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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Hon Kwok Land Investment Company, Limited**, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)
(Stock Code: 160)

**DISCLOSEABLE AND CONNECTED TRANSACTION
RELATING TO THE
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL
OF TARGET COMPANY A**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



凱基金融亞洲
KGI CAPITAL ASIA

中華開發金融
CHINA DEVELOPMENT FINANCIAL

Capitalized terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 5 to 12 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 13 of this circular. A letter from KGI, the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 23 of this circular.

A notice convening the EGM to be held at Full Moon Shanghai Restaurant, Macau Jockey Club, 3rd Floor, East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Wednesday, 6 July 2016 at 3:30 p.m. is set out on pages 34 to 35 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the registered office of the Company at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

20 June 2016

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Chinney”	Chinney Investments, Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 216) and is the holding company of the Company holding approximately 68.09% of the issued shares of the Company as at the Latest Practicable Date
“Chinney Development”	Chinney Development Company Limited, a company incorporated in Hong Kong with limited liability and is beneficially owned by Dr. James Sai-Wing Wong
“Chinney EGM”	the extraordinary general meeting of Chinney to be convened for approving the First Agreement and the transactions contemplated thereunder
“Chinney Holdings”	Chinney Holdings Limited, a company incorporated in Hong Kong with limited liability and is the holding company of Chinney holding approximately 63.25% of the issued shares of Chinney as at the Latest Practicable Date
“Company” or “Hon Kwok”	Hon Kwok Land Investment Company, Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange (Stock Code: 160)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for approving the First Agreement and the transactions contemplated thereunder

DEFINITIONS

“First Acquisition”	the acquisition of the entire issued share capital of Target Company A and the assignment of related shareholder’s loan of HK\$4,679,999 by the Purchaser from Vendor A pursuant to the First Agreement
“First Agreement”	the agreement dated 9 May 2016 entered into between the Purchaser and Vendor A in respect of the First Acquisition
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of the Board consisting of all the independent non-executive Directors, namely Messrs. Daniel Chi-Wai Tse, Zuo Xiang and William Kwan-Lim Chu, established to advise the Independent Shareholders in respect of the First Acquisition
“Independent Financial Adviser” or “KGI”	KGI Capital Asia Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the First Acquisition
“Independent Shareholders”	Shareholders other than Dr. James Sai-Wing Wong together with his associates
“Latest Practicable Date”	16 June 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lucky Year”	Lucky Year Finance Limited, a company incorporated in the British Virgin Islands with limited liability

DEFINITIONS

“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers
“PRC”	the People’s Republic of China
“PRC Company”	廣州市建昭置業有限公司, a company incorporated in Guangzhou, the PRC with limited liability and a wholly-owned subsidiary of Right Cheer
“PRC Tax”	any tax imposed by any tax authority in the PRC
“Property”	a completed 15-storey commercial and office building situated at No. 151 Jiefang Road South, Yuexiu District, Guangzhou, Guangdong Province, the PRC (中國廣東省廣州市越秀區解放南路151號) and known as Jie Fang Building (解放大廈)
“Purchaser”	True Light Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company
“Right Cheer”	Right Cheer Limited, a company incorporated in Hong Kong with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Savills”	Savills Valuation and Professional Services Limited, being the independent property valuer
“Second Acquisition”	the acquisition of the entire issued share capital of Target Company B and the assignment of related shareholder’s loan of HK\$4,679,999 by the Purchaser from Vendor B pursuant to the Second Agreement
“Second Agreement”	the agreement dated 9 May 2016 entered into between the Purchaser and Vendor B in respect of the Second Acquisition
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Target Company A”	Right Colour Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Company B”	Network Success Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	collectively Target Company A, Target Company B, Right Cheer and PRC Company
“Vendor A”	Rich Fate Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Chinney Development
“Vendor B”	Pine International Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Pioneer Global Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange (Stock Code: 224)
“%”	per cent

For illustration purpose, RMB has been translated into HK\$ at the exchange rate of HK\$1.00 = RMB0.835. Such translation should not be construed as a representation that any amounts in RMB or HK\$ have been, could have been, or could be, converted at the above rate or any other rates or at all.



漢國置業有限公司
Hon Kwok Land Investment Company, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 160)

Executive Directors:

James Sai-Wing Wong (*Chairman*)

Zuric Yuen-Keung Chan

Xiao-Ping Li

Registered Office:

23rd Floor

Wing On Centre

111 Connaught Road Central

Hong Kong

Non-executive Directors:

Herman Man-Hei Fung (*Vice-Chairman*)

Emily Yen Wong

Independent non-executive Directors:

Daniel Chi-Wai Tse

Zuo Xiang

William Kwan-Lim Chu

20 June 2016

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
RELATING TO THE
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL
OF TARGET COMPANY A**

INTRODUCTION

With reference to the joint announcement dated 9 May 2016 as announced by the Company and Chinney, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the First Agreement with Vendor A (a connected person of the Company) to acquire Target Company A and the Second Agreement with Vendor B (an independent third party) to acquire Target Company B, respectively, for a total cash consideration of HK\$137,590,000, which was agreed at after arm's length negotiations between the parties.

As at the Latest Practicable Date, each of Target Company A and Target Company B holds 50% of the issued share capital of Right Cheer which directly holds the entire equity interest of the PRC Company. The principal asset of the PRC Company is the Property. The Property is a completed 15-storey commercial and office building situated at No. 151 Jiefang Road South, Yuexiu District, Guangzhou, Guangdong Province, the PRC (中國廣東省廣州市越秀區解放南路151號) and known as Jie Fang Building (解放大廈) with a gross floor area of approximately 11,507 square metres.

LETTER FROM THE BOARD

On 9 May 2016, the Purchaser and Vendor A entered into the First Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and Vendor A has conditionally agreed to sell the entire issued share capital of Target Company A and the assignment of related shareholder's loan of HK\$4,679,999 to the Purchaser for an aggregate cash consideration of HK\$68,795,000, net of PRC Tax which Vendor A is required to pay in connection with the sale of the entire issued share capital of Target Company A (the "First Acquisition").

