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KECK SENG INVESTMENTS (HONG KONG) LIMITED

激成投資（香港）有限公司

(Incorporated in Hong Kong with limited liability)

Website: www.keckseng.com.hk

(Stock code: 184)

CONNECTED TRANSACTION

ACQUISITION OF INTERESTS IN SHERATON OTTAWA HOTEL

On 10 March 2020, the Purchaser, a direct wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase the Sale Shares at the consideration of C\$11,165,000 (equivalent to approximately HK\$63,752,150). The Sale Shares represent 35% of the entire issued share capital of COHI. As of the date of this announcement, COHI's principal activity is operation of a hotel and its sole asset is Sheraton Ottawa Hotel.

As at the date of this announcement, COHI is an indirect non-wholly owned subsidiary of the Company which the Group has a 50% interest. Upon Completion, COHI remains an indirect non-wholly owned subsidiary of the Company while the Group's interest will increase to 85%.

The Vendor currently holds 35% of the equity interests in COHI, an indirect non-wholly owned subsidiary of the Company. Therefore the Vendor is a connected person of the Company at the subsidiary level.

KS Ocean Inc. currently holds approximately 58.14% of the issued share capital of the Company and is a connected person of the Company. KSC Enterprises Ltd., an indirect wholly-owned subsidiary of KS Ocean Inc., would acquire from San Thoe (H.K.) Limited 10% equity interest in COHI concurrently with the Acquisition.

On the above basis, the Acquisition constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Since more than one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 0.1% but all of them are less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE AGREEMENT

Date

10 March 2020

Parties

(1) Vendor : the Vendor

(2) Purchaser : the Purchaser, a direct wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save for its equity interests in COHI (an indirect non-wholly owned subsidiary of the Company) and Allied Pacific Investment Inc. (an indirect non-wholly owned subsidiary of KS Ocean Inc., the controlling shareholder of the Company), the Vendor and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

Assets to be acquired

Pursuant to the terms of the Agreement, the Vendor agreed to sell, and the Purchaser agreed to purchase the Sale Shares.

The Sale Shares represent 35% of the entire issued share capital of COHI.

Consideration

The consideration for the Sale Shares is C\$11,165,000 (equivalent to approximately HK\$63,752,150) and shall be paid by the Purchaser to the Vendor upon Completion. The payment shall be made in cash by solicitor's trust cheque, certified cheque, bank draft or wire payment.

The consideration was determined after arm's length negotiation between the Vendor and the Purchaser with reference to (i) the appraised value of Sheraton Ottawa Hotel based on the valuation report prepared by an independent professionally qualified appraiser; and (ii) adjustments for tax liabilities, selling costs, net current liabilities on the accounting books of COHI, and a discount.

The consideration is and will be funded by the Group's internal resources.

Completion

Completion is expected to take place on or about 13 March 2020. Upon Completion, COHI remains an indirect non-wholly owned subsidiary of the Company.

INFORMATION ON COHI

COHI is currently owned as to 50% by the Purchaser, 35% by the Vendor, 10% by San Thoe (H.K.) Limited and 5% by Allied Pacific Investments Inc.. COHI is currently accounted for as an indirect non-wholly owned subsidiary of the Company. COHI's principal activity is operation of a hotel and its sole asset is Sheraton Ottawa Hotel.

Sheraton Ottawa Hotel is a full-service lodging facility and is located close to the Canadian Parliament in Ottawa. It opened in 1972. It has 236 guest rooms, a restaurant, a bar and lounge, a club lounge, 10,000 square feet of meeting space, an indoor pool, a fitness room, a business center and 108 carpark spaces. Sheraton Ottawa Hotel has enjoyed a stable occupancy rate and room rate over the past few years. An independent professional appraisal of Sheraton Ottawa Hotel put the fair market value of the hotel as of 31 August 2018 at C\$47,100,000.

As at 30 June 2019, the unaudited consolidated net asset value of COHI was approximately C\$18,987,194.

Set out below is a summary of the unaudited consolidated net profit or loss of COHI for the two years ended 31 December 2017 and 2018 and the six months ended 30 June 2019:

	For the year ended 31 December		For the six months ended 30 June
	2017	2018	2019
	C\$	C\$	C\$
Net profit before taxation and extraordinary items	1,755,766	2,384,049	1,285,272
Net profit after taxation and extraordinary items	1,294,218	1,752,196	944,675

Based on COHI's register of members, the Vendor first became a shareholder of COHI since January 1990, and made several subscriptions in subsequent years. For reference purpose, the total paid up capital of COHI on its financial statement as at 30 June 2019 was C\$11,700,000.

