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建業實業有限公司
Chinney Investments, Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 216)



漢國置業有限公司
Hon Kwok Land Investment Company, Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 160)

JOINT ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
RELATING TO
DISPOSAL OF A SUBSIDIARY IN THE PRC

THE DISPOSAL

The directors of Hon Kwok and Chinney would like to announce that on 18 December 2017 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of Hon Kwok), the Vendor's Guarantor, Hon Kwok (Shenzhen) GZ Branch (together with its principal, Hon Kwok (Shenzhen)), the Purchaser and the Purchaser's Guarantors entered into the Sale and Purchase Agreement pursuant to which i) the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Equity Interest, representing 100% of the equity interest of the PRC Company, for a cash consideration of RMB230,000,000 (equivalent to approximately HK\$272,189,000 (subject to adjustment)); and ii) Hon Kwok (Shenzhen) GZ Branch, as assignor, has conditionally agreed to assign and the Purchaser, as assignee, has conditionally agreed to accept the assignment of Loan with principal amount of RMB30,000,000 (equivalent to approximately HK\$35,503,000) owing by the PRC Company to Hon Kwok (Shenzhen) GZ Branch at the face value.

The principal asset of the PRC Company is the Property, which includes a completed 15-storey commercial and office building situated at No. 151 Jiefang Road South, Yuexiu District, Guangzhou, Guangdong Province, the PRC (中國廣東省廣州市越秀區解放南路151號) and known as Jie Fang Building (解放大廈) with a gross floor area of approximately 11,507 square metres.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios for the disposal of Equity Interest and assignment of Loan exceed 5% but less than 25%, as calculated in accordance with Rule 14.07 of the Listing Rules, the disposal of Equity Interest and assignment of Loan constitute a discloseable transaction for both Hon Kwok and Chinney and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The directors of Chinney and Hon Kwok are pleased to announce that on 18 December 2017 (after trading hours), the Vendor, Vendor's Guarantor, Hon Kwok (Shenzhen) GZ Branch and Hon Kwok (Shenzhen), all being wholly-owned subsidiaries of Hon Kwok, have entered into the Sale and Purchase Agreement with the Purchaser and the Purchaser's Guarantors in relation to the disposal of Equity Interest and the assignment of Loan. The principal terms of the Sale and Purchase Agreement are as follows:

THE SALE AND PURCHASE AGREEMENT

Date

18 December 2017 (after trading hours)

Parties

- (a) Vendor : Right Cheer Limited
- (b) Vendor's Guarantor : Hon Kwok Land Investment (China) Limited
- (c) Assignor : Hon Kwok (Shenzhen) GZ Branch (together with its principal, Hon Kwok (Shenzhen))
- (d) Purchaser : 廣州朗秀企業管理諮詢有限公司 (Guangzhou Langxiu Management Consulting Limited)
- (e) Purchaser's Guarantors : 南京朗銘地產集團有限公司 (Nanjing Langming Real Estate Group Limited); and
上海朗青投資管理有限公司 (Shanghai Langqing Investment Management Limited)

The Vendor is an indirect wholly-owned subsidiary of Hon Kwok and the Purchaser is an indirect wholly-owned subsidiary of Landsea, the shares of which are listed on the Stock Exchange (stock code: 106). To the best of the knowledge, information and belief of the directors of Chinney and Hon Kwok and having made all reasonable enquiry, the Purchaser, the Purchaser's Guarantors, Landsea and their respective controlling shareholders are independent third parties of Chinney and Hon Kwok.

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Equity Interest, representing 100% of the equity interest of the PRC Company.

Loan to be assigned

Pursuant to the Sale and Purchase Agreement, Hon Kwok (Shenzhen) GZ Branch has conditionally agreed to assign and the Purchaser has conditionally agreed to accept the assignment of Loan. As at the date of the Sale and Purchase Agreement, the Loan represents a loan with principal amount of RMB30,000,000 (equivalent to approximately HK\$35,503,000) owing by the PRC Company to Hon Kwok (Shenzhen) GZ Branch. Upon completion of the Sale and Purchase Agreement, the Loan shall be transferred from Hon Kwok (Shenzhen) GZ Branch to the Purchaser, and the PRC Company shall be liable to repay the Loan to the Purchaser.