On 9 May 2016, the Purchaser and Vendor B also entered into the Second Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and Vendor B has conditionally agreed to sell the entire issued share capital of Target Company B and the assignment of related shareholder's loan of HK\$4,679,999 to the Purchaser for an aggregate cash consideration of HK\$68,795,000, net of PRC Tax which Vendor B is required to pay in connection with the sale of the entire issued share capital of Target Company B (the "Second Acquisition").

The First Acquisition constitutes a discloseable and connected transaction of the Company under the Listing Rules. The purpose of this circular is to provide you with, among other things, (i) details of the First Acquisition; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the First Acquisition; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the First Acquisition; (iv) a valuation report on the Property; (v) a notice of the EGM; and (vi) other information as required under the Listing Rules.

The Second Acquisition constitutes a discloseable transaction of the Company under the Listing Rules. Completion of the Second Acquisition has taken place on 3 June 2016.

THE FIRST AGREEMENT

Date

9 May 2016

Parties

(a) Purchaser : True Light Enterprises Limited

(b) Vendor A : Rich Fate Limited

Vendor A is a connected person of the Company by virtue of the fact that it is wholly-owned by Chinney Development which is a company controlled by Dr. James Sai-Wing Wong, the Chairman and substantial shareholder of the Company under the Listing Rules.

Assets to be acquired

Pursuant to the First Agreement, the Purchaser has conditionally agreed to acquire and Vendor A has conditionally agreed to sell the entire issued share capital of Target Company A and the assignment of related shareholder's loan of HK\$4,679,999 to the Purchaser.

LETTER FROM THE BOARD

Consideration

The aggregate cash consideration for the First Acquisition is HK\$68,795,000 which is determined by reference to the unaudited consolidated net assets of the Target Group, together with the shareholder's loan as at 31 March 2016. The above consideration, net of PRC Tax which Vendor A is required to pay in connection with the sale of the entire issued share capital of Target Company A, was agreed at after arm's length negotiations between the parties.

The aggregate cash consideration of HK\$68,795,000 will be payable in the following manners:

- (a) a refundable deposit of HK\$6,879,500 has been paid upon signing of the First Agreement; and
- (b) the balance of the consideration of HK\$61,915,500 will be paid upon completion of the First Agreement.

The above consideration will be funded by internal resources of the Group.

Conditions precedent

Completion of the First Agreement is subject to and conditional on the following conditions being fulfilled or waived:

- (a) the passing of an ordinary resolution by the Independent Shareholders at the EGM approving the First Agreement and the transactions contemplated thereunder;
- (b) the passing of an ordinary resolution by the independent shareholders of Chinney at the Chinney EGM approving the First Agreement and the transactions contemplated thereunder;
- (c) there having been no breach by Vendor A of any obligations, undertakings, representations and warranties under the First Agreement; and
- (d) there having been no breach by the Purchaser of any obligations, undertakings, representations and warranties under the First Agreement.

As at the Latest Practicable Date, none of the above conditions had been fulfilled.

The First Agreement and the Second Agreement are not inter-conditional and the latter has been completed on 3 June 2016 following which the Target Group is treated as a jointly-controlled entity of the Group and 50% of its profit or loss and net assets will be equity accounted for in the financial statements of the Group.

In the event that all of the conditions of the First Agreement as stated above are fulfilled or waived, the First Acquisition shall be completed within five business days immediately thereafter (or such other date as the parties may agree in writing) and the Target Group will then become the indirect wholly-owned subsidiaries of the Company and 100% of its financial results will be consolidated into the Group's financial statements.

LETTER FROM THE BOARD

INFORMATION ON THE TARGET GROUP AND THE PROPERTY

Target Company A is a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of Vendor A as at the Latest Practicable Date.

Target Company B is a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date.

Right Cheer is a company incorporated in Hong Kong on 18 January 2007 with limited liability. Each of Target Company A and Target Company B currently holds 50% of the issued share capital of Right Cheer.

Right Cheer is an investment holding company and directly holds the entire equity interest of the PRC Company. The principal asset of the PRC Company is the Property. The Property is a completed 15-storey commercial and office building situated at No. 151 Jiefang Road South, Yuexiu District, Guangzhou, Guangdong Province, the PRC (中國廣東省廣州市越秀區解放南路151號) and known as Jie Fang Building (解放大廈) with a gross floor area of approximately 11,507 square metres. The Property is currently leased out for rental income.

The market value of the Property as at 31 March 2016 was RMB176,000,000 (equivalent to approximately HK\$210,778,000) based on the valuation report on the Property as set out in Appendix I to this circular.

The Property is currently mortgaged to a bank and the outstanding mortgage loan amount as at 31 March 2016 was approximately RMB23,582,000 (equivalent to approximately HK\$28,242,000). The original cost of the Property acquired by the PRC Company in January 2008 was approximately RMB84,200,000 (equivalent to approximately HK\$100,838,000).

Right Cheer is currently indebted to a bank for a term loan with an outstanding amount of HK\$30,000,000 as at 31 March 2016.

As at 31 March 2016, the unaudited consolidated net assets of the Target Group (which has already taken into account of the revaluation of the Property) was approximately HK\$138,194,000 and the amount of the related shareholders' loans was HK\$9,359,998.

The unaudited consolidated net profit before and after tax attributable to Right Cheer and the PRC Company for the year ended 31 March 2015 (which has already taken into account of the revaluation of the Property) were approximately HK\$18,019,000 and HK\$17,077,000 respectively. The unaudited consolidated net profit before and after tax attributable to Right Cheer and the PRC Company for the year ended 31 March 2016 (which has already taken into account of the revaluation of the Property) were approximately HK\$4,983,000 and HK\$4,167,000.

Without taking into account the effect of revaluation of the Property, the unaudited consolidated net profit after tax attributable to Right Cheer and the PRC Company for the year ended 31 March 2015 and 31 March 2016 was HK\$4,577,000 and HK\$4,167,000 respectively.

