliance Group will enhance work efficiency and effective communication. The Management believes that the joint efforts of the Parties would provide more comprehensive and coordinated service in relation to the Transactions in the common interest of the Parties, Hon Kwok Land and Chinney Investments.

As noted from the Circulars, Hon Kwok Land Group and Chinney Investments Group will also consider engaging CAG Group for the superstructure construction works on the Land. However, since the relevant building plans have not yet been finalised, such engagement will only be considered in 2017. Hon Kwok Land and Chinney Investments will comply with the relevant Listing Rules requirements should any agreements relating to the superstructure construction works be entered into among Hon Kwok Land Group, Chinney Investments Group, and CAG Group.



---

## LETTER FROM VEDA

---

The conditional engagement by the Employer and the conditional acceptance by the Contractor to carry out the Transactions represent activities within the ordinary and usual course of business of each of Chinney Kin Wing Group, CAG Group, Chinney Investments Group and Hon Kwok Land Group. The Contract Sum offered by the Contractor to the Employer is comparable to those offered to other independent third parties for similar transactions. The Employer, on the other hand, has engaged the Quantity Surveyor to carry out an examination on the quotation (the “**Quotation**”) offered by the Contractor and the Quantity Surveyor is of the opinion that the Contract Sum represents a fair and reasonable consideration in respect of the Transactions provided.

Accordingly, the directors of Hon Kwok Land and Chinney Investments considered that the terms of the Framework Agreement are on normal commercial terms and are fair and reasonable and in the interests of each of Hon Kwok Land and Chinney Investments and their respective shareholders as a whole.

Having considered (i) the market ranking of Chinney Kin Wing Group in piling construction industry in Hong Kong; (ii) a diversified customer base with well-known customers of the Contractor; (iii) same as the Employer, the Contractor is under the control of Dr. James Sai-Wing Wong who has the objective of achieving the well-being for all of the Companies; and (iv) the long established relationship amongst the Companies will enhance work efficiency and effective communication, we are of the view that the entering into of the Framework Agreement is fair and reasonable and in the interests of Hon Kwok Land and Chinney Investments and the shareholders of each of Hon Kwok Land and Chinney Investments as a whole.

### **(iii) Principal Terms of the Framework Agreement**

<b>Date:</b>	20 September 2016 (after trading hours)
<b>Parties:</b>	(i) Contractor  (ii) Employer
<b>Foundation Construction Works:</b>	pursuant to the Framework Agreement, the Employer conditionally engages the Contractor and the Contractor conditionally agrees to carry out the Transactions on the Land for the Contract Sum on the terms and subject to the Conditions Precedent to the Framework Agreement and the terms and conditions to be finalised and contained in the Contract Documents.
<b>Project Location:</b>	the parcel of land situated at and known as K.C.T.L 495, Kin Chuen Street, Kwai Chung, New Territories, Hong Kong



---

## LETTER FROM VEDA

---

<b>Contract Sum:</b>	a sum of HK\$210,000,000.
<b>Contract Period:</b>	approximately 550 calendar days
<b>Terms of Payment:</b>	payment of the Contract Sum will follow common industry practice which is to be effected in stages based on the progress of the Transactions properly executed by the Contractor and the materials and goods delivered, as certified by the Architect in the Architect's certificates to be delivered to the Employer from time to time.

### ***Conditions Precedent to the Framework Agreement:***

As stated in the Letter from the Board, the engagement of the Contractor and the obligations of the Parties under the Framework Agreement are conditional upon:

- (a) the passing by the independent shareholders of each of the Companies in their respective special general meetings or extraordinary general meetings (as the case may be) by way of poll of resolution(s) approving, amongst other things, the Transactions and authorising the execution, delivery and performance of all the transactions contemplated under the Framework Agreement and any agreement ancillary thereto;
- (b) all requirements imposed by the Stock Exchange under the Listing Rules or otherwise in connection with all the transactions contemplated by the Framework Agreement having been fully complied with; and
- (c) all waivers, consents, approvals or confirmations of the Stock Exchange which are required or appropriate or in relation thereto, and all relevant waivers, consents, approvals or confirmations required for the purposes of the Parties for the entry into and the implementation of the Framework Agreement having been obtained.

