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

JOINT ANNOUNCEMENT CONNECTED TRANSACTION

On 26 August 2003, a sale and purchase agreement was entered into between CAG, Hon Kwok, DDL and CAL whereby CAG and DDL have agreed that DDL will sell its entire interest in CPBL and assign related shareholders' loans to CAL, a wholly owned subsidiary of Hon Kwok, for a total consideration of HK\$15,000,000.

The China Parking Group operates carpark businesses in Hong Kong and also owns certain property in Shenzhen, PRC. CPBL is wholly owned by DDL, which in turn is an indirect wholly owned subsidiary of CAG.

CPBL is a substantial shareholder of Island Parking, a non-wholly owned subsidiary of Hon Kwok, and thus each of CPBL and CAG is a connected person of Hon Kwok.

As the Consideration for the Transaction represents less than 3% of the consolidated net tangible assets of Hon Kwok as at 31 March 2003, the Transaction is not required to be approved by Hon Kwok's independent shareholders under Rule 14.25(1) of the Listing Rules and thus particulars of the Transaction will be included in the next published annual report and accounts of Hon Kwok in accordance with Rule 14.25(1)(A) to (D) of the Listing Rules.

CIL is a substantial shareholder of CAG and the holding company of Hon Kwok and thus Hon Kwok is a connected person of CAG.

The Transaction is a connected transaction for CAG pursuant to the Listing Rules and it is subject to the approval of the CAG Independent Shareholders. An independent board committee of CAG will be appointed to advise the CAG Independent Shareholders as to whether or not the terms of the Transaction are fair and reasonable so far as the CAG Independent Shareholders are concerned and an independent financial adviser will be appointed to advise the independent board committee of CAG in respect of such terms.

A circular containing, amongst other things, information on the Transaction, an independent valuation report, the letter from the independent financial adviser containing advice to the independent board committee of CAG, the recommendation of the independent board committee of CAG and a notice convening the SGM, is expected to be despatched to the shareholders of CAG on or before 15 September 2003. Multi-Investment, being a substantial shareholder of CAG and a wholly owned subsidiary of CIL, and its associates will abstain from voting at the SGM in respect of the resolution to be proposed to approve the Transaction, as required by the Listing Rules.

DETAILS OF THE TRANSACTION

Date of the Agreement

26 August 2003

Parties to the Agreement

- Vendor: DDL, an indirect wholly owned subsidiary of CAG.
- Purchaser: CAL, a wholly owned subsidiary of Hon Kwok.
- Vendor's Guarantor: CAG, which is owned as to approximately 29% by Multi-Investment, a wholly owned subsidiary of CIL.
- Purchaser's Guarantor: Hon Kwok, which is owned as to approximately 69% by CIL.

Interest being sold and acquired

The Share will be sold and acquired as part of the Transaction. The China Parking Group owns carparking spaces in Hong Kong and a villa in the PRC. After the Transaction, CPBL will become a wholly owned subsidiary of CAL.

The Shareholders' Loans outstanding at the time of completion of the Agreement will also be assigned to CAL as part of the Transaction. At the date of this announcement, the Shareholders' Loans amounted to HK\$191,286,371.

Consideration

The consideration for the Transaction is HK\$15,000,000. The Consideration was negotiated between the parties at arm's length on normal commercial terms, having regard to the net tangible assets of the China Parking Group of approximately HK\$14,733,000 as at 30 June 2003. The unaudited net tangible assets were computed by netting off the Shareholders' Loans to be assigned against the net liabilities of the China Parking Group as at 30 June 2003. The market value of the properties determined on 25 August 2003 was used to determine the net tangible assets owned by the China Parking Group. The market value was determined by an independent valuer, Knight Frank (Services) Limited, on 25 August 2003.

The Consideration will be paid from Hon Kwok's internal resources.

The directors (including the independent non-executive directors) of Hon Kwok consider the terms of the Transaction to be fair and reasonable, in the interests of Hon Kwok and its shareholders and normal commercial terms.

The directors of CAG consider the terms of the Transaction to be fair and reasonable, in the interests of CAG and its shareholders and normal commercial terms.

Payment Terms

The Consideration shall be satisfied by payments in cash as follows: (1) a refundable deposit of HK\$2,250,000 was paid upon the signing of the Agreement; and (2) the balance of the Consideration of HK\$12,750,000 is payable upon completion of the Transaction.

If completion of the Agreement does not take place, the deposit will be refunded by DDL to CAL or its nominee together with interest accrued thereon from the date of the payment of the deposit to the date of the return of the deposit at the best lending rate of HSBC. This repayment obligation is guaranteed by CAG.