LETTER FROM THE BOARD

An analysis of the unaudited consolidated net assets of the Target Group as at 31 March 2016 is as follows:

	<i>HK\$'000</i>
Carrying value of the Property (RMB170,000,000)	203,592
Cash and bank balance	1,664
Other assets	<u>5,431</u>
Total assets	210,687
Less: Bank loans	(58,242)
Shareholders' loans	(9,360)
Other payables	<u>(4,891)</u>
Unaudited consolidated net assets as at 31 March 2016	138,194
Shareholders' loans to be assigned	<u>9,360</u>
	147,554
Less: PRC Tax in connection with the sale of the Target Group	<u>(9,964)</u>
Consideration for the acquisition of the Target Group	<u><u>137,590</u></u>
Consideration for the First Acquisition	68,795
Consideration for the Second Acquisition	<u>68,795</u>
	<u><u>137,590</u></u>

INFORMATION ON THE COMPANY

The Company is an investment holding company. Its subsidiaries are mainly engaged in property development, property investment and property related businesses.

As at the Latest Practicable Date, Chinney is holding 490,506,139 shares of the Company, representing approximately 68.09% of its issued shares.

INFORMATION ON THE PURCHASER

The Purchaser, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company, is principally engaged in investment holding.

LETTER FROM THE BOARD

INFORMATION ON THE VENDOR

Vendor A, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Chinney Development, is principally engaged in investment holding.

REASONS AND BENEFITS FOR THE ACQUISITIONS

The Group's corporate strategy is to develop real estate properties for sale, hold investment properties for rental income as well as acquire and enhance value of completed properties at prime location for profit should opportunities arise. The Property, being a completed 15-storey commercial and office building with a gross floor area of approximately 11,507 square metres, is situated at Yuexiu District which is a traditional downtown city in Guangzhou.

The Property was originally owned by Vendor A and Vendor B jointly. Given that the Second Acquisition from Vendor B has been completed on 3 June 2016, the First Acquisition from Vendor A represents a unique opportunity for the Group to acquire, consolidate and combine the entire equity interests of the Property so as to release the intrinsic value of the Property which is in line with its corporate strategy. In addition, the Group currently has several property development and investment projects in Guangzhou and therefore should the First Acquisition be completed, the Group could utilize its existing resources in Guangzhou on the management of the Property more economically. For example, the Group intends to deploy its design team in Guangzhou to undergo a renovation program to the Property in order to enhance the appearance of the building, which could ultimately increase the Property's rental income and market value. The cost of the renovation program is currently estimated to be approximately HK\$10 million.

The Directors are of the view that the terms of the First Agreement (and the transactions contemplated thereunder) are on normal commercial terms and in the ordinary and usual course of business of the Company, and that of the First Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios for the First Acquisition exceeds 5% but all of them are less than 25%, the First Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Vendor A is a connected person of the Company by virtue of the fact that it is wholly-owned by Chinney Development which is a company controlled by Dr. James Sai-Wing Wong, the Chairman and substantial shareholder of the Company. Accordingly, the First Acquisition also constitutes a connected transaction of the Company and is subject to the reporting, announcement and approval by the Independent Shareholders under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Dr. James Sai-Wing Wong and his associates have abstained from voting on the board resolution approving the First Acquisition. Save as disclosed, none of the Directors has any material interest in the First Acquisition.

EGM

The EGM will be convened and held at Full Moon Shanghai Restaurant, Macau Jockey Club, 3rd Floor, East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Wednesday, 6 July 2016 at 3:30 p.m. to consider and, if thought fit, to approve the First Acquisition. A notice convening the EGM is set out on pages 34 to 35 of this circular.

As at the Latest Practicable Date, Dr. James Sai-Wing Wong together with his associates (if any), is currently indirectly holding 502,262,139 shares of the Company, representing approximately 69.72% of its issued shares. Dr. James Sai-Wing Wong and his associates are required to abstain from voting in respect of the resolution approving the First Acquisition at the EGM. Save as aforementioned, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, no other Shareholder has a material interest in the First Acquisition and therefore no other Shareholder is required to abstain from voting at the EGM.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the registered office of the Company at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders regarding the fairness and reasonableness of the terms of the First Acquisition.

KGI has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

RECOMMENDATION

The Directors (including the independent non-executive Directors after considering the opinion of KGI) consider that the terms of the First Agreement are on normal commercial terms and in the ordinary and usual course of business of the Company and the First Acquisition is fair and reasonable as far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the First Acquisition.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” set out on page 13 of this circular, which contains its recommendation to the Independent Shareholders; (ii) the “Letter from KGI” set out on pages 14 to 23 of this circular, which contains its advice and recommendation to the Independent Board Committee and the Independent Shareholders; and (iii) the additional information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
Herman Man-Hei Fung
Vice-Chairman



漢國置業有限公司
Hon Kwok Land Investment Company, Limited

(Incorporated in Hong Kong with limited liability)
(Stock Code: 160)

20 June 2016

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
RELATING TO THE
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL
OF TARGET COMPANY A**

We refer to the circular issued by the Company to the Shareholders dated 20 June 2016 (the “Circular”), of which this letter forms part. Capitalised terms defined in the Circular have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders on the terms of the First Acquisition. KGI has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the “Letter from the Board” set out on pages 5 to 12 of the Circular and the “Letter from KGI” to us and the Independent Shareholders set out on pages 14 to 23 of the Circular.

Having considered the terms of the First Acquisition, and taking into account the advice of KGI, in particular the principal factors, reasons and advice as set out in their letter, we consider that the entering into of the First Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole, the terms of the First Agreement are on normal commercial terms and in the ordinary and usual course of business of the Company and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the First Acquisition.

Yours faithfully,
For and on behalf of
Independent Board Committee of
Hon Kwok Land Investment Company, Limited

Daniel Chi-Wai Tse

Zuo Xiang

William Kwan-Lim Chu

Independent non-executive Directors

LETTER FROM KGI

Set out below is the text of the letter of advice from KGI to the Independent Board Committee and the Independent Shareholders of Hon Kwok Land Investment Company, Limited, prepared for inclusion in this circular.