None of the Conditions Precedent to the Framework Agreement can be waived by the Contractor or the Employer.

The Parties shall use their reasonable endeavours to procure that the Conditions Precedent to the Framework Agreement shall be fulfilled by the Long-Stop Date.

If the Conditions Precedent to the Framework Agreement shall not have been fulfilled by the Long-Stop Date, or such other date as the Parties may agree in writing (time in either case being of the essence), then save in respect of any antecedent breach of the Framework Agreement, all rights and liabilities of the Parties shall cease and no Party shall have any claim against the other Party.

---

## LETTER FROM VEDA

---

### *Contract Sum*

As mentioned in the Circulars, the Contract Sum is a sum of HK\$210,000,000.

Payment of the Contract Sum will follow common industry practice which is to be effected in stages based on the progress of the Foundation Construction Works properly executed by the Contractor and the materials and goods delivered, as certified by the Architect in the Architect's certificates to be delivered to the Employer from time to time.

As mentioned in the Circulars, the Contract Sum was arrived at after arm's length negotiations between the Contractor and the Employer by reference to the prevailing market rate. The Contractor offered a quotation to the Employer after considering the geological condition of the Land, the complexity and difficulty of the Transactions, and estimated project costs (including mainly machinery usage costs, direct labour costs, subcontracting charges and construction material costs). In preparing such quotation, the Contractor had followed an established set of internal guidelines and procedures and considered various factors when determining the appropriate pricing which would also apply to other foundation construction works of similar kind, including but not limited to (a) the size of the construction site; (b) the landscape and geological condition of the construction site; (c) the complexity and difficulty of the works to be performed; (d) the amount of resources required to be devoted into the project; (e) the estimated duration of the time of the works required to be performed; (f) the availability of the Contractor's resources; (g) the need and estimated cost of subcontracting certain works to other parties; and (h) the overall estimated cost. The Contractor then concluded an average cost of each bored pile to be incurred with respect to the construction time required for the Foundation Construction Works and adopted such cost, among others, in determining the Contract Sum. The management of Chinney Kin Wing Group therefore considers that the Contract Sum offered by the Contractor to the Employer was comparable to those offered to other independent third parties for similar Foundation Construction Works.

We have reviewed the internal work procedures for pricing which the Contractor followed to determine the appropriate pricing of the Quotation which would also apply to other foundation construction works (the "**Internal Work Procedures**").

We have also interviewed with the management of the Contractor and we are given to understand that in pricing the Foundation Construction Works, the Contractor has followed the Internal Work Procedures and made reference to other similar foundation construction projects (the "**Sample Projects**") conducted or conducting by itself for independent third parties, which the amount of contract sum of those are comparable to the Contract Sum. We have reviewed the quotations of the Sample Projects and noted that the preparation of the cost estimation of the Sample Projects is in line with the Internal Work Procedures.

Therefore, we believe that the Contract Sum offered by the Contractor to the Employer is comparable to those offered to other independent third parties for similar transactions.

---

## LETTER FROM VEDA

---

The Employer has engaged the Quantity Surveyor to carry out an examination on the quotation offered by the Contractor. During the course of the examination, the Quantity Surveyor selected another four foundation contractors in Hong Kong and sent to each of them the request for quotation of the works as required under the Foundation Construction Works. Two of these foundation contractors replied to the Quantity Surveyor who then compared their quotations with that provided by the Contractor. The Employer, after reviewing the costs analysis prepared by the Quantity Surveyor, is satisfied that the Contract Sum is in line with the prevailing market rate.

In addition, the Quantity Surveyor has separately prepared an estimate on the contract value of the Foundation Construction Works based on the topography and geology of the Land and the construction techniques required by the Foundation Construction Works (the “**Estimate**”).

Based on the Cost Analysis Report regarding the analysis and comparison of the Contract Sum, the returned quotations from other foundation contractors, and the Estimate, the Quantity Surveyor is of the opinion that the Contract Sum represents a fair and reasonable consideration in respect of the Foundation Construction Works.