Structure charts of COHI before and after the Acquisition

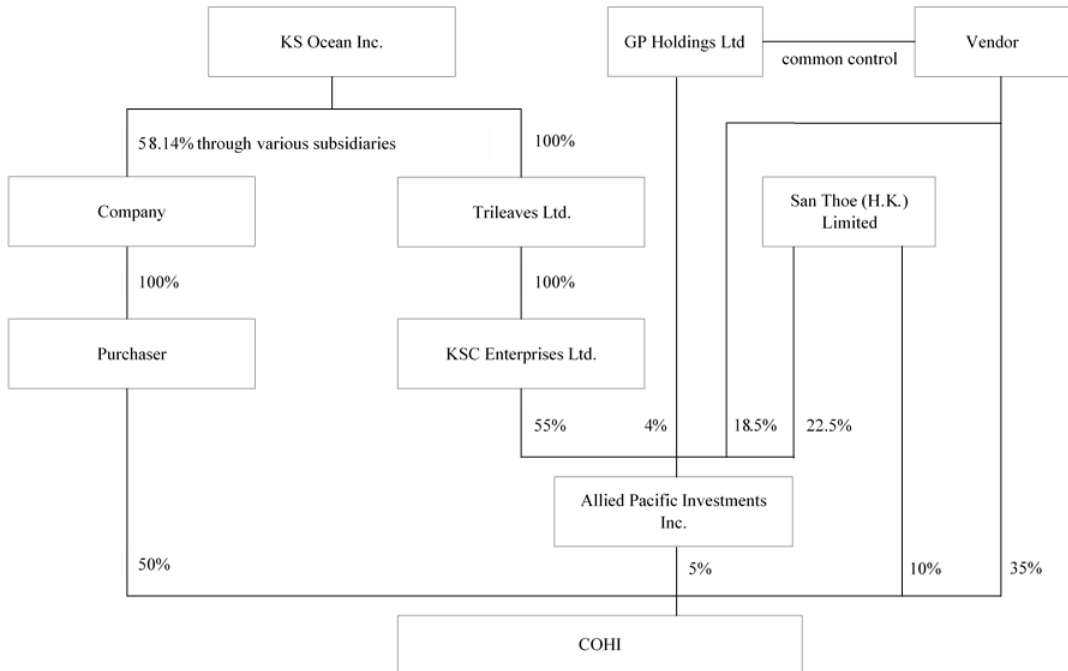
The Board was notified by KS Ocean Inc. that concurrently with the Acquisition, KSC Enterprises Ltd., an direct wholly-owned subsidiary of KS Ocean Inc., would acquire from San Thoe (H.K.) Limited 10% equity interest in COHI at a consideration of C\$3,190,000 (equivalent to approximately HK\$18,214,900).

KSC Enterprises Ltd. is an indirect wholly-owned subsidiary of KS Ocean Inc., which through various subsidiaries hold approximately 58.14% of the total issued share capital of the Company. KS Ocean Inc.'s principal activity is investment holding.

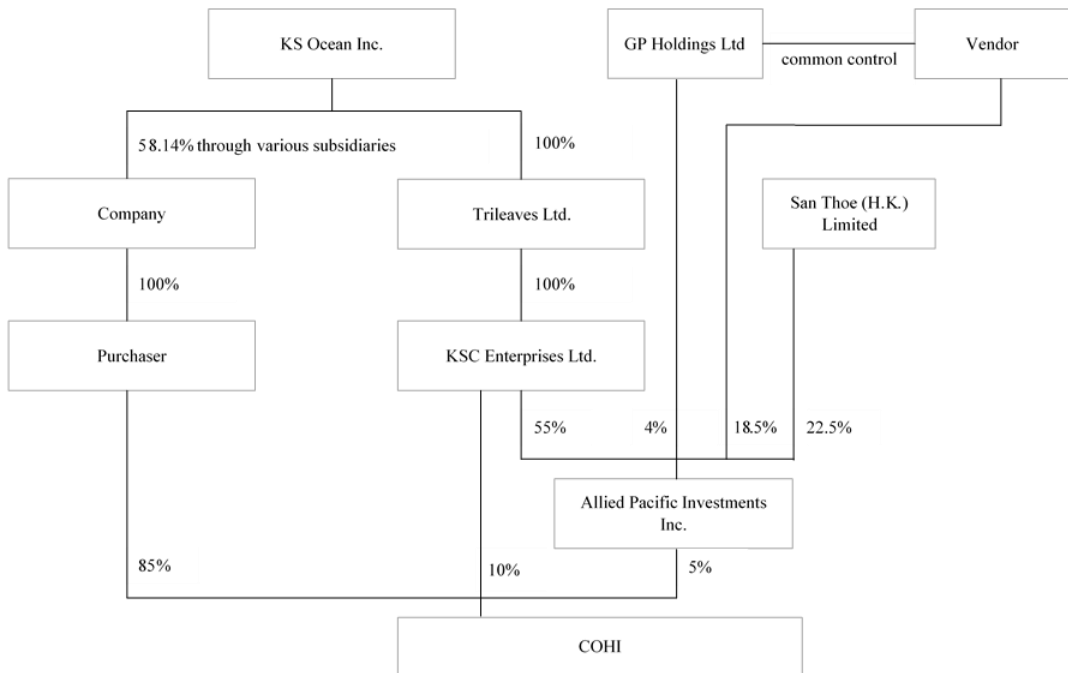
To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save for its equity interests in COHI (an indirect non-wholly owned subsidiary of the Company), San Thoe (H.K.) Limited and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company. Based on public records, the entire issued share capital of San Thoe (H.K.) Limited is held by three individuals with equal shares.