凱基金融亞洲

KGI CAPITAL ASIA

中華開發金控

CHINA DEVELOPMENT FINANCIAL

41/F, Central Plaza 18
Harbour Road Wanchai,
Hong Kong

Tel: 2878 6888

Fax: 2970 0080

20 June 2016

*To the Independent Board Committee and the Independent Shareholders
Hon Kwok Land Investment Company, Limited*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
RELATING TO THE
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL
OF TARGET COMPANY A**

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the First Acquisition, details of which are set out in the letter from the Board (the “Board Letter”) contained in the circular of the Company dated 20 June 2016 (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context of this letter otherwise requires.

With reference to the joint announcement dated 9 May 2016 as announced by the Company and Chinney, the Purchaser, an indirect wholly-owned subsidiary of the Company, and Vendor A entered into the First Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and Vendor A has conditionally agreed to sell the entire issued share capital of Target Company A and Vendor A has also agreed to assign the related shareholder’s loan of HK\$4,679,999 to the Purchaser at an aggregate cash consideration of HK\$68,795,000, net of PRC Tax which Vendor A is required to pay in connection with the sale of the entire issued share capital of Target Company A. Vendor A is a connected person of the Company by virtue of the fact that it is wholly-owned by Chinney Development which is a company controlled by Dr. James Sai-Wing Wong, the Chairman and substantial shareholder

LETTER FROM KGI

of the Company under the Listing Rules. Accordingly, the First Acquisition constitutes a connected transaction for the Company under the Listing Rules. The First Acquisition is therefore subject to the approval of the Independent Shareholders at the EGM. As one of the applicable percentage ratios for the First Acquisition exceeds 5% but all of them are less than 25%, the First Acquisition also constitutes a discloseable transaction for the Company under the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion, we have obtained and reviewed relevant information and documents provided by the Company, the Directors and the management of the Company in connection with the First Acquisition and have discussed with the management of the Company so as to assess the fairness and reasonableness of the terms of the First Agreement and together with the assignment of related shareholder's loan.

We have also relied on the information, facts and representations contained or referred to in the Circular and have assumed that the information, facts and representations provided, and the opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and will remain true, accurate and complete up to the Latest Practicable Date. We have also assumed that all statements of beliefs and opinions made by the Company and/or the Directors and/or the management of the Group in the Circular were reasonably made after due enquiry and the expectations and intentions made by the Company and/or the Directors and/or the management of the Group will be met or carried out as the case may be. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied and the opinions expressed. We believe that we have reviewed sufficient information to enable us to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion regarding the terms of the First Agreement. We have not, however, carried out any independent verification of the information and representations provided to us by the management of the Company and the Directors nor have we conducted any form of independent investigation into the businesses and affairs, financial position or the future prospects of the Company. We have also assumed that all statement of intention of the Company, its Directors and management of the Company as set out in the Circular will be capable of being implemented. We have assumed that all information and representations made or referred to in the Circular and provided to us by the Company, its Directors and management of the Company, for which they were solely and wholly responsible, were true, complete and accurate at the time they were made and shall continue to be true, complete and accurate at the date the Circular is dispatched.

We have taken all reasonable steps pursuant to the Listing Rules including but not limited to the following:

- (a) obtained all the information and documents relevant to an assessment of the fairness and reasonableness of the First Acquisition, including but not limited to, the joint announcement of the Company and Chinney dated 9 May 2016, the Board Letter, the

LETTER FROM KGI

First Agreement, the Second Agreement, the valuation report from Savills, the unaudited consolidated financial statements of the Target Group as at 31 March 2016 and the unaudited consolidated accounts of Right Cheer as at 31 December 2013, 31 December 2014 and 31 December 2015;

- (b) reviewed the performance and financial situation of the Company and Target Group as well as the reasons and background of the First Acquisition;
- (c) reviewed the terms of the First Agreement;
- (d) reviewed the fairness, reasonableness and completeness of the assumptions made in the valuation report of Savills;
- (e) without limiting the generality of paragraph (d) above, in relation to Savills providing an opinion or valuation relevant to the First Acquisition:
 - i. interviewed Savills including as to its expertise and any current or prior relationships with the Company, other parties to the First Acquisition and connected persons of either the Company or another party to the First Acquisition;
 - ii. reviewed the terms of engagement (having particular regard to the scope of work, whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the degree of assurance given by Savills' report, opinion or statement).

As set out in the section headed "Appendix II – General Information – 1. Responsibility Statement" of the Circular, the Directors collectively and individually accept full responsibility for the Circular, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading.

Our opinion is necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations and opinions made available to us as of, the Latest Practicable Date. Our opinion does not in any manner address the Company's own decision to proceed with the First Agreement. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein, which may come or be brought to our attention after the Latest Practicable Date. Except for its inclusion in the Circular and for inspection purpose as set out in the section headed "Appendix II – General Information – 8. Documents Available for Inspection" of the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent.

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PRINCIPAL FACTORS TAKEN INTO ACCOUNT

In arriving at our opinions and recommendations to the Independent Board Committee and the Independent Shareholders in respect of the First Acquisition, we have considered the principal factors and reasons set out below:

I. Background and Reasons for the First Acquisition

The Company is an investment holding company. The Group is mainly engaged in property development, property investment and property related businesses.

On 9 May 2016, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the First Agreement with Vendor A, for the acquisition of the entire issued share capital of Target Company A and the assignment of related shareholder's loan to the Purchaser for an aggregate cash consideration of HK\$68,795,000.

As stated in the Board Letter, Right Cheer is an investment holding company and directly holds the entire equity interest of the PRC Company. Each of Target Company A and Target Company B holds 50% of the issued share capital of Right Cheer. The principal asset of the PRC Company is the Property. The Property is a completed 15-storey commercial and office building situated at No. 151 Jiefang Road South, Yuexiu District, Guangzhou, Guangdong Province, PRC and known as Jie Fang Building with a gross floor area of approximately 11,507 square meters. As confirmed by the management of the Company, the Property is currently leased out for rental income with occupancy rate of approximately 27.5%. The market value of the Property as at 31 March 2016 was RMB176,000,000 (equivalent to approximately HK\$210,778,000) based on the valuation by Savills. The Property is currently mortgaged to a bank and the outstanding mortgage loan amount as at 31 March 2016 was approximately RMB23,582,000 (equivalent to approximately HK\$28,242,000). As at 31 March 2016, the unaudited consolidated net assets of the Target Group (which has already taken into account of the revaluation of the Property) was approximately HK\$138,194,000 and the amount of related shareholders' loans was HK\$9,359,998.