#### **(iv) Cost Analysis Report**

In assessing the fairness and reasonableness of the Contract Sum, we have discussed with the Quantity Surveyor and reviewed the Cost Analysis Report which is prepared for the purpose of examining the Quotation submitted by the Contractor regarding the Foundation Construction Works, details of which are set out below.

We have discussed and reviewed the methodology, basis and key assumptions adopted in the Cost Analysis Report. We understand that the Quantity Surveyor has considered the Contract Sum by comparing it with (i) the returned Calling Quotation (as defined below) from two foundation contractors which are active in Hong Kong and (ii) the Estimate. In addition, an interview with the Contractor relevant to thereon subject was also conducted by the Quantity Surveyor.

We are given to understand that the Quantity Surveyor has selected four foundation contractors in Hong Kong and has sent to each of them the request on quotation (the “**Calling Quotation**”) based on the specifications as required under the Foundation Construction Works. The selection criteria of these four contractors for Calling Quotation by the Quantity Surveyor are mainly based on (i) their capability to carry out similar project as the Foundation Construction Works; (ii) their past experiences in the foundation industry in Hong Kong; and (iii) the registration on the government departments as registered foundation work contractors. Eventually, two contractors have returned to the Quantity Surveyor the Calling Quotation in which quotations of same items and quantities under the specifications of the Foundation Construction Works were provided by each of them.

As advised by the Quantity Surveyor, we are also given to understand that they have separately prepared the Estimate in respect of the Foundation Construction Works. In order to

---

## LETTER FROM VEDA

---

formulate the Estimate, the Quantity Surveyor has conducted an interview with the Contractor to discuss and understand the topography and geology of the Land where the Foundation Construction Works will be conducted and construction technique required by the Foundation Construction Works. Then, the Quantity Surveyor formulated the Estimate by reference to the Calling Quotation and previous returned tenders of several similar projects surveyed by the Quantity Surveyor. In addition, the Estimate was also adjusted by the Quantity Surveyor with reference to the Building Works Tender Price Index from Architectural Services Department, which is a quarterly index compiled by the Architectural Services Department as an aid to adjust building cost data for estimating purposes.

We have reviewed the amount of the two returned Calling Quotation and the Estimate and found that the Quotation is the lowest quotation as compared to the two returned Calling Quotation and the Estimate.

As advised by the Quantity Surveyor, in accordance with the methodology and assumptions adopted for the Cost Analysis Report, they consider that the Quotation regarding the Foundation Construction Works submitted by the Contractor is fair and reasonable for acceptance.

Pursuant to Listing Rule 13.80, in order to assess the expertise and independence of the Quantity Surveyor regarding to the Cost Analysis Report, we have performed the following steps:

- (i) obtained and reviewed the terms of engagement (having particular regard to the scope of work, whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the degree of assurance given by the Cost Analysis Report);
- (ii) interviewed the Quantity Surveyor as to their current or prior relationships with the Employer, Hon Kwok Land and Chinney Investments; and
- (iii) reviewed and discussed with the Quantity Surveyor on their past experience on quantity surveying services in construction industry in Hong Kong.

Based on the work performed as set out above, we consider: (i) the engagement of the Quantity Surveyor is on normal business terms; (ii) the methodologies adopted by the Quantity Surveyor are suitable for the Cost Analysis Report; (iii) the assumptions are acceptable and suitable for the purpose of quotations examinations; and (iv) we are not aware of any limitations on the scope of work which might adversely impact on the degree of assurance given by the Cost Analysis Report.

We have also enquired with the Quantity Surveyor in relation to its experiences and understood that the Quantity Surveyor is one of the world's leading cost management and quantity surveying consultancies which delivers cost management advice including but not limited to cost control, cost planning and contract advice. It has operations globally and has

---

## LETTER FROM VEDA

---

offices in the Americas, Asia Pacific, Europe, India and the Middle East. The authorised signer of the Cost Analysis Report is a member of the Hong Kong Institute of Surveyors, member of the Royal Institution of Chartered Surveyors, Registered Professional Surveyor (Quantity Surveying) and Registered Cost Engineer (PRC). He has over 50 years of experience in all types of quantity surveying services. Given the authorised signer of the Cost Analysis Report has plenty of practical experience in quantity surveying services in Hong Kong, we are of the view that he is qualified to provide a reliable opinion for the Cost Analysis Report.

