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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: 00184)

**MAJOR TRANSACTION
DISPOSAL OF PROPERTIES IN JAPAN**

The Board announces that on 26 September 2012, KSJ One entered into the Sale and Purchase Agreement with the Purchaser to dispose of its interests in two freehold multi-family apartment buildings in Tokyo, Japan for a consideration of ¥4,900,000,000 (equivalent to approximately HK\$488,530,000). The Company owns a 96.79% indirect economic interest in KSJ One. For IFRS reporting purposes, KSJ One has been categorized as a subsidiary of the Company

As one or more applicable percentage ratios (as defined in the Listing Rules) for the Disposal exceed 25% but are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification, announcement and shareholders' approval requirements under the Listing Rules.

The Directors confirm that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and the ultimate controller(s) of the Purchaser are third parties independent of the Company and any connected persons of the Company, and no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. As at the date of this announcement, each of Goodland Limited and Kansas Holdings Limited, the two largest Shareholders holding 96,646,960 shares and 100,909,360 shares in the Company respectively, amounting to approximately 28.41% and 29.66% of the issued share capital of the Company, has given its written approval on the Disposal. Both Goodland Limited and Kansas Holdings Limited are wholly-owned subsidiaries of Ocean Inc., which in turn is held as to 50% by each of Mr Ho Kian Guan, Executive Chairman of the Company, and Mr Ho Kian Hock,

Deputy Executive Chairman of the Company. Owing to the common ownership of Goodland Limited and Kansas Holdings Limited, they form a closely allied group of Shareholders for the purpose of Rule 14.44 of the Listing Rules. As Goodland Limited and Kansas Holdings Limited together hold more than 50% of the issued shares of the Company and no Shareholder is required to abstain from voting, no general meeting for the Shareholders' approval of the Disposal is required to be held.

A circular containing, among other things, further details of the Disposal and other information as required by the Listing Rules is expected to be despatched to the Shareholders on or before 19 October 2012.

INTRODUCTION

The Board announces that on 26 September 2012, KSJ One entered into the Sale and Purchase Agreement with the Purchaser to dispose of its interests in two freehold multi-family apartment buildings in Tokyo, Japan for a consideration of ¥4,900,000,000 (equivalent to approximately HK\$488,530,000). The Company owns a 96.79% indirect economic interest in KSJ One. For IFRS reporting purposes, KSJ One has been categorized as a subsidiary of the Company

THE SALE AND PURCHASE AGREEMENT

Date

26 September 2012

Parties

- (1) KSJ One; and
- (2) the Purchaser.

The Purchaser is principally engaged in acquisition and investment of real estate and real estate trust beneficiary interest.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Subject assets

Pursuant to the Sale and Purchase Agreement, KSJ One agreed to dispose of, and the Purchaser agreed to acquire, its interest in the Properties. The Properties comprises two apartment buildings, Iris Ginza East and Iris Nihonbashi Suitengu.

Iris Ginza East is a 12-storey freehold multi-family apartment building built in 2005. It is located in Chuo-ku, one of the five central wards of Tokyo and has access to 3 major train lines within 4 to 8 minutes. It is 1 km to central Ginza, one of the most prestigious shopping districts in Japan, and 1.7 km to Tokyo Station.

Iris Nihonbashi Suitengu is a 12-storey freehold multi-family apartment building built in 2005. It is located in Chuo-ku, one of the five central wards of Tokyo and within a two-minute walk to the Suitengumae station, which is on the Tokyo Metro Hanzomon Subway Line. It is a four-minute subway ride from the Suitengumae station to Marunouchi, Tokyo's premier business center, and an eight-minute ride to Ginza, one of the most prestigious shopping districts in Japan.

According to a valuation conducted by AS Management Co., Ltd., an independent valuer engaged by the Company, the value of the Properties as of 30 June 2012 is ¥4,780,000,000 (equivalent to approximately HK\$476,566,000). The valuation was based on the direct capitalisation and discounted cash flow approach.

According to the audited financial statements of KSJ One, the net profit attributable to the Properties after taxation was ¥108,793,722 (equivalent to approximately HK\$10,846,734) and ¥132,447,334 (equivalent to approximately HK\$13,204,999) respectively for the years ended 31 December 2010 and 2011. The amount of taxes paid amounted to ¥2,593,542 (equivalent to approximately HK\$258,576) and ¥21,149,594 (equivalent to approximately HK\$2,108,615) respectively for the years ended 31 December 2010 and 2011 and included property tax and other taxes.

Consideration

The consideration for the Disposal shall be in the amount of ¥4,900,000,000 (equivalent to approximately HK\$488,530,000), which shall be payable to KSJ One by way of bank transfer on 27 September 2012 or any other dates which the parties to the Sale and Purchase Agreement may agree.