Considerations and escrow arrangement

The cash consideration for the disposal of Equity Interest is RMB230,000,000 (equivalent to approximately HK\$272,189,000) which is determined by reference to the prevailing market value of the Property and is subject to adjustment based on the results of the Completion Indebtedness as described below. The cash consideration for the assignment of Loan is RMB30,000,000 (equivalent to approximately HK\$35,503,000) which is equivalent to the face value of the total outstanding amount of the Loan as at the date of the Sale and Purchase Agreement. The above considerations were agreed at after arm's length negotiations between the parties.

The cash consideration of RMB230,000,000 (equivalent to approximately HK\$272,189,000) for the disposal of Equity Interest and RMB30,000,000 (equivalent to approximately HK\$35,503,000) for the assignment of Loan will be payable in the following manners:

- (a) a deposit of RMB52,000,000 (equivalent to approximately HK\$61,538,000) has been paid by Shanghai Langqing to a custody account in the name of Hon Kwok (Shenzhen) GZ Branch maintained in ICBC; and
- (b) within 5 business days after signing of the Sale and Purchase Agreement, Hon Kwok (Shenzhen) GZ Branch and the Purchaser will open a custody account in the name of the Purchaser maintained in ICBC and the balance of the consideration of RMB208,000,000 (equivalent to approximately HK\$246,154,000) will be deposited by the Purchaser within 3 business days before the submission of documents for the registration of the transfer of the Equity Interest to the relevant industrial and commercial administration authority in the PRC.

The two custody accounts as mentioned above are governed by the respective supervision agreements entered into between Hon Kwok (Shenzhen) GZ Branch, the Purchaser/Shanghai Langqing and ICBC. The amounts deposited therein cannot be used by any one of the Vendor, Hon Kwok (Shenzhen) GZ Branch, the Purchaser or Shanghai Langqing without the consent and approval of the Vendor and the Purchaser. Within 5 business days after the completion of the Sale and Purchase Agreement, the considerations for the disposal of the Equity Interest and assignment of Loan kept in the above two custody accounts will then be released to Hon Kwok (Shenzhen) GZ Branch, except that an amount of RMB25,000,000 (equivalent to approximately HK\$29,586,000) will be retained in the custody account in the name of the Purchaser for the settlement of any PRC Tax liable to be paid by the Vendor relating to the disposal of the Equity Interest and also for any adjustment of the consideration based on the results of the Completion Indebtedness as mentioned below. Any residual amount will then be released to Hon Kwok (Shenzhen) GZ Branch or the Vendor.

Adjustment of consideration

The Completion Indebtedness as at the Completion Date will be prepared as soon as reasonably practicable but in any event no later than thirty (30) days thereafter. The consideration for the disposal of the Equity Interest shall then be adjusted:

- (a) upward for the amount being the excess of the aggregate of cash and trade and other receivables (net of any agreed provision of bad debts) over the aggregate of trade and other payables as at the Completion Date, provided that such excess amount based on the Completion Indebtedness is higher than RMB200,000 (equivalent to approximately HK\$237,000); or

- (b) downward for the amount being the excess of the aggregate of trade and other payables over the aggregate of cash and trade and other receivables (net of any agreed provision of bad debts) as at the Completion Date, provided that such excess amount based on the Completion Indebtedness is higher than RMB200,000 (equivalent to approximately HK\$237,000).

No adjustment to the consideration is required if the excess of the aggregate of cash and trade and other receivables (net of any agreed provision of bad debts) over the aggregate of trade and other payables, or vice versa, as at the Completion Date based on the Completion Indebtedness is equal to or less than RMB200,000 (equivalent to approximately HK\$237,000). In any event, the adjustment of the consideration pursuant to the above mechanism is subject to a maximum amount of RMB1,000,000 (equivalent to approximately HK\$1,183,000).

Guarantees from the Vendor's Guarantor and the Purchaser's Guarantors

The Vendor's Guarantor entered into the Sale and Purchase Agreement to guarantee the due performance and observance by the Vendor and Hon Kwok (Shenzhen) GZ Branch (together with its principal, Hon Kwok (Shenzhen)) of their obligations, representations, undertakings and warranties, and has agreed to fully indemnify the Purchaser against all of its losses, liabilities, damages, costs and expenses arising from i) the Vendor's and/or Hon Kwok (Shenzhen) GZ Branch's breach or default in performance of their obligations, representations, undertakings and warranties under the Sale and Purchase Agreement; and ii) any contingent debts, guarantees or litigations of the PRC Company that occurred after the Completion Date but due to any reasons incurred therebefore.