We have also attempted to research on the market price relating to the Foundation Construction Works from official public channels. However, due to (i) the quotations of foundation construction works are highly confidential in the industry; and (ii) every single foundation work project has its own unique features, we are unable to obtain public information regarding the market price in relation to the Foundation Construction Works.

Having considered (i) the analysis on the opinion of the Quantity Surveyor and the relevant qualifications and experiences of the Quantity Surveyor as mentioned above; and (ii) the estimation of the Contract Sum followed the same Internal Work Procedures as the cost estimation of foundation work projects with the independent third parties, we are of the view that the terms of the Framework Agreement are on normal commercial terms and fair and reasonable so far as the Hon Kwok Land Independent Shareholders and the Chinney Investments Independent Shareholders are concerned.

### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) the Framework Agreement is conducted in the ordinary and usual course of business of Hon Kwok Land Group and Chinney Investments Group; (ii) the terms of the Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Hon Kwok Land Independent Shareholders and the Chinney Investments Independent Shareholders are concerned; and (iii) the entering into of the Framework Agreement is in the interests of Hon Kwok Land Group, Chinney Investments Group, the Hon Kwok Land Independent Shareholders and the Chinney Investments Independent Shareholders as a whole. Accordingly, we advise the Hon Kwok Land IBC and Chinney Investments IBC to recommend the Hon Kwok Land Independent Shareholders and the Chinney Investments Independent Shareholders respectively, and we also recommend the Hon Kwok Land Independent Shareholders and the Chinney Investments Independent Shareholders to vote in favour of the relevant resolution for approving the Transactions.

Yours Faithfully,  
For and on behalf of  
**Veda Capital Limited**  
**Julisa Fong**  
*Managing Director*

*Ms. Julisa Fong is a Responsible Officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 20 years of experience in investment banking and corporate finance.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### Directors' interests and short positions in the shares, underlying shares of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

#### (a) Long positions in the ordinary shares of the Company

Name of director	Note	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued shares
Dr. James Sai-Wing Wong	1	Through controlled corporations	348,763,324	63.25
		Beneficially owned	480,000	0.09
Mr. William Chung-Yue Fan		Beneficially owned	1,882,285	0.34

*(b) Long positions in the ordinary shares of associated corporations of the Company*

Name of director	Notes	Name of associated corporation	Capacity and nature of interest	Number of ordinary shares/amount of paid-up registered capital held	Percentage of the associated corporation's issued shares/paid-up registered capital
Dr. James Sai-Wing Wong	2	Hon Kwok Land	Through controlled corporation	502,262,139	69.72
	3	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporations	RMB185,000,000	100.00
	6	Chinney Trading Company Limited	Through controlled corporations	10,400	80.00
	4	Chinney Alliance Group	Through controlled corporations	436,860,216	73.43
	5	Chinney Holdings	Through controlled corporation	9,900,000	99.00
			Chinney Holdings	Beneficially owned	100,000
Mr. Herman Man-Hei Fung		Lucky Year	Beneficially owned	20,000	100.00
		Hon Kwok Land	Beneficially owned	1,100,000	0.15

*Notes:*

- These shares are beneficially held by Chinney Holdings, which is a subsidiary of Lucky Year. Dr. James Sai-Wing Wong is a director of Lucky Year and has beneficial interests therein.*
- Out of the 502,262,139 shares, 490,506,139 shares are beneficially held by the Company. By virtue of note 1, Dr. James Sai-Wing Wong is deemed to be interested in these shares. The remaining 11,756,000 shares are held by Chinney Capital Limited of which Dr. James Sai-Wing Wong is a director and has beneficial interests therein.*
- Out of the RMB185,000,000 paid-up registered capital, RMB111,000,000 is held by a wholly-owned subsidiary of Hon Kwok Land and RMB74,000,000 is held by a company controlled by Dr. James Sai-Wing Wong. By virtue of note 2, Dr. James Sai-Wing Wong is deemed to be interested in this company.*
- Out of the 436,860,216 shares, 173,093,695 shares are held by a wholly-owned subsidiary of the Company and the remaining 263,766,521 shares are held by companies controlled by Dr. James Sai-Wing Wong. By virtue of note 1, Dr. James Sai-Wing Wong is deemed to be interested in these shares.*
- These shares are beneficially held by Lucky Year. By virtue of note 1, Dr. James Sai-Wing Wong is deemed to be interested in these shares.*
- Out of the 10,400 shares, 2,600 shares are held by a wholly-owned subsidiary of Hon Kwok Land and the remaining 7,800 shares are held by a company controlled by Dr. James Sai-Wing Wong. By virtue of note 2, Dr. James Sai-Wing Wong is deemed to be interested in this company.*