As stated in the Board Letter, the Group's corporate strategy is to develop real estate properties for sale, hold investment properties for rental income as well as acquire and enhance value of completed properties at prime location for profit should opportunities arise. The Property, being a completed 15-storey commercial and office building with a gross floor area of approximately 11,507 square metres, is situated at Yuexiu District which is a traditional downtown city in Guangzhou.

The Property was originally owned by Vendor A and Vendor B jointly. Given that the Second Acquisition from Vendor B has been completed on 3 June 2016, the First Acquisition from Vendor A represents a unique opportunity for the Group to acquire, consolidate and combine the entire equity interests of the Property so as to release the intrinsic value of the Property which is in line with its corporate strategy. In addition, the Group currently has several property development and investment projects in Guangzhou and therefore should the

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First Acquisition be completed, the Group could utilize its existing resources in Guangzhou on the management of the Property more economically. For example, the Group intends to deploy its design team in Guangzhou to undergo a renovation program to the Property in order to enhance the appearance of the building, which could ultimately increase the Property's rental income and market value. The cost of the renovation program is currently estimated to be approximately HK\$10 million.

II. Terms of the First Acquisition

Pursuant to the First Agreement, the Purchaser has conditionally agreed to acquire and Vendor A has conditionally agreed to sell the entire issued share capital of Target Company A and the assignment of related shareholder's loan of HK\$4,679,999 to the Purchaser.

The First Agreement

Date: 9 May 2016

Parties: (a) Purchaser: True Light Enterprises Limited, an indirect wholly-owned subsidiary of the Company

(b) Vendor A: Rich Fate Limited

Consideration and Payment Terms

As stated in the Board Letter, the aggregate cash consideration for the First Acquisition is HK\$68,795,000, which is determined by reference to the unaudited consolidated net assets of the Target Group, together with the shareholder's loan as at 31 March 2016. The above consideration, net of PRC Tax which Vendor A is required to pay in connection with the sale of the entire issued capital of Target Company A, was agreed at after arm's length negotiations between the parties.

The aggregate cash consideration of HK\$68,795,000 will be payable in the following manners: (i) a refundable deposit of HK\$6,879,500 has been paid upon signing of the First Agreement; and (ii) the balance of the consideration of HK\$61,915,500 will be paid upon completion of the First Agreement.

The balance of the consideration will be funded by internal resources of the Group.

Conditions precedent

Completion of the First Agreement is subject to and conditional on the following conditions being fulfilled or waived:

- (a) the passing of an ordinary resolution by the Independent Shareholders at the EGM approving the First Agreement and the transactions contemplated thereunder;

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- (b) the passing of an ordinary resolution by the independent shareholders of Chinney at the Chinney EGM approving the First Agreement and the transactions contemplated thereunder;
- (c) there having been no breach by Vendor A of any obligations, undertakings, representations and warranties under the First Agreement; and
- (d) there having been no breach by the Purchaser of any obligations, undertakings, representations and warranties under the First Agreement.

As stated in the Board Letter, none of the above conditions had been fulfilled as at the Latest Practicable Date.

The First Agreement and the Second Agreement are not inter-conditional and the latter has been completed on 3 June 2016 following which the Target Group is treated as a jointly-controlled entity of the Group and 50% of its profit or loss and net assets will be equity accounted for in the financial statements of the Group.

In the event that all of the conditions of the First Agreement as stated above are fulfilled or waived, the First Acquisition shall be completed within five business days immediately thereafter (or such other date as the parties may agree in writing) and the Target Group will then become the indirect wholly-owned subsidiaries of the Company and 100% of its financial results will be consolidated into the Group's financial statements.

Having considered that i) the holding of investment properties for rental income is one of the core business operations of the Group and the sole asset of the Target Group is the Property currently leased out for rental income and ii) the consideration for the First Acquisition was agreed at after arm's length negotiations between the parties, we concur with the Directors' view that the terms of the First Acquisition are on normal commercial terms and in the ordinary and usual course of business of the Company.

III. Consideration for the First Acquisition

Based on the unaudited consolidated financial information of the Target Group as at 31 March 2016, the unaudited consolidated net assets of the Target Group (which has taken into account of the revaluation of the Property) was approximately HK\$138,194,000 and the amount of related shareholders' loans was HK\$9,359,998.

Valuation of the Property

Being stated in the valuation report on the Property from Savills, as set out in Appendix I to the Circular, Savills' valuation of the Property is Savills' opinion of its market value which define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller on an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

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In valuing the Property which is to be held by the Group for investment, Savills has valued the Property by reference to comparable market transactions and where appropriate, on the basis of capitalization of incomes derived from the existing tenancies with due allowance for reversionary income potential of the Property.

In valuing the Property, Savills stated that they have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Listing Rules and the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

We have reviewed the qualification of Savills and the scope of work under the terms of engagement of Savills in relation to the valuation of the Property and discussed with Savills on the assumptions applied by them as set out in the valuation report. We consider that their assumptions are in line with the market practice and have no reason to doubt the assumptions applied by Savills in preparing the valuation report. However, we wish to draw the attention of the Shareholders that the assumptions made in the valuation report are by nature subject to future uncertainty.

As mentioned in the Board Letter, the consideration for the First Acquisition is determined by reference to the unaudited consolidated net assets of the Target Group of which the carrying value of the Property of RMB170,000,000 (equivalent to approximately HK\$203,592,000) as currently recorded in the books of the Target Group has been adopted. Such carrying value of the Property was about 3.5% lower than the market value of the Property of RMB176,000,000 (equivalent to approximately HK\$210,778,000) based on the valuation by Savills as at 31 March 2016. Hence, the management of the Company considered that the aggregate cash consideration for the acquisition of the entire issued share capital of the Target Group and the assignment of related shareholders' loans of HK\$9,359,998 is compared favourably to the actual underlying unaudited consolidated net assets and the shareholders' loans of the Target Group as at 31 March 2016.