The Purchaser's Guarantors entered into the Sale and Purchase Agreement to guarantee the due performance and observance by the Purchaser of its obligations, and Nanjing Langming has agreed to fully indemnify the Vendor against all of its losses, liabilities, damages, costs and expenses arising from the Purchaser's breach or default in performance of its obligations under the Sale and Purchase Agreement.

Conditions precedent

Completion of the Sale and Purchase Agreement is subject to and conditional on, amongst others, the following:

- (a) the respective representations, warranties and undertakings given by the parties to the Sale and Purchase Agreement being true and accurate in all material respects when made and remaining so at all times up to and including the Completion Date;
- (b) all the parties to the Sale and Purchase Agreement having obtained their respective necessary approvals and authorizations for the entering into of the Sale and Purchase Agreement and for the consummation of the transactions contemplated thereunder;
- (c) all the relevant approvals and registration by government authorities in respect of, amongst others, the transfer of the Equity Interest to the Purchaser, changes of memorandum and articles, legal representative, senior management and business license of the PRC Company are being obtained and completed;
- (d) all consents and approvals from other third parties which are necessary for the PRC Company under applicable laws in the PRC in connection with the execution and performance of the Sale and Purchase Agreement and the consummation of the transactions as contemplated thereunder having been obtained;

- (e) the execution and performance of its obligations under the Sale and Purchase Agreement by the PRC Company will not violate or contravene any existing applicable laws and regulations in the PRC and there is no existing laws or government orders which restrict or prohibit the transfer of the Equity Interest to the Purchaser in accordance with the terms and conditions of the Sale and Purchase Agreement;
- (f) there are no litigation or administrative proceeding taking place or pending against the PRC Company, the Equity Interest or the Property which may i) restrict the transfer of the Equity Interest to the Purchaser; or ii) result in a material change in the terms and conditions of the Sale and Purchase Agreement; or iii) as reasonably believed by the Purchaser, result in the transfer of the Equity Interest being impracticable, unlawful or inappropriate to proceed; or iv) have a material adverse effect on the PRC Company, the Equity Interest or the Property; and
- (g) there having been no change or other matter having any material adverse effect on the PRC Company, the Equity Interest and the Property.

Completion of the Sale and Purchase Agreement shall take place on the third business days after fulfillment (or waiver, if applicable) of the conditions precedent to the Sale and Purchase Agreement, or such other date as the Vendor and the Purchaser may agree in writing.

If the Sale and Purchase Agreement cannot be completed within six months following signing of the Sale and Purchase Agreement and the failure of which is not due to any breach or default in performance of the obligations of the Purchaser or the Vendor, their obligations under the Sale and Purchase Agreement shall forthwith cease and terminate and none of the parties thereto shall have any claim against each other, save for any antecedent breach thereof, and the amounts paid by the Purchaser or Shanghai Langqing and kept in the two custody accounts as mentioned above shall be refunded to them with any accrued interest.

INFORMATION ON THE PRC COMPANY AND THE PROPERTY

The PRC Company is a wholly foreign-owned enterprise established under the laws of the PRC in 2007. The principal asset of the PRC Company is the Property, which includes a completed 15-storey commercial and office building situated at No. 151 Jiefang Road South, Yuexiu District, Guangzhou, Guangdong Province, the PRC (中國廣東省廣州市越秀區解放南路151號) and known as Jie Fang Building (解放大廈) with a gross floor area of approximately 11,507 square metres. The Property is currently leased out for rental income. Hon Kwok acquired the entire equity interest of the PRC Company (through the acquisition of the issued share capital and the relevant liabilities of its indirect shareholders) in May 2016 at an aggregate consideration of HK\$137,590,000.

As at 31 December 2016, the audited net assets of the PRC Company (before revaluation of the Property) was approximately RMB41,502,000 (equivalent to approximately HK\$49,115,000). As at 30 September 2017, the unaudited net assets of the PRC Company (before revaluation of the Property) was approximately RMB37,284,000 (equivalent to approximately HK\$44,123,000).

