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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 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
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
GURU STAR INVESTMENTS LIMITED
TOGETHER WITH THE ASSIGNMENT OF RELATED
SHAREHOLDER'S LOAN

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



Menlo Capital Limited

A letter from the Board is set out on pages 4 to 10 of this circular and a letter from the Independent Board Committee containing its recommendation in respect of the Acquisition is set out on page 11 of this circular. A letter from Menlo Capital Limited containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition is set out on pages 12 to 20 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at Function Room, Macau Jockey Club, 1/F., East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Friday, 16 April 2010 at 10:30 a.m. is set out on page 30 of this circular.

Whether or not you are able to attend the extraordinary general meeting, 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 extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjourned meeting thereof should you so wish.

29 March 2010

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DEFINITIONS

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

“Acquisition”	the acquisition of the entire issued share capital of Guru Star and the assignment of related shareholder’s loan pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 8 March 2010 entered into between Join Ally, as purchaser, and Enhancement, as vendor, for the acquisition of the entire issued share capital of Guru Star and the assignment of the related shareholder’s loan to Join Ally
“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 and is the holding company of the Company holding approximately 54.37% of the issued share capital of the Company as at the Latest Practicable Date
“Chinney EGM”	the extraordinary general meeting of Chinney to be convened for approving the Acquisition
“Chinney Holdings”	Chinney Holdings Limited, a company incorporated in Hong Kong with limited liability and is the holding company of Chinney holding approximately 57.80% of the issued share capital 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
“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 Acquisition
“Enhancement”	Enhancement Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is beneficially owned by Mr. James Sai-Wing Wong
“Group”	the Company and its subsidiaries

DEFINITIONS

“Guru Star”	Guru Star Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Guru Star Group”	Guru Star and its two wholly-owned subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the committee of the Board consisting of all the independent non-executive Directors, namely Messrs. Daniel Chi-Wai Tse, Kenneth Kin-Hing Lam and Hsin-Kang Chang, formed to advise the Independent Shareholders in respect of the Acquisition
“Independent Financial Adviser” or “Menlo Capital”	Menlo Capital Limited, a licensed corporation for type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition
“Independent Shareholders”	Shareholders (other than Mr. James Sai-Wing Wong and his associates) who are not required under the Listing Rules to abstain from voting at the EGM to approve the Acquisition
“Join Ally”	Join Ally Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company
“Latest Practicable Date”	23 March 2010, 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
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers
“PRC”	the People’s Republic of China
“Property”	a completed 20-storey commercial and office building situated at 3 Beijing Road (北京路), Yuxiu District, Guangzhou, Guangdong Province, PRC and known as Newsun Commercial Building (新光商務大廈)

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“Savills”	Savills Valuation and Professional Services Limited, being the independent valuer
“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

For illustration purpose, RMB has been translated into HK\$ at the exchange rate of HK\$1.00 = RMB0.88. 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.

LETTER FROM THE BOARD



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

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

Directors:

James Sai-Wing Wong (*Chairman*)
Madeline May-Lung Wong
Herman Man-Hei Fung (*Vice-Chairman*)
Dennis Kwok-Wing Cheung
Zuric Yuen-Keung Chan
Xiao-Ping Li
Daniel Chi-Wai Tse*
Kenneth Kin-Hing Lam*
Hsin-Kang Chang*

Registered Office:

23rd Floor
Wing On Centre
111 Connaught Road Central
Hong Kong

* *Independent non-executive Directors*

29 March 2010

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

**ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
GURU STAR INVESTMENTS LIMITED
TOGETHER WITH THE ASSIGNMENT OF RELATED
SHAREHOLDER'S LOAN**

INTRODUCTION

With reference to the joint announcement dated 8 March 2010 as announced by the Company and Chinney whereby pursuant to the Agreement dated 8 March 2010, Enhancement, as vendor, has agreed to sell and Join Ally, as purchaser, has agreed to purchase the entire issued share capital of Guru Star and Enhancement has also agreed to assign the related shareholder's loan to Join Ally at an aggregate cash consideration of HK\$144,211,000.

The Acquisition constitutes a discloseable and connected transaction for the Company under the Listing Rules. The purpose of this circular is to provide you with (a) a letter from the Board setting out details of the terms of the Acquisition; (b) a letter of recommendation from the Independent Board Committee; (c) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (d) a notice of the EGM; and (e) other information as required by the Listing Rules.

LETTER FROM THE BOARD

THE AGREEMENT

Pursuant to the Agreement, Enhancement agreed to sell and Join Ally agreed to purchase the entire issued share capital of Guru Star and Enhancement also agreed to assign the related shareholder's loan to Join Ally.