An analysis of the unaudited consolidated net assets of the Target Group as at 31 March 2016 is as follows:

	<i>HK\$'000</i> (approximately)
Carrying value of the Property (RMB170,000,000)	203,592
Cash and bank balance	1,664
Other assets	<u>5,431</u>
Total assets	210,687
Less: Bank loans	(58,242)
Shareholders' loans	(9,360)
Other payables	<u>(4,891)</u>

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	HK\$'000 (approximately)
Unaudited consolidated net assets as at 31 March 2016	138,194
Shareholders' loans to be assigned	9,360
	<u>147,554</u>
Less: PRC Tax in connection with the sale of the Target Group	<u>(9,964)</u>
Consideration for the acquisition of the Target Group	<u><u>137,590</u></u>
Consideration for the First Acquisition	68,795
Consideration for the Second Acquisition	<u>68,795</u>
	<u><u>137,590</u></u>

We noted from the Board Letter that the Company has proposed to acquire Target Company A which holds 50% of the Target Group from Vendor A with a net consideration of HK\$68,795,000 and Target Company B which holds 50% of the Target Group from Vendor B with a net consideration of HK\$68,795,000, respectively.

Given the above analysis, we consider the consideration of the First Acquisition is fair and reasonable as far as the interests of the Company and the Shareholders are concerned.

IV. Financial Effects of the First Acquisition

The aggregate cash consideration for the First Acquisition is HK\$68,795,000 which is determined by reference to the unaudited consolidated net assets of the Target Group, together with the shareholder's loan as at 31 March 2016 after PRC Tax.

The financial effects of the First Acquisition will be as follows:

i. Earnings

The management of the Company advised that the Property would be held for long term rental purpose. The Property is currently leased out for rental income with occupancy rate of approximately 27.5%. After completion of the First Acquisition, the Group intends to undergo a renovation program to the Property in order to enhance its market value and rental income. The rental income of the Property may therefore further contribute to the future earnings of the Group.

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ii. Net asset value

Based on the consideration for the First Acquisition of HK\$68,795,000 being equivalent to 50% of the aggregate amount of the unaudited consolidated net assets and the shareholders' loans of the Target Group as at 31 March 2016 after PRC Tax, there will be no significant impact on the net asset value of the Group immediately after the completion of the First Acquisition.

iii. Liquidity

The cash outflow for the consideration for the First Acquisition excluding PRC Tax is HK\$68,795,000. There is a negative impact on the liquidity of the Group in relation to the First Acquisition. However, the cash outflow for settlement of the purchase consideration will be partially recovered from the cash and bank balance of approximately HK\$1,664,000 acquired from the Target Group and the future earnings of the Property.

Based on the unaudited accounts of the Group as at 30 September 2015, the cash and cash equivalents and the net current assets were approximately HK\$1,242 million and approximately HK\$1,599 million respectively. The decrease of liquidity was acceptable.

iv. Gearing

Based on the unaudited accounts of the Group, the gearing of the Group as at 30 September 2015, reflected by the net interest-bearing debts of approximately HK\$4,303 million to the total equity of approximately HK\$8,087 million, was approximately 53%.

Based on the unaudited financial information of the Target Group as at 31 March 2016, upon completion of the First Acquisition, there will be an increase in the net interest-bearing debts of the Group of approximately HK\$205 million and will not affect the total equity of the Group. Accordingly, the maximum increase of gearing position of the Group will be from 53% to 56%. The impact on the gearing will be minimal.

OPINION

Having taken into consideration of the above principal factors and reasons, in particular:

1. The terms of the First Acquisition are on normal commercial terms and is in the ordinary and usual course of business of the Group;
2. the consideration of the First Acquisition being, equivalent to 50% of the aggregate amount of the unaudited consolidated net assets and the shareholders' loans of the Target Group after PRC Tax is fair and reasonable to the Company and the Shareholders as a whole;

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3. in relation to the First Acquisition, the decrease in liquidity will be acceptable and the gearing will be slightly increased; and
4. the First Acquisition may enhance the future earnings of the Group,

we considered that the First Acquisition is in the interest of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered that the terms of the First Acquisition are i) on normal commercial terms and in the ordinary and usual course of business of the Company, ii) in the interests of the Company and the Shareholders as a whole and iii) fair and reasonable so far as the interests of the Independent Shareholders are concerned, accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the First Acquisition.

Yours faithfully,

For and on behalf of

KGI Capital Asia Limited

Ringo Kwan

Head of Investment Banking

Wesley Chan

Senior Vice President

The following is the text of a letter and valuation certificate, prepared for inclusion in this circular, received from Savills Valuation and Professional Services Limited, an independent valuer, in connection with their valuation as of 31 March 2016 of the Property to be acquired by the Companies.



The Directors
Hon Kwok Land Investment Company, Limited
Chinney Investments, Limited
23rd Floor
Wing On Centre
111 Connaught Road Central
Hong Kong

Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T: (852) 2801 6100

F: (852) 2530 0756

EA Licence: C-023750
savills.com

20 June 2016

Dear Sirs,

Re: A commercial building (known as Jie Fang Building) located at No. 151 Jiefang Road South, Yuexiu District, Guangzhou, Guangdong Province, The People's Republic of China (The "Property")

INSTRUCTIONS

In accordance with the instructions from Hon Kwok Land Investment Company, Limited ("Hon Kwok") and Chinney Investments, Limited ("Chinney") (collectively referred to as the "Companies") for us to value the Property situated in the People's Republic of China ("PRC"), we confirm that we have carried out an inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the Property as at 31 March 2016 (the "Date of Valuation") for circular purpose.