Conditions and Completion

Completion of the Transaction is conditional upon (1) Hon Kwok and CAL having carried out and being satisfied with their due diligence investigations of the China Parking Group; (2) the approval of the Transaction by the CAG Independent Shareholders having been obtained at the SGM; and (3) the obtaining of all necessary approvals from the relevant banks in respect of the Transaction.

Completion shall take place on the date which is the seventh business day after the date on which all of the conditions under the Agreement are satisfied or waived, or such other date as the parties agree in writing.

If all the conditions have not been satisfied or waived (provided that conditions (2) and (3) cannot be waived) on or before 1 November 2003 (or such other date as DDL and CAL may agree in writing) then the Agreement will lapse.

Information on CPBL

CPBL is an investment holding company and its sole business is the holding of shares in companies which hold car parks and other real property assets for investment purposes.

CPBL holds the following interests in the members of the China Parking Group:

- a. 100% of the issued share capital of Full Yip Development Limited, a company incorporated in the British Virgin Islands, the sole assets of which are 26 car parks located at Shining Court, Shun Ning Road, Kowloon, Hong Kong. These premises are held for rental purpose. The market value of the property as at 25 August 2003 was HK\$5.6 million.
- b. 100% of the issued share capital of China Parking Limited, a company incorporated in Hong Kong, the sole asset of which is an interest in a villa in Shenzhen, PRC. This premise is held for resale purpose and is currently vacant. The market value of the property as at 25 August 2003 was HK\$3.1 million.
- c. 100% of the issued share capital of Tegdyl Corporation Limited, a company incorporated in the British Virgin Islands, the sole assets of which are 115 car parks located at Lido Garden, Sham Tseng, New Territories, Hong Kong. These premises are held for rental purpose. The market value of the property as at 25 August 2003 was HK\$22.5 million.
- d. 40% of the issued share capital of Island Parking, the assets of which are 369 car parks located at Provident Centre, North Point, Hong Kong and 100% of the issued share capital in CP Management Limited, a company incorporated in Hong Kong which performs car park management functions. These premises are held for rental purpose. The market value of the property as at 25 August 2003 was HK\$110 million (of which CPBL's interest is 40%).

The unaudited pro-forma consolidated net loss before and after taxation and minority interests of CPBL and its subsidiaries for the year ended 31 December 2002 were both approximately HK\$39,960,000 (2001: HK\$29,996,000). The unaudited pro-forma consolidated net tangible assets of CPBL and its subsidiaries, after Shareholders' Loans, was approximately HK\$10,583,000 as at 31 December 2002. The pro-forma figures were derived from the audited accounts of the individual companies under CPBL as at 31 December 2002.

Security

The premises owned by Tegdyl Corporation Limited and Full Yip Development Limited are each mortgaged to secure a term loan with an outstanding principal sum of HK\$12 million granted to a member of the CAG Group. The loan will be repaid on completion of the Agreement from the Consideration received from CAL and the mortgages will be discharged.

CAG has provided a guarantee in proportion to its indirect equity interest in Island Parking to secure a term loan to Island Parking. This guarantee will be discharged on completion of the Agreement. Hon Kwok will assume this guarantee.

China Parking Limited

China Parking Limited is in the process of obtaining a real estate ownership certificate in its name in relation to the villa in Shenzhen referred to above. The Agreement contains provisions pursuant to which DDL agrees to use its best endeavours to procure that the legal title of such property is vested in China Parking Limited. If China Parking Limited does not obtain the relevant real estate ownership certificate in its name by the date which is two years from the completion of the Agreement: (a) DDL and CAG will pay HK\$3.1 million to CAL (together with interest from the date of completion of this Agreement to the date of actual payment at a rate equivalent to the best lending rate of HSBC); and (b) subject to the requirements of the Listing Rules. CAL will transfer the entire issued capital of China Parking Limited back to DDL or its nominee.

Reasons for the Transaction

The Hon Kwok Group is mainly involved in property development, property investment and property related businesses. Hon Kwok, through its wholly owned subsidiary, CAL, already holds a 60% interest in the issued share capital of Island Parking. Increasing its investment in carpark assets is consistent with Hon Kwok's business development strategy. The carparks owned by the China Parking Group will enlarge Hon Kwok's investment portfolio and are expected to produce a stable rental income. The losses of the China Parking Group in prior years were mainly related to diminutions in value of the carpark assets. The carpark assets are being acquired by Hon Kwok having regard to open market values. Unless the property prices drop further, it is unlikely that further losses will be incurred.

The CAG Group wishes to focus on its core operations which comprise of trading and manufacturing of plastics and chemicals products, distribution and installation of building supplies, electrical and mechanical products, wholesaling of electrical appliances, engineering contracting business in the air-conditioning industry and the provision of maintenance services. Continuing to operate carpark businesses is not consistent with the CAG Group's strategy to explore and develop the trading business. The gain or loss on disposal of the China Parking Group and the impact of the disposal will be disclosed in the circular. After completion of the Transaction, CAG currently intends to use the Consideration for the bank loan repayments referred to above as well as working capital to fund its core operations.