The following charts show the group structure of COHI (i) as of the date of this announcement; and (ii) immediately after Completion (assuming that the acquisition by KSC Enterprises Ltd. is also completed).

As of the date of this announcement



Immediately after Completion



GENERAL

The principal activities of the Group are hotel and club operations, property investment and development and the provision of management services. The Company's principal activity is investment holding.

The Purchaser's principal activity is investment holding.

The Vendor's principal activity is investment. Based on information provided by the Vendor, the Vendor is owned by Goodwood Holdings (BVI) Limited, also principally engaged in investment.

REASONS FOR AND BENEFITS OF THE ACQUISITION

COHI owns the Sheraton Ottawa Hotel and is currently accounted for as an indirect non-wholly owned subsidiary of the Company.

The Acquisition will allow the Group to increase shareholdings from 50% to 85%, thereby consolidating shareholdings, and allowing enhanced management control and operating efficiency. The Acquisition is also of financial benefit to the Group as the consideration represents a discount from the market value of the hotel property.

The Directors (including the Independent Non-executive Directors) are of the view that the terms of the Acquisition have been negotiated on an arm's length basis and are on normal commercial terms, in the ordinary course of business and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

The Vendor currently holds 35% of the equity interests in COHI, an indirect non-wholly owned subsidiary of the Company. Therefore the Vendor is a connected person of the Company at the subsidiary level.

KS Ocean Inc. currently holds approximately 58.14% of the issued share capital of the Company and is a connected person of the Company. KSC Enterprises Ltd., an indirect wholly-owned subsidiary of KS Ocean Inc., would acquire from San Thoe (H.K.) Limited 10% equity interest in COHI concurrently with the Acquisition.

On the above basis, the Acquisition constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Since more than one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 0.1% but all of them are less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. HO Kian Guan and Mr. HO Kian Hock are shareholders and directors of KS Ocean Inc.. Mr. TSE See Fan Paul, Mr. CHAN Lui Ming Ivan and Mr. HO Chung Tao are directors of KS Ocean Inc.. Mr. HO Chung Hui is director of Trileaves Ltd.. As such, these Directors are materially interested in the Acquisition and have abstained from voting on the board resolution approving the Acquisition.

DEFINITIONS

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

“Acquisition”	the Acquisition of the Sale Shares by the Purchaser in accordance with the terms and conditions of the Agreement and the performance of the transactions contemplated under the Agreement
“Agreement”	the share purchase agreement dated 10 March 2020 entered into between the Purchaser and the Vendor in respect of the Acquisition
“C\$”	Canadian dollars, the lawful currency of Canada
“COHI”	Chateau Ottawa Hotel Inc., a company with limited liability incorporated in British Columbia, Canada
“Company”	Keck Seng Investments (Hong Kong) Limited, a company incorporated in Hong Kong under the Companies Ordinance (Cap. 622), the shares of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	KSB Enterprises Ltd., a company with limited liability incorporated in British Columbia, Canada and a direct wholly-owned subsidiary of the Company
“Sale Shares”	the following shares in the authorized share structure of COHI registered in the name of the Vendor on the date of the Agreement: <ul style="list-style-type: none">(i) 3,150,000 common shares without par value, and(ii) 945,000 preferred shares with a par value of C\$1 each
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules

“Vendor” Trump Pacific Resources Inc., a company with limited liability incorporated in British Columbia, Canada

“%” per cent

For the purpose of illustration only and unless otherwise stated, conversion of C\$ into HK\$ in this announcement is based on the exchange rate of C\$1.00 to HK\$5.71. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

By order of the Board
Keck Seng Investments (Hong Kong) Limited
HO Kian Guan
Executive Chairman

Hong Kong, 10 March 2020

As at the date of this announcement, the Board of the Company comprises Mr. HO Kian Guan, Mr. HO Kian Hock, Mr. TSE See Fan Paul, Mr. CHAN Lui Ming Ivan, Ms. YU Yuet Chu Evelyn, Mr. HO Chung Tao and Mr. HO Chung Hui (whose alternate is Mr. HO Chung Kain) as Executive Directors, Mr. HO Kian Cheong (whose alternate is Mr. HO Chung Kiat Sydney) as Non-executive Director, and Mr. KWOK Chi Shun Arthur, Ms WANG Poey Foon Angela, Mr. YU Hon To David and Mr. Stephen TAN as Independent Non-executive Directors.