BASIS OF VALUATION

Our valuation of the Property is our opinion of its market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller on an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

In valuing the Property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

PROPERTY CATEGORIZATION AND VALUATION METHODOLOGY

The Property is to be held by the Companies for investment upon completion of the acquisition. In the course of our valuation, we have valued the Property by making reference to comparable market transactions as available on the market and where appropriate, on the basis of capitalisation of incomes as shown on the schedules handed to us with due allowance for reversionary income potential of the Property.

TITLE INVESTIGATION

We have been provided with copies of extracts of the title documents relating to the Property. However, we have not searched the original documents to ascertain the existence of any amendments, which may not appear on the copies handed to us. We have relied to a very considerable extent on information given by the Companies and the legal opinion issued by the Companies' PRC legal adviser, Jingtian & Gongcheng (競天公誠律師事務所), regarding the title to the Property.

VALUATION CONSIDERATION AND ASSUMPTIONS

In valuing the Property in the PRC, unless otherwise stated, we have assumed that transferable land use rights in respect of the Property for its specific terms at nominal land use fee have been granted and that all requisite land premium payable has been fully settled. We have also assumed that the owner of the Property has a legal title to the Property and has free and uninterrupted rights to use, occupy or assign the Property for the whole of the unexpired terms as granted.

We have relied to a very considerable extent on information given by the Companies and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, ownership, particulars of occupancy, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been made. We have had no reason to doubt the truth and accuracy of the information provided to us by the Companies, which is material to our valuation. We have also advised by the Companies that no material facts have been omitted from the information provided.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

SITE INSPECTION

We have inspected the exterior and where possible, the interior of the Property. The site inspection was carried out by our Mr Anthony Lau on 27 April 2016. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot, infestation or any other defects. No tests were carried out on any of the services.

CURRENCY

Unless otherwise stated, all monetary amounts stated are in Renminbi (“RMB”).

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Anthony C.K. Lau
MHKIS MRICS RPS(GP)
Director

Note: Mr. Anthony C.K. Lau is an estate surveyor and has over 23 years’ post-qualification experience in the valuation of properties in the PRC and Hong Kong.

VALUATION CERTIFICATE

Property to be held by the Companies for investment upon completion of the acquisition

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2016
A commercial building (known as Jie Fang Building) located at No. 151 Jiefang Road South, Yuexiu District, Guangzhou, Guangdong Province, PRC	<p>The Property comprises a 15-storey commercial and office building over one level of basement erected on a parcel of land with a site area of approximately 1,246.49 sq.m.. It was completed in about 1997.</p> <p>The Property is situated in Yuexiu District of Guangzhou. Developments in the vicinity are dominated by high-rise residential and commercial developments. It takes about a 20-minutes driving distance from the Property to Guangzhou East Railway Station.</p> <p>According to the supplied information, the Property has a total gross floor area of approximately 11,507.01 sq.m.</p> <p>The land use rights of the Property have been granted for three concurrent terms expiring on 7 April 2034 and 7 April 2038 for commercial use and 7 April 2044 for office use.</p>	<p>Portion of the Property with a total gross floor area of approximately 3,166.30 sq.m. is subject to two tenancies expiring on 31 December 2016 and 19 May 2019 respectively yielding a total current monthly rental of RMB287,541.</p> <p>The remaining portion of the Property is vacant.</p>	RMB176,000,000 (Renminbi One Hundred and Seventy Six Million)

Notes:

- Pursuant to two Building Ownership Certificates – Yue Fang Di Zheng Zi Di C Nos. 6191127 and 6191455 dated 3 January 2008 and 4 January 2008, the building ownership of the Property with a total gross floor area of approximately 11,507.01 sq.m. is vested in 廣州市建昭置業有限公司 (Guangzhou Jianzhao Real Estate Co., Ltd.) for non-residential use.
- We have been provided with a legal opinion on the title to the Property issued by the Companies' PRC legal adviser, which contains, inter-alia, the following information:
 - Guangzhou Jianzhao Real Estate Co., Ltd. legally owns the building ownership of the Property and has the rights to occupy, use, receive income from or dispose of (including sale, transfer) the Property;
 - the Property has been mortgaged to Shanghai Commercial Bank Ltd. (Shenzhen Branch); and
 - prior written consent from the mortgagee has to be obtained within the mortgage period before Guangzhou Jianzhao Real Estate Co., Ltd. can transfer, gift, lease or by other legal means dispose of the Property.
- In our valuation, we have assumed a monthly market rental of RMB347 per sq.m. and a capitalization rate of 5.5% for the leased portion of the Property.

We have made reference to various lettings of similar properties within the same locality. The rental levels from the comparables are in the range of RMB317 to RMB400 per sq.m..

The above monthly market rental assumed by us is consistent with the above-mentioned rental levels. The capitalization rate is reasonable having regard to the market yields of similar properties.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' interests and short positions in the shares and underlying shares of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in the ordinary shares of the Company

Name of director	Note	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued shares
James Sai-Wing Wong	1	Through controlled corporations	502,262,139	69.72
Herman Man-Hei Fung		Beneficially owned	942,000	0.13

(b) Long positions in the ordinary shares of associated corporations of the Company

Name of director	Notes	Name of associated corporation	Capacity and nature of interest	Number of ordinary shares/amount of paid-up registered capital held	Percentage of the associated corporation's issued shares/paid-up registered capital
James Sai-Wing Wong	2	Chinney	Through controlled corporation	348,763,324	63.25
		Chinney	Beneficially owned	480,000	0.09
	3	Chinney Holdings	Through controlled corporation	9,900,000	99.00
		Chinney Holdings	Beneficially owned	100,000	1.00
		Lucky Year	Beneficially owned	20,000	100.00
	4	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporations	RMB185,000,000	100.00
		Chinney Trading Company Limited	Through controlled corporations	10,400	80.00

Notes:

1. Out of the 502,262,139 shares, 490,506,139 shares are beneficially held by Chinney, which is a subsidiary of Chinney Holdings. More than one-third of the equity capital of Chinney Holdings is owned by Lucky Year of which James Sai-Wing Wong is a director and has beneficial interests therein. The remaining 11,756,000 shares are held by Chinney Capital Limited ("Chinney Capital") of which James Sai-Wing Wong is a director and has beneficial interests therein.
2. These shares are beneficially held by Chinney Holdings. By virtue of note 1, James Sai-Wing Wong is deemed to be interested in these shares.
3. These shares are beneficially held by Lucky Year. By virtue of note 1, James Sai-Wing Wong is deemed to be interested in these shares.
4. Out of the RMB185,000,000 paid-up registered capital, RMB111,000,000 is held by a wholly-owned subsidiary of the Company and RMB74,000,000 is held by a company controlled by James Sai-Wing Wong. By virtue of note 1, James Sai-Wing Wong is deemed to be interested in this company.
5. Out of the 10,400 shares, 2,600 shares are held by a wholly-owned subsidiary of the Company and the remaining 7,800 shares are held by a company controlled by James Sai-Wing Wong. By virtue of note 1, James Sai-Wing Wong is deemed to be interested in this company.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Other persons' interests and short positions in shares and underlying shares of the Company and other members of the Group

As at the Latest Practicable Date and so far as is known to the Directors, the following persons had or were deemed or taken to have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued shares
James Sai-Wing Wong	1, 2, 3	Through controlled corporations	502,262,139	69.72
Lucky Year	1 & 2	Through controlled corporation	490,506,139	68.09
Chinney Holdings	1 & 2	Through controlled corporation	490,506,139	68.09
Chinney	1 & 2	Directly beneficially owned	490,506,139	68.09

Notes:

1. All the interests stated above represent long positions.
2. James Sai-Wing Wong, Lucky Year, Chinney Holdings and Chinney are deemed to be interested in the same parcel of 490,506,139 shares by virtue of Section 316 of the SFO.
3. 11,756,000 shares are held by Chinney Capital of which James Sai-Wing Wong is a director and has beneficial interests therein.

As at the Latest Practicable Date and so far as is known to the Directors, the following persons (not being the Directors) who were, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group or had any options in respect of such capital:

Name of shareholder	Name of member of the Group in which interest held	Approximate percentage of equity interested
Sharp Billion Development Limited	Guangzhou Honkwok Fuqiang Land Development Ltd.	40
Guangzhou Hengsheng Group Co., Ltd.	Guangzhou Honkwok Hengsheng Land Development Ltd.	25

Save as disclosed herein and as at the Latest Practicable Date, none of the Directors was aware of any person (not being the Directors) had or was deemed or taken to have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group or had any options in respect of such capital.

3. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

The Company entered into a management contract with Chinney for the provision of general corporate management services. The contract is for an unspecified duration and may be terminated by either party by giving the other party two-month written notice. A management fee of HK\$9,000,000 was paid by the Company for the year ended 31 March 2015. James Sai-Wing Wong is a director and has beneficial interests in Chinney. Herman Man-Hei Fung is also a director of Chinney.

So far as the Directors are aware and, save as disclosed as aforesaid, as at the Latest Practicable Date:

- (a) none of the Directors had any material direct or indirect interest in any assets which have been, since 31 March 2015 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) none of the Directors was materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Group.

4. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

James Sai-Wing Wong, the Chairman of the Company, has deemed interests and holds directorships in companies engaged in the business of property investment. In this respect, James Sai-Wing Wong is regarded as being interested in business which might compete with the Group.

Save as disclosed, as at the Latest Practicable Date, none of the Directors or their associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which is not expiring or determinable by the Company or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2015 (being the date to which the latest published audited financial statements of the Group were made up).

7. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given their opinions and advice which are included in this circular:

Name	Qualification
KGI	a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Savills	a property valuer
Jingtian & Gongcheng ("Jingtian")	PRC legal adviser

- (a) As at the Latest Practicable Date, none of KGI, Savills or Jingtian has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (b) Each of KGI, Savills and Jingtian has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its letter or references to its name in the form and context in which they are included.

- (c) None of KGI, Savills or Jingtian has any direct or indirect interest in any assets which have been, since 31 March 2015 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on a business day in Hong Kong at the registered office of the Company at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the First Agreement;
- (b) the articles of association of the Company;
- (c) the letter from the Board, the text of which is set out on pages 5 to 12 of this circular;
- (d) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 13 of this circular;
- (e) the letter of advice from KGI to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 14 to 23 of this circular;
- (f) the valuation report on the Property from Savills, the text of which is set out in Appendix I to this circular;
- (g) the written consents as referred to under the section headed “Experts and Consents” in this appendix; and
- (h) this circular.

9. MISCELLANEOUS

In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text.

NOTICE OF EGM



漢國置業有限公司 Hon Kwok Land Investment Company, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 160)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Hon Kwok Land Investment Company, Limited (the “Company”) will be held at Full Moon Shanghai Restaurant, Macau Jockey Club, 3rd Floor, East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Wednesday, 6 July 2016 at 3:30 p.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the first agreement dated 9 May 2016 (the “First Agreement”) entered into between True Light Enterprises Limited (the “Purchaser”) and Rich Fate Limited (the “Vendor A”), pursuant to which, among other things, the Purchaser has conditionally agreed to acquire and the Vendor A has conditionally agreed to sell the entire issued share capital of Right Colour Limited and the assignment of related shareholder’s loan to the Purchaser at an aggregate cash consideration of HK\$68,795,000 (a copy of the First Agreement has been produced to the meeting and marked “A” and initialled by the Chairman of the meeting for the purpose of identification), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any director of the Company be and is hereby authorised for and on behalf of the Company to sign and execute all such other documents, instruments and agreements and to do all such acts or things and to take all such steps as the director in his/her sole opinion and absolute discretion may consider necessary, appropriate, desirable or expedient to give effect to the First Agreement and the transactions contemplated thereunder.”

By Order of the Board
Thomas Hang-Cheong Ma
Company Secretary

Hong Kong, 20 June 2016

NOTICE OF EGM

Notes:

1. *Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of such member in accordance with the articles of association of the Company. A proxy need not be a member of the Company.*
2. *This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either under its common seal or under the hand of an officer or attorney duly authorised.*
3. *To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be completed and deposited at the registered office of the Company at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
4. *In the case of joint holders of a share, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders be present at the above meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.*