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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)

**VOLUNTARY ANNOUNCEMENT
IN RELATION TO THE FORMATION OF A JOINT VENTURE
FOR A PROPERTY DEVELOPMENT PROJECT**

The directors of Chinney Investments and Hon Kwok are pleased to announce that Hon Kwok entered into the MOA with SEA on 23 December 2022 which set out the principal terms of a joint venture arrangement (the “**JV Arrangement**”) for the holding and development for sale of a luxury residential project located at South Bay Road, Repulse Bay, Hong Kong, under which Hon Kwok and SEA (whether directly or indirectly) shall invest in the JV Company in the proportion of 50:50.

Pursuant to the MOA, to reflect the JV Arrangement, Hon Kwok shall acquire from SBD, an indirect wholly-owned subsidiary of SEA, one issued share in the JV Company, representing 50% of the total issued shares of the JV Company, at a cash consideration of US\$1.0 free from encumbrances and reimburse SBD 50% of the Shareholder’s Loans as at Completion at the face value thereof.

The MOA and the JV Arrangement do not constitute a notifiable transaction of the Companies pursuant to Rule 14.04(1)(f) of the Listing Rules and are therefore exempt from reporting and announcement requirements under Chapter 14 of the Listing Rules. Disclosure of information in relation to the MOA and the JV Arrangement in this announcement is on a voluntary basis to keep the shareholders and potential investors of the Companies informed of the latest business development of the Group.

Principal terms of the MOA

Date: 23 December 2022 (after trading hours)

Parties: (i) Hon Kwok
(ii) SEA

To the best of the knowledge, information and belief of the directors of the Companies and having made all reasonable enquiries, SEA and its ultimate beneficial owners are third parties independent of the Companies and their respective connected persons.

Purpose of the JV Arrangement:	<p>Hon Kwok and SEA have agreed to jointly, in the proportion of 50:50, invest in and support the Project Company to develop the Land into a luxury residential development for sale purpose. The JV Company and the Project Company shall be single purpose vehicles for the purpose of acquisition of the Land and the development of the Project and shall operate in a manner consistent with the purpose specified in the land grant documents in relation to the Land. The JV Company and the Project Company shall not, without the unanimous consent of the JV Partners, change the nature or scope of its business or enter into any transactions which are not on an arm's length basis.</p> <p>The Project Company shall bear all development costs of the Project.</p>
The Land and the Project:	<p>The Land, which is acquired from the Hong Kong Government by the Project Company, is located at South Bay Road, Repulse Bay, Hong Kong and registered in the Land Registry as Rural Building Lot No. 1203. The site area of the Land is approximately 1,967 square metres with permitted total gross floor area of not less than 1,063 square metres but not exceeding 1,770.3 square metres.</p>
Formal joint venture agreement:	<p>Within 90 days of the signing of the MOA, the JV Partners shall agree and execute a formal joint venture agreement for the management of the JV Company and the Project Company which shall be substantially based on the commercial rationale reflected in the MOA and shall contain such representations, warranties and indemnities customary to arrangements of similar nature.</p> <p>If no formal joint venture agreement is entered into for whatever reason, the JV Partners' obligations respectively as amongst themselves and in relation to the JV Company and the Project Company shall continue to be governed by the MOA.</p>
Financial commitment and financing:	<p>The land premium of the Land, which has been fully paid, and the total development costs of the Project shall be met as far as practicable by loans from banks or financial institutions, and failing which, by way of shareholders' loans on a pro rata basis in proportion to the JV Partners' respective shareholding in the JV Company. The JV Partners shall provide guarantees, securities or other supports on a several and pro rata basis in proportion to their respective shareholding in the JV Company if required from banks or financial institutions.</p>
Board composition and management:	<p>Each of the JV Partners shall be entitled to appoint such number of directors to the board of the JV Company and the Project Company reflecting their respective shareholding proportion in the JV Company. The directors of the JV Company and the Project Company shall be responsible for the management of the business of the JV Company and the Project Company respectively.</p>

The JV Partners or their respective wholly-owned subsidiaries shall be the joint project managers, and the joint sales and marketing managers of the Project.

Existing bank facilities: As at the date of this announcement, the Project Company has obtained bank facilities from a bank in Hong Kong (the “**Lender**”) in a total amount of HK\$975 million with, amongst others, the Land and shares of the Project Company pledged as securities and an amount of HK\$475 million has been drawn down for financing the payment of the land premium for the Land which loan remains outstanding.

Share transfer and reimbursement of Shareholder’s Loans: To reflect the JV Arrangement, Hon Kwok shall acquire from SBD one issued share in the JV Company, representing 50% of the total issued shares of the JV Company (the “**Sale Share**”), at a cash consideration of US\$1.0 free from encumbrances and reimburse SBD 50% of the Shareholder’s Loans as at Completion at the face value thereof, and SEA shall procure SBD to transfer the Sale Share and assign such loans to Hon Kwok or its nominated wholly-owned subsidiary. As at 30 November 2022, 50% of the Shareholder’s Loans amounted to approximately HK\$387.1 million. The said consideration of the Sale Share and reimbursement of 50% of the Shareholder’s Loans shall be paid by Hon Kwok in the following manners:

- (1) HK\$50 million (being the first instalment) has been paid upon signing of the MOA;
- (2) HK\$337.1 million plus US\$1.0 shall be paid on the date of Completion; and
- (3) an adjustment amount, if any, representing 50% of the additional Shareholder’s Loans advanced by SBD to the JV Company during the period from 1 December 2022 to the date of Completion, and shall be paid within 10 business days after it is agreed by Hon Kwok and SEA.

