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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](http://www.keckseng.com.hk)

(Stock code: 184)

**CONNECTED TRANSACTION**

**NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL**

**BACKGROUND**

As at the date of this announcement, the equity interest of HQCHCL is held as to 55% by SSIL and 25.76% by Goodland respectively. HQCHCL is a non-wholly owned subsidiary of the Company. Goodland proposed to transfer the Equity Interest to Kansas.

Pursuant to Article 71 of the Company Law of the PRC and the JV Agreement, SSIL, as a shareholder of HQCHCL, is entitled to the Right of First Refusal with respect to any proposed transfer of the Equity Interest by Goodland to any other persons excluding the existing shareholders, pursuant to which SSIL has a pre-emptive right to purchase the Equity Interest.

**NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL**

Recently, Goodland proposed to transfer the Equity Interest in HQCHCL to Kansas at HK\$17,244,597.17.

On 29 September 2020, SSIL decided not to exercise the Right of First Refusal to acquire the Equity Interest in connection with the Transfer.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Goodland and Kansas are substantial shareholder of the Company, which holds approximately 28.41% and 29.82% of the issued share capital of the Company, respectively. Both companies are wholly owned subsidiaries of the Company's controlling shareholder, KS Ocean Inc. Goodland and Kansas are therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. The non-exercise of the Right of First Refusal constitutes a connected transaction of the Company.

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the non-exercise of the Right of First Refusal is less than 5%, the non-exercise of the Right of First Refusal is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and does not require the approval by the independent shareholders of the Company under Rule 14A.76(2)(a) of the Listing Rules.

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Upon the completion of the Transfer, HQCHCL will continue to be a non-wholly owned subsidiary of the Company.

As at the date of this announcement, Mr. HO Kian Guan, Mr. HO Kian Hock, Mr. TSE See Fan Paul, Mr. CHAN Lui Ming Ivan and Mr. HO Chung Tao are directors of either Goodland or Kansas or both; Mr. HO Kian Cheong is one of the shareholders of HQCHCL; and Mr. Kowk Chi Shun Arthur has interests in HQCHCL via his controlled corporation. As such, these Directors are materially interested in the Transfer and have abstained from voting on the board resolution approving the non-exercise of the Right of First Refusal.

## **REASONS FOR AND BENEFITS OF NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL**

Having taken into account the principal factors and considerations set out below, the Directors (including the Independent Non-executive Directors) are of the view that the non-exercise of the Right of First Refusal is fair and reasonable, is on normal commercial terms and is in the interest of the Company and the Shareholders as a whole:

- (1) The COVID-19 pandemic is still evolving on a global basis; the possibility of third or fourth waves and subsequent impacts on economic and commercial activities cannot be ruled out.
- (2) The trajectory of tourism recovery on a global basis is still uncertain.
- (3) In light of continuing uncertainty, the Company continues to maintain a conservative stance in evaluating further investments.
- (4) Upon the completion of the Transfer, HQCHCL will continue to be a non-wholly owned subsidiary of the Company. Non-exercise of the Right of First Refusal will neither have any impact on the control of the Company over HQCHCL nor have any impact on the scope of the consolidated statements of the Company.

## **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.

Goodland is a wholly owned subsidiary of the Company's controlling shareholder. Its principal activity is investment holding and provision of business management service.

Kansas is also a wholly owned subsidiary of the Company's controlling shareholder. Its principal activity is investment holding.

SSIL is a non-wholly owned subsidiary of the Company. Its principal activity is investment holding.

HQCHCL owns the Holiday Inn Wuhan Riverside and is currently accounted for as a non-wholly owned subsidiary of the Company. HQCHCL's principal activity is investment in and operation of a hotel.

Set out below is a summary of the audited financial information of HQCHCL for the years ended 31 December 2019 and 2018:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2018</b>
	HK\$	HK\$
Loss before tax	(8,090,991)	(932,876)
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As at 30 June 2020, the total assets and the net liabilities of HQCHCL were HK\$162,224,417 and HK\$38,823,833 respectively.

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### **DEFINITIONS**

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

“Company”	Keck Seng Investments (Hong Kong) Limited, a company with limited liability incorporated in Hong Kong under the Companies Ordinance (Cap. 622), the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Interest”	25.76% equity interest in HQCHCL held by Goodland
“Goodland”	Goodland Limited, a company with limited liability incorporated in Macau, whose ultimate beneficial owner is KS Ocean Inc. which is the controlling shareholder of the Company
“Group”	the Company and its subsidiaries

“HQCHCL”	Hubei Qing Chuan Hotel Company Limited, established in the PRC as a Sino-foreign equity joint venture
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“JV Agreement”	The joint venture agreement dated 8 August 1995, amended on 20 March 1999, 1 March 2000, 23 June 2004, 1 March 2007 and 17 March 2014, respectively entered into between the shareholders of HQCHCL
“Kansas”	Kansas Holdings Limited, a company with limited liability incorporated in Hong Kong under the Companies Ordinance (Cap. 622), whose ultimate beneficial owner is KS Ocean Inc. which is the controlling shareholder of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Right of First Refusal”	the right of first refusal which SSIL is entitled to purchase the Equity Interest pursuant to Article 71 of the Company Law of the PRC
“Shareholder(s)”	holder(s) of share(s) of the Company
“SSIL”	Shun Seng International Limited, a company with limited liability incorporated in Hong Kong under the Companies Ordinance (Cap. 622)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Transfer”	The proposed transfer of Goodland’s 25.76% equity interest in HQCHCL to Kansas at HK\$17,244,597.17
“%”	per cent

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

Hong Kong, 29 September 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.*