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

**Other persons' interests and short positions in shares and underlying shares of the Company and other members of the Group**

As at the Latest Practicable Date and so far as is known to the Directors, the following persons had or were deemed or taken to have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<b>Name</b>	<b>Capacity and nature of interest</b>	<b>Number of ordinary shares held</b>	<b>Percentage of the Company's issued shares</b>
Chinney Holdings	Directly beneficially owned	348,763,324	63.25
Lucky Year	Through controlled corporation	348,763,324	63.25

All the interests stated above represent long positions. Chinney Holdings and Lucky Year are deemed to be interested in the same parcel of shares by virtue of Section 316 of the SFO.



As at the Latest Practicable Date and so far as is known to the Directors, the following persons (not being the Directors) were, directly or indirectly, interested in 10% or more of the issued voting shares of other member of the Group or had options in respect of such capital:

Name of shareholder	Name of member of the Group in which interest held	Approximate percentage of equity interested
Sharp Billion Development Limited	Guangzhou Honkwok Fuqiang Land Development Ltd.	40
Guangzhou Hengsheng Group Co., Ltd.	Guangzhou Honkwok Hengsheng Land Development Ltd.	25

Save as disclosed herein and as at the Latest Practicable Date, none of the Directors was aware of any person (not being the Directors) who had or was deemed or taken to have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group or had any options in respect of such capital.

### 3. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

The Company entered into a management contract with Hon Kwok Land for the provision of general corporate management services. The contract is for an unspecified duration and may be terminated by either party by giving the other party two months' written notice. A management fee of HK\$10,000,000 was received from Hon Kwok Land for the year ended 31 March 2016. Dr. James Sai-Wing Wong is a director of and has beneficial interests in Hon Kwok Land through his interests in the Company. Mr. Herman Man-Hei Fung is also a director and has beneficial interests in Hon Kwok Land.

The Company, through providing general services, received a management fee of HK\$7,500,000 from Chinney Alliance Group for the year ended 31 March 2016. Dr. James Sai-Wing Wong, Mr. Herman Man-Hei Fung and Mr. James Sing-Wai Wong are directors of Chinney Alliance Group. Dr. James Sai-Wing Wong has beneficial interests in Chinney Alliance Group.

Further, as announced by the Company on 9 May 2016 and pursuant to the circular in relation thereto dated 20 June 2016, an indirect wholly-owned subsidiary of Hon Kwok Land had entered into separate agreements with two vendors to acquire their respective offshore holding companies each holding 50% indirect interest in a property situated in Guangzhou, the PRC, for a total consideration of HK\$137,590,000. One of the aforesaid vendors is 100% beneficially owned by Dr. James Sai-Wing Wong.

So far as the Directors are aware and, save as disclosed as aforesaid and the Framework Agreement, none of the Directors:

- (a) had any direct or indirect material interest in any assets which had been, since 31 March 2016 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group as at the Latest Practicable Date; and
- (b) was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

#### 4. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

Dr. James Sai-Wing Wong, the Chairman of the Company, has deemed interests and holds directorships in companies engaged in the businesses of property investment and garment merchandising and trading. In this respect, Dr. James Sai-Wing Wong is regarded as being interested in business which might compete with the Group.

Save as disclosed, as at the Latest Practicable Date, none of the Directors or their associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

#### 5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which is not expiring or determinable by the Company or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

#### 6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2016 (being the date to which the latest published audited financial statements of the Group were made up).