The above payments has been or, as the case may be, will be financed by the internal resources of the Group.

Completion: Completion is subject to consent or waiver from the Lender having been obtained for the transfer of the Sale Share contemplated under the MOA. As at the date of this announcement, such relevant consent has been obtained from the Lender, and the JV Partners agreed that Completion shall take place no later than 30 January 2023.

REASONS AND BENEFITS OF THE JV ARRANGEMENT

The Group is mainly engaged in property development, property investment and property related businesses. The directors of the Companies consider that the participation in the Project through the JV Arrangement would enable the Group to enlarge its presence and to replenish its land bank for development in Hong Kong. The JV Arrangement will also provide synergies for the Project, allowing Hon Kwok and SEA to share their resources, expertise and extensive experience in property construction and development. The Land is located at the traditional luxury residential area, Repulse Bay, with endless intoxicating sea views and has much potential to develop as a luxury residences for high-end market. It is expected that the Project will generate satisfactory return to the Group.

LISTING RULES IMPLICATIONS

The JV Company is a single purpose vehicle formed for the owning and development of the Project for sale purpose. The JV Arrangement between Hon Kwok and SEA was made on an arm's length basis and on normal commercial terms, and the MOA contains clauses required under Rule 14.04(1)(f)(iii) of the Listing Rules. Accordingly, the MOA and the JV Arrangement do not constitute a notifiable transaction of the Companies pursuant to Rule 14.04(1)(f) of the Listing Rules and are therefore exempt from reporting and announcement requirements under Chapter 14 of the Listing Rules. Disclosure of information in relation to the JV Arrangement and the MOA in this announcement is made on a voluntary basis to keep the shareholders and potential investors of the Companies informed of the latest business development of the Group.

DEFINITIONS

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

“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 Main Board of the Stock Exchange (Stock Code: 216), and is the holding company of Hon Kwok
“Companies”	collectively, Chinney Investments and Hon Kwok
“Completion”	the completion of the transfer of the Sale Share and assignment of 50% of the Shareholder's Loans from SBD to Hon Kwok or its nominated wholly-owned subsidiary pursuant to the JV Arrangement
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Group”	Chinney Investments and its subsidiaries (including Hon Kwok)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hon Kwok”	Hon Kwok Land Investment Company, Limited (漢國置業有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 160)

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“JV Company”	Time Trade Global Limited (時業環球有限公司), a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly-owned subsidiary of SEA as at the signing of the MOA and shall, upon Completion, be owned as to 50% by each of SBD and Hon Kwok (or its nominated wholly-owned subsidiary)
“JV Partners”	Hon Kwok and SEA
“Land”	Rural Building Lot No. 1203 situated at South Bay Road, Repulse Bay, Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOA”	a binding memorandum of agreement dated 23 December 2022 entered into between Hon Kwok and SEA in respect of the JV Arrangement
“Project”	the investment and the development of the Land into luxury residences for sale
“Project Company”	Success Energy Limited, a company incorporated in Hong Kong with limited liability, which is a direct wholly-owned subsidiary of the JV Company
“SBD”	South Bay Developments Limited, a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly-owned subsidiary of SEA
“SEA”	S E A Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 251)
“Shareholder’s Loans”	the shareholder’s loans advanced by SBD to the JV Company as at the date of Completion and as at the date of 30 November 2022, the total amount of the Shareholder’s Loans amounted to approximately HK\$774.2 million
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	having the meaning ascribed to it under the Listing Rules

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent

By Order of the Board
Chinney Investments, Limited
(建業實業有限公司)
Ka-Yee Wan
Company Secretary

By Order of the Board
Hon Kwok Land Investment Company, Limited
(漢國置業有限公司)
Ka-Yee Wan
Company Secretary

Hong Kong, 23 December 2022

At the date of this announcement, the directors of Chinney Investments are Dr. James Sai-Wing Wong (Chairman), Mr. Yuen-Keung Chan (Vice Chairman and Managing Director) and Mr. James Sing-Wai Wong as executive directors; Mr. Paul Hon-To Tong and Dr. Emily Yen Wong as non-executive directors; and Mr. Richard Chi-Ho Lo, Mr. Winfred Wai-Lap Fan and Mr. Randall Todd Turney as independent non-executive directors.

At the date of this announcement, the directors of Hon Kwok are Dr. James Sai-Wing Wong (Chairman), Mr. James Sing-Wai Wong, Mr. Xiao-Ping Li and Mr. Philip Bing-Lun Lam as executive directors; and Ms. Janie Fong, Mr. David Tak-Wai Ma and Mr. James C. Chen as independent non-executive directors.