(a) Date

8 March 2010

(b) Parties

- (i) Vendor : Enhancement
- (ii) Purchaser : Join Ally, an indirect wholly-owned subsidiary of the Company

(c) Information of the Guru Star Group and the Property

Guru Star is an investment holding company and the sole asset of significance held by the Guru Star Group is the Property. The Property is a completed 20-storey commercial and office building situated at the junction of Beijing Road (北京路), Nanti Er Road (南堤二馬路) and Baqi Er Road (八旗二馬路), Yuexiu District, Guangzhou, Guangdong Province, PRC and known as Newsun Commercial Building (新光商務大廈) with a gross floor area of approximately 13,000 square metres. The Property is currently leased out for rental income with occupancy rate of approximately 85%.



The market value of the Property as at 31 December 2009 and 8 March 2010 was both RMB185,000,000 (equivalent to approximately HK\$210,227,000) based on the valuation by Savills, an independent valuer. Comparing with the market value of the Property of RMB185,000,000 (equivalent to approximately HK\$210,227,000), the average price per square metre of the Property is approximately RMB14,230 (equivalent to approximately HK\$16,170). The original cost of the Property acquired by the Guru Star Group in May 2005 was approximately RMB95,000,000 (equivalent to approximately HK\$108,000,000).

The Property is currently mortgaged to a bank and the outstanding mortgage loan amount as at 31 January 2010 was approximately RMB39,027,000 (equivalent to approximately HK\$44,349,000).

LETTER FROM THE BOARD

The audited net profit before and after tax attributable to the Guru Star Group for the year ended 31 March 2008 were approximately HK\$14,864,000 and HK\$11,026,000 respectively. The audited net loss before and after tax attributable to the Guru Star Group for the year ended 31 March 2009 were approximately HK\$16,825,000 and HK\$12,699,000 respectively. Such losses, being non-cash items, were primarily due to the drop in the carrying value of the Property after the Global Financial Crisis in the second half of 2008 which resulted in a revaluation loss of approximately HK\$21,537,000 for the year ended 31 March 2009. As the global economy has been steadily recovering in 2009, the market value of the Property rebounded to RMB185,000,000 (equivalent to approximately HK\$210,227,000) as at 31 December 2009.

As at 31 January 2010, the unaudited consolidated net assets of the Guru Star Group (which has already taken into account of the revaluation of the Property to its market value) was approximately HK\$101,085,000 (equivalent to approximately RMB88,954,800) and the amount of related shareholder's loan was approximately HK\$43,126,000 (equivalent to approximately RMB37,950,880).

The unaudited consolidated net assets of the Guru Star Group as at 31 January 2010, which includes cash and bank balance of HK\$10,822,000 is based on its audited financial information as at 31 December 2009 and its unaudited management accounts for one month ended 31 January 2010. A provision for deferred tax of HK\$29,271,000 on revaluation gain of the Property has been made in the management accounts and has also been taken into account in determination of the unaudited consolidated net assets of the Guru Star Group as at 31 January 2010.

However, it is the intention of the Directors to hold the Property as an investment property for long-term rental purpose and not for re-sale in the coming years. Hence, the provision for deferred tax of HK\$29,271,000 is expected not to become payable by the Guru Star Group in foreseeable future until such time when the Property is disposed in future years.

An analysis of the unaudited consolidated net assets of the Guru Star Group as at 31 January 2010 is as follows:

	<i>HK\$'000</i>
Carrying value of the Property	210,227
Cash and bank balance	10,822
Other assets	299
	<hr/>
Total assets	221,348
Less: Bank mortgage loan	(44,349)
Shareholder's loan	(43,126)
Provision for deferred tax	(29,271)
Other payables	(3,517)
	<hr/>
Unaudited consolidated net assets as at 31 January 2010	101,085
Shareholder's loan to be assigned	43,126
	<hr/>
Consideration for the Acquisition	<u>144,211</u>

Upon completion of the Agreement, Guru Star will become a wholly-owned subsidiary of Join Ally, which in turn is an indirect wholly-owned subsidiary of the Company.

LETTER FROM THE BOARD

(d) Consideration and Payment Terms

The aggregate cash consideration for the acquisition of the entire issued share capital of Guru Star and the assignment of related shareholder's loan is HK\$144,211,000 which is determined by reference to the unaudited consolidated net assets of the Guru Star Group together with the shareholder's loan as at 31 January 2010 and was agreed at after arm's length negotiations between the parties.

The aggregate cash consideration of HK\$144,211,000 will be payable in the following manners:

- (i) a refundable deposit of HK\$14,421,100 has been paid upon signing of the Agreement; and
- (ii) the balance of the consideration of HK\$129,789,900 will be paid upon completion of the Agreement.

(e) Completion of the Agreement

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

- (i) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Acquisition;
- (ii) the passing of an ordinary resolution by the independent shareholders of Chinney at the Chinney EGM to approve the Acquisition;
- (iii) if applicable, the granting of consent from bank or other third parties which are necessary in connection with the execution of and to give effect to the transactions contemplated under the Agreement and each of the documents to be executed on or before the completion of the Agreement having been obtained by the vendor and/or the purchaser;
- (iv) there having been no breach by the vendor of any obligations, undertakings, representations and warranties under the Agreement;
- (v) there having been no breach by the purchaser of any obligations, undertakings, representations and warranties under the Agreement; and
- (vi) the purchaser having been reasonably satisfied with the results of the due diligence review on the Guru Star Group.