Connection between the parties

CPBL is a substantial shareholder of Island Parking, a non-wholly owned subsidiary of Hon Kwok, and thus each of CPBL and CAG is a connected person of Hon Kwok.

As the Consideration for the Transaction represents less than 3% of the consolidated net tangible assets of Hon Kwok as at 31 March 2003, the Transaction is not required to be approved by Hon Kwok's independent shareholders under Rule 14.25(1) of the Listing Rules and thus particulars of the Transaction will be included in the next published annual report and accounts of Hon Kwok in accordance with Rule 14.25(1)(A) to (D) of the Listing Rules.

CIL is a substantial shareholder of CAG and the holding company of Hon Kwok and thus Hon Kwok is a connected person of CAG.

The Transaction is a connected transaction for CAG pursuant to the Listing Rules and it is subject to the approval of the CAG Independent Shareholders. An independent board committee of CAG will be appointed to advise the CAG Independent Shareholders as to whether or not the terms of the Transaction are fair and reasonable so far as the CAG Independent Shareholders are concerned and an independent financial adviser will be appointed to advise the independent board committee of CAG in respect of such terms.

Special General Meeting of CAG

A SGM of CAG will be convened as soon as practicable at which resolutions will be proposed to approve the Transaction. Multi-Investment, being a substantial shareholder of CAG and a wholly owned subsidiary of CIL, and its associates will abstain from voting at the SGM in respect of the resolution to be proposed to approve the Transaction, as required by the Listing Rules.

General

A circular containing, amongst other things, information on the Transaction, an independent valuation report, the letter from the independent financial adviser containing advice to the independent board committee of CAG, the recommendation of the independent board committee of CAG and a notice convening the SGM, is expected to be despatched to the shareholders of CAG on or before 15 September 2003.

Definitions:

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| “Agreement” | the sale and purchase agreement dated 26 August 2003 entered into between DDL, CAL, CAG and Hon Kwok pursuant to which the parties conditionally agree that (1) DDL will sell and CAL will acquire the Share; and (2) the Shareholders' Loans will be assigned to CAL. |
| “associate” | has the meaning ascribed to it under the Listing Rules |
| “CAG” | Chinney Alliance Group Limited, a company incorporated in Bermuda with limited liability and registered in Hong Kong under Part XI of the Companies Ordinance, the shares of which are listed on the Stock Exchange |
| “CAG Group” | CAG and its subsidiaries, other than the members of the China Parking Group |
| “CAG Independent Shareholders” | shareholders of CAG other than Multi-Investment and its associates |

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| “CAL” | Careful Action Limited, a company incorporated in the British Virgin Islands with limited liability |
| “China Parking Group” | CPBL and its subsidiaries and associated corporations |
| “CIL” | Chinney Investments, Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange |
| “Companies Ordinance” | Companies Ordinance (Chapter 32 of the Laws of Hong Kong) |
| “Consideration” | HK\$15,000,000, the consideration to be paid for the Share and the assignment of the Shareholders’ Loans pursuant to the Agreement |
| “CPBL” | China Parking (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability |
| “DDL” | Dharmala Development Limited, a company incorporated in Hong Kong with limited liability |
| “holding company” | has the meaning ascribed to it under the Companies Ordinance |
| “Hon Kwok” | Hon Kwok Land Investment Company, Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange |
| “Hon Kwok Group” | Hon Kwok and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “HSBC” | The Hongkong and Shanghai Banking Corporation Limited |
| “HK\$” | Hong Kong dollars |
| “Island Parking” | Island Parking Limited, a company incorporated in the British Virgin Islands with limited liability and registered in Hong Kong under Part XI of the Companies Ordinance |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Multi-Investment” | Multi-Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability |
| “PRC” | the People’s Republic of China |
| “SGM” | special general meeting of CAG to be convened for the purpose of approving the Transaction |
| “Shareholders’ Loans” | the loans made by the CAG Group to the China Parking Group |

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| “Share” | one share of par value US\$1 in CPBL held by DDL, representing the entire issued capital of CPBL |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary” | has the meaning ascribed to it under the Companies Ordinance |
| “substantial shareholder” | has the meaning ascribed to it under the Listing Rules |
| “Transaction” | the sale and purchase of the Share, the assignment of the Shareholders’ Loans and other matters referred to in the Agreement |
| “US\$” | United States dollars |

By Order of the Board
Chinney Alliance Group Limited
James Sai-Wing Wong
Chairman

By Order of the Board
Hon Kwok Land Investment Company, Limited
James Sai-Wing Wong
Chairman

Hong Kong, 26 August 2003

“Please also refer to the published version of this announcement in The Standard”