The audited net profit before and after tax attributable to the PRC Company for the year ended 31 December 2015 were approximately RMB2,580,000 (equivalent to approximately HK\$3,053,000) and RMB1,938,000 (equivalent to approximately HK\$2,293,000) respectively. The audited net loss before and after tax attributable to the PRC Company for the year ended 31 December 2016 were both approximately RMB514,000 (equivalent to approximately HK\$608,000). The unaudited net loss before and after tax attributable to the PRC Company for the nine months ended 30 September 2017 were both approximately RMB4,281,000 (equivalent to approximately HK\$5,066,000). The above figures had not taken into account of the revaluation of the Property.

INFORMATION ON HON KWOK AND CHINNEY

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 490,506,139 shares of Hon Kwok, representing approximately 68.09% of its issued shares.

Chinney is an investment holding company. Its subsidiaries (excluding the Hon Kwok Group) are mainly engaged in garment manufacturing and trading and general investment.

INFORMATION ON THE VENDOR, VENDOR'S GUARANTOR AND HON KWOK (SHENZHEN) GZ BRANCH

Both the Vendor and the Vendor's Guarantor are companies incorporated in Hong Kong with limited liability and wholly owned by Hon Kwok. They are principally engaged in investment holding.

Hon Kwok (Shenzhen) GZ Branch is a branch office of Hon Kwok (Shenzhen) in Guangzhou, which is established under the laws of the PRC and principally engaged in real estate and company management consultancy services. Both Hon Kwok (Shenzhen) and Hon Kwok (Shenzhen) GZ Branch are indirectly wholly owned by Hon Kwok.

INFORMATION ON THE PURCHASER

The Purchaser is a company established under the laws of the PRC and principally engaged in provision of management and marketing consultancy services and is an indirect wholly-owned subsidiary of Landsea, the shares of which are listed on the Stock Exchange (Stock Code: 106). The Purchaser's Guarantors are also indirect wholly-owned subsidiaries of Landsea.

To the best of the knowledge, information and belief of the directors of Chinney and Hon Kwok and having made all reasonable enquiry, the Purchaser, the Purchaser's Guarantors, Landsea and their respective controlling shareholders are independent third parties of Chinney and Hon Kwok.

REASONS AND BENEFITS FOR THE DISPOSAL OF THE EQUITY INTEREST AND THE ASSIGNMENT OF LOAN

The directors of Hon Kwok and Chinney are of the view that it is in the best interests of Hon Kwok to realize the investment in the PRC Company through the disposal of the Equity Interest and assignment of Loan. In addition, the disposal of the Equity Interest and assignment of Loan can bring in additional source of capital for the business development of Hon Kwok and to capture other investment opportunities as and when they arise. The proceeds from the disposal of the Equity Interest and assignment of Loan will be used as general working capital of Hon Kwok.

Upon completion of the disposal of the Equity Interest, the PRC Company will cease to be a subsidiary of Hon Kwok and accordingly the financial results of the PRC Company will no longer be consolidated into its financial statements. Subject to audit by the auditors of Hon Kwok and Chinney, it is expected that a net gain of approximately HK\$95 million and HK\$65 million would be recognized by each of Hon Kwok Group and Chinney Group respectively, which is calculated with reference to the consideration for the disposal of the Equity Interest and the unaudited net asset value of the PRC Company as at 30 September 2017 after taking into account of the revaluation of the Property. There is no financial effect on Hon Kwok and Chinney after the assignment of Loan.

The directors of Hon Kwok and Chinney believe that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of Hon Kwok and Chinney and their respective shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios for the disposal of Equity Interest and assignment of Loan exceed 5% but less than 25%, as calculated in accordance with Rule 14.07 of the Listing Rules, the disposal of the Equity Interest and assignment of Loan constitute a discloseable transaction for both Hon Kwok and Chinney and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As completion of the disposal of Equity Interest and assignment of Loan are subject to conditions precedent to the Sale and Purchase Agreement, including but not limited to obtaining of relevant approvals and registration by government authorities in respect of the transfer of the Equity Interest, the transactions contemplated under the Sale and Purchase Agreement may or may not proceed. Shareholders of Hon Kwok, shareholders of Chinney and potential investors are advised to exercise caution when dealing in the shares of each of Hon Kwok and Chinney.

DIRECTORS OF HON KWOK

At the date of this announcement, the directors of Hon Kwok are Dr. James Sai-Wing Wong (Chairman), Mr. Yuen-Keung Chan and Mr. Xiao-Ping Li as executive directors; Mr. Herman Man-Hei Fung (Vice-Chairman) and Mr. James Sing-Wai Wong as non-executive directors; and Dr. Daniel Chi-Wai Tse, Mr. Zuo Xiang and Mr. William Kwan-Lim Chu as independent non-executive directors.

DIRECTORS OF CHINNEY

At the date of this announcement, the directors of Chinney are Dr. James Sai-Wing Wong (Chairman) and Mr. Herman Man-Hei Fung (Managing Director) as executive directors; Mr. Paul Hon-To Tong and Dr. Emily Yen Wong as non-executive directors; and Dr. Clement Kwok-Hung Young, Mr. James C. Chen and Mr. Richard Chi-Ho Lo as independent non-executive directors.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“business day(s)”	means Monday to Friday (except statutory holidays in the PRC)
“Chinney”	Chinney Investments, Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 216) and is the holding company of Hon Kwok
“Chinney Group”	Chinney and its subsidiaries
“Completion Date”	the third business days on which completion of the Sale and Purchase Agreement takes place, subject to the satisfaction or waiver of the conditions precedents to the Sale and Purchase Agreement
“Completion Indebtedness”	the verification of the indebtedness status (including but not limited to the verification of the financial statements) of the PRC Company as at the Completion Date to be performed by the Purchaser or an auditor engaged by the Purchaser, the results of which to be reviewed and agreed by both the Vendor and the Purchaser
“Equity Interest”	the 100% equity interest in the PRC Company held by the Vendor as at the date of this announcement
“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 (Stock Code: 160)
“Hon Kwok Group”	Hon Kwok and its subsidiaries
“Hon Kwok (Shenzhen)”	漢國置業（深圳）有限公司 (Hon Kwok Land Investment (Shenzhen) Co., Ltd.), a company established in Shenzhen, the PRC with limited liability and an indirect wholly-owned subsidiary of Hon Kwok
“Hon Kwok (Shenzhen) GZ Branch”	漢國置業（深圳）有限公司廣州分公司 (Hon Kwok Land Investment (Shenzhen) Co., Ltd., Guangzhou Branch), a branch office of Hon Kwok (Shenzhen) established in Guangzhou, the PRC
“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

“ICBC”	Industrial and Commercial Bank of China
“Landsea”	Landsea Green Properties Co., Ltd., a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 106)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the unsecured interest-free loan owing by the PRC Company to Hon Kwok (Shenzhen) GZ Branch of RMB30,000,000 (equivalent to approximately HK\$35,503,000) as at the date of this announcement
“Nanjing Langming”	南京朗銘地產集團有限公司 (Nanjing Langming Real Estate Group Limited), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Landsea
“PRC”	the People’s Republic of China
“PRC Company”	廣州市建昭置業有限公司, a company established in Guangzhou, the PRC with limited liability and a wholly-owned subsidiary of the Vendor
“PRC Tax”	any tax imposed by the tax authority in the PRC to the Vendor relating to the disposal of the Equity Interest
“Property”	a completed 15-storey commercial and office building known as Jie Fang Building (解放大廈) and five car parking spaces in the basement of a building, situated at No. 151 and No. 123 respectively, at Jiefang Road South, Yuexiu District, Guangzhou, Guangdong Province, the PRC (中國廣東省廣州市越秀區解放南路 151 號及 123 號)
“Purchaser”	廣州朗秀企業管理諮詢有限公司 (Guangzhou Langxiu Management Consulting Limited), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Landsea
“Purchaser’s Guarantors”	Nanjing Langming and Shanghai Langqing
“Shanghai Langqing”	上海朗青投資管理有限公司 (Shanghai Langqing Investment Management Limited), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Landsea
“RMB”	Renminbi, the lawful currency of the PRC

“Sale and Purchase Agreement”	the agreement dated 18 December 2017 entered into between the Vendor, the Vendor’s Guarantor, Hon Kwok (Shenzhen) GZ Branch, Hon Kwok (Shenzhen), the Purchaser and the Purchaser’s Guarantors in relation to the disposal of the Equity Interest by the Vendor to the Purchaser and the assignment of Loan by Hon Kwok (Shenzhen) GZ Branch to the Purchaser
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Right Cheer Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Vendor’s Guarantor
“Vendor’s Guarantor”	Hon Kwok Land Investment (China) Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Hon Kwok
“%”	per cent

For illustration purpose, RMB has been translated into HK\$ at the exchange rate of HK\$1.00 = RMB0.845. 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 December 2017