Completion of the Agreement shall take place within three business days immediately after all of the conditions are fulfilled or waived (or such other date as the parties may agree in writing).

REASONS AND BENEFITS FOR THE ACQUISITION

The Group's core business is to develop real estate properties for sale and to hold investment properties for rental income. The Property is a completed 20-storey commercial and office building very well situated at the junction of Beijing Road (北京路), Nanti Er Road (南堤二馬路) and Baqi Er Road (八旗二馬路), Yuexiu District, Guangzhou, Guangdong Province, PRC and known as Newsun Commercial Building (新光商務大廈).

LETTER FROM THE BOARD

The Company had proposed the acquisition of the Property in the third quarter of 2008 through acquisition of the entire issued share capital of Guru Star together with the assignment of related shareholder's loan. For details, please refer to the announcement dated 17 September 2008 and the circular dated 30 September 2008.

With the benefit of hindsight, the 2008 proposed acquisition, albeit in the best interests of the Group, was proposed at the not so appropriate time when the property and the stock market sentiment as well as that of the shareholders' was bewildered by the uncertainty of the Global Financial Crisis triggered by the Lehman Brothers debacle in September 2008 while on the other hand, market comparables from nearby properties were not readily available to the shareholders to evaluate and form an opinion as to the intrinsic value of and benefit for the Group to acquire the Property as construction works of the Group's commercial/residential project, now known as No. 5 Residence (北京路5號公館) adjoining to the Property, had not been completed and pre-sale of units was yet to commence.

Now that the Global Financial Crisis is well on the track of steady recovery as a result of the enormous stimulus measures taken by most major countries all around the world, with China in particular, coupled with the fact that construction works of No. 5 Residence (北京路5號公館) has been fully completed and sale of the residential units on top of the basement carpark, ground floor shops and the commercial podium floors has been very encouraging. As at the Latest Practicable Date, 99% of those available residential units have been sold for an average price of slightly over RMB16,000 (equivalent to approximately HK\$18,182) per square metre. The most valuable ground floor shops, the commercial units at the podium floors and carparks at the basement will all be held as long term investment for recurrent rental income of the Group. Two adjoining sites to No. 5 Residence (北京路5號公館) along Beijing Road (北京路) owned by the Group will soon be developed which, when wholly completed and upon successful acquisition of the Property, will command a combined shop frontage of over 200 metres along Beijing Road (北京路) and Nanti Er Road (南堤二馬路) which will substantially enhance the overall merger value of the combined project as a whole.

Besides combining the shop frontage and the commercial podium floors of the Property with No. 5 Residence (北京路5號公館) and the two adjoining sites to be developed, one added benefit for the Group to acquire the Property is that the existing entrance and exit for the basement carpark of the Property can be utilized by and shared with No. 5 Residence (北京路5號公館) as well as the two adjoining sites without the necessity of providing an exit for cars towards Beijing Road (北京路), thus will save some valuable shop spaces and increase the commercial value of the over 200 metre shop frontage along Beijing Road (北京路) and Nanti Er Road (南堤二馬路) without being unduly disrupted by an exit for cars.

Pursuant to Savills' valuation report, the current monthly rent of the Property is approximately RMB870,000, inclusive of management fees. This monthly rent, assuming on fully let basis, could therefore be up to approximately RMB1,000,000 or approximately RMB12,000,000 per annum. With the market value of RMB185,000,000 for the Property, the gross return on investment for the Acquisition looks attractive. Further, it is the general market consensus nowadays that acquisition of rental property at choice location in PRC with consideration payable in Hong Kong dollars would be to the benefit of the purchaser.

The Directors are of the opinion that the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION

After completion of the Acquisition, the total rental income of the Group will be increased upon consolidation of the Guru Star Group. In addition, in view of the profitability of the Guru Star Group in the past years, the Acquisition is expected to enhance the future earnings of the Group.

LETTER FROM THE BOARD

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 261,112,553 shares of the Company, representing approximately 54.37% of its issued share capital.

INFORMATION ON THE VENDOR

Enhancement is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company.

IMPLICATIONS OF THE LISTING RULES

Enhancement is a connected person of the Company by virtue of the fact that it is a company controlled by Mr. James Sai-Wing Wong, the Chairman and substantial shareholder of the Company. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the consideration exceeds HK\$10 million, the Acquisition is subject to the approval of the Independent Shareholders at the EGM.

As the applicable percentage ratios of the Acquisition exceed 5% but less than 25% for the Company, the Acquisition also constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

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

Menlo Capital has been appointed as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

EGM

The Company will convene the EGM at Function Room, Macau Jockey Club, 1/F., East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Friday, 16 April 2010 at 10:30 a.m. for the purpose of considering, and if thought fit, approving the Acquisition