#### 7. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given their opinions and advice which are included in this circular:

<b>Name</b>	<b>Qualification</b>
Veda	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Currie & Brown (China) Limited ("Currie & Brown")	Chartered Quantity Surveyors

- (a) As at the Latest Practicable Date, each of Veda and Currie & Brown did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (b) Each of Veda and Currie & Brown has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its letter or references to its name in the form and context in which they are included.
- (c) Each of Veda and Currie & Brown did not have any direct or indirect interest in any assets which have been, since 31 March 2016 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

## 8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on a business day in Hong Kong at the registered office of the Company at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the Framework Agreement;
- (b) the articles of association of the Company;
- (c) the letter from the Board, the text of which is set out on pages 6 to 14 of this circular;
- (d) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 15 of this circular;
- (e) the letter of advice from Veda to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 16 to 27 of this circular;
- (f) the written consents as referred to under the section headed “Experts and Consents” in this appendix; and
- (g) this circular.

**9. MISCELLANEOUS**

- (a) The company secretary of the Company is Ms. Louisa Kai-Nor Siu, a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (b) The Company's share registrar is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text.

---

## NOTICE OF EGM

---



# 建業實業有限公司 Chinney Investments, Limited

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 216)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Chinney Investments, Limited (the “Company”) will be held at Full Moon Shanghai Restaurant, Macau Jockey Club, 3rd Floor, East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Monday, 7 November 2016 at 4:00 p.m. or in the event that a black rainstorm warning or a tropical cyclone warning signal number 8 or above is hoisted or remains hoisted in Hong Kong at 9:00 a.m. on that day, at the same time and place on the second Business Day (as defined in Note (1) below) after 7 November 2016 or any adjournment (the “EGM”) for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as ordinary resolution of the Company:

#### ORDINARY RESOLUTION

**“THAT:**

- (a) the framework agreement dated 20 September 2016 (the “Framework Agreement”) entered into between Kin Wing Foundations Limited (建榮地基有限公司) (the “Contractor”) and Gold Famous Development Limited (金譽發展有限公司) (the “Employer”) in relation to the foundation construction works (the “Foundation Construction Works”) in relation to the parcel of land situated at and known as K.C.T.L. 495, Kin Chuen Street, Kwai Chung, New Territories, Hong Kong, as more particularly set out in the contract documents in respect of the Foundation Construction Works to be entered into between the Employer and the Contractor in accordance with and substantially in the same form and substance as annexed to the Framework Agreement, and a copy of the Framework Agreement marked “A” is tabled before the meeting and signed for identification purpose by the Chairman of the meeting, as more particularly described in the circular to the shareholders of the Company dated 21 October 2016 of which this notice forms part, be approved, ratified and confirmed; and
- (b) the directors of the Company be and are hereby authorised to exercise all the powers of the Company and take all steps as might in their absolute discretion consider necessary, desirable or expedient to give effect to or in connection with the Framework Agreement including, without limitation to:
  - (i) the execution, amendment, supplement, delivery, submission and implementation of any further documents or agreements with any other parties in connection with or incidental to the Framework Agreement; and

---

## NOTICE OF EGM

---

- (ii) the taking of all necessary actions to implement the transactions contemplated under the Framework Agreement.”

By Order of the Board  
**Louisa Kai-Nor Siu**  
*Company Secretary*

Hong Kong, 21 October 2016

*Notes:*

1. Business Day means any day (excluding Saturday) on which no black rainstorm warning or a tropical cyclone warning signal number 8 or above is hoisted or remains hoisted in Hong Kong at 9:00 a.m. on that day and on which banks in Hong Kong are generally open for business. If a black rainstorm warning or a tropical cyclone warning signal number 8 or above is hoisted or remains hoisted in Hong Kong at 9:00 a.m. on 7 November 2016, the EGM will not be held on that day but will be held at the same time and place on the second Business Day after 7 November 2016 or any adjournment thereof.
2. Any member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote instead of such member in accordance with the articles of association of the Company. A proxy need not be a member of the Company.
3. This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either under its common seal or under the hand of an officer or attorney duly authorised.
4. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be completed and deposited with the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
5. In the case of joint holders of a share, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders be present at the above meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.