The consideration for the Disposal was arrived at after arm's length negotiations among KSJ One and the Purchaser, with reference to the market price of other similar properties in the vicinity of the Properties.

Completion

The completion of the Disposal is expected to take place on 27 September 2012.

A penalty which equals to 20% of the purchase price of the Property shall be paid by the party which fails to complete the transaction. In case the actual damage suffered exceeds 20% of purchase price, the non-defaulting party can claim such excess amount the defaulting party separately. However, should there be a total destruction of the Property by an act of God (e.g. fire, earthquake, etc.), or a partial destruction of the Property which has not been repaired or restored in a manner that is reasonably acceptable to the Purchaser, the Purchaser shall be entitled to choose not to complete the Acquisition without incurring the said penalty.

Save as disclosed in the Sale and Purchase Agreement, KSJ One has provided a warranty against hidden defects of the Properties for 2 years from the completion date of the Disposal.

INFORMATION ON THE GROUP AND KSJ ONE

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.

KSJ One is principally engaged in property investment.

REASON FOR AND THE BENEFITS OF THE DISPOSAL

The Disposal will allow the Group to rationalise its existing portfolio of investment properties to provide more balance and diversity. The Group expects to maintain its objective of building a portfolio of high-standard investment properties and will continue to seek investments in Japan and elsewhere.

The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement which were entered into by KSJ One to be fair and reasonable. Taking into account the expected gain to be realised from the Disposal, the Directors (including the independent non-executive Directors) consider that the Disposal is in the interests of the Company and the Shareholders as a whole.

POSSIBLE FINANCIAL EFFECTS OF THE DISPOSAL

It is estimated that the Group will realise a gain on disposal of approximately ¥99,000,000 (equivalent to approximately HK\$9,870,300), being the difference between the net proceeds from the Disposal and the appraised value of the Properties as at 30 June 2012.

USE OF PROCEEDS

The Group intends to use part of the proceeds to reduce its Japanese yen-denominated bank borrowings. The balance will be kept as general working capital.

LISTING RULES IMPLICATION

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The Directors confirm that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and the ultimate controller(s) of the Purchaser are third parties independent of the Company and any connected persons of the Company, and no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. As at the date of this announcement, each of Goodland Limited and Kansas Holdings Limited, the two largest Shareholders holding 96,646,960 shares and 100,909,360 shares in the Company respectively, amounting to approximately 28.41% and 29.66% of the issued share capital of the Company, has given its written approval on the Disposal. Both Goodland Limited and Kansas Holdings Limited are wholly-owned subsidiaries of Ocean Inc., which in turn is held as to 50% by each of Mr Ho Kian Guan, Executive Chairman of the Company, and Mr Ho Kian Hock, Deputy Executive Chairman of the Company. Owing to the common ownership of Goodland Limited and Kansas Holdings Limited, they form a closely allied group of Shareholders for the purpose of Rule 14.44 of the Listing Rules. As Goodland Limited and Kansas Holdings Limited together hold more than 50% of the issued shares of the Company and no Shareholder is required to abstain from voting, no general meeting for the Shareholders' approval of the Disposal is required to be held.

A circular containing, among other things, further details of the Disposal and other information as required by the Listing Rules is expected to be despatched to the Shareholders on or before 19 October 2012.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Keck Seng Investments (Hong Kong) Limited, a company incorporated in Hong Kong under the Companies Ordinance (Cap. 32), the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning given to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Disposal”	the disposal of the interest in the Properties by KSJ One pursuant to the Sale and Purchase Agreement

“KSJ One”	Godo Kaisha KSJ One, a <i>godo-kaisha</i> (合同會社) incorporated in Japan, in which the Company owns a 96.79% indirect economic interest
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Properties”	two apartment buildings in Tokyo, Japan, known as Iris Ginza East and Iris Nihonbashi Suitengu respectively, the details on which as described in the paragraph “Subject Assets” in this announcement
“Purchaser”	Godo Kaisha ABF1, a <i>godo-kaisha</i> (合同會社) incorporated in Japan
“Sale and Purchase Agreement”	the sale and purchase agreement dated 26 September 2012 entered into among the KSJ One and the Purchaser in relation to the sale and purchase of the interest in the Properties
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.
“¥”	Japanese Yen, the lawful currency of Japan

In this announcement, Japanese Yen (¥) has been translated into HK\$ at the rate of ¥100 = HK\$9.97 for reference purpose only.

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

Hong Kong, 26 September 2012

As at the date of this announcement, the Board 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 as non-executive director, and Dr CHAN Yau Hing Robin, Mr KWOK Chi Shun Arthur and Ms WANG Poey Foon Angela as independent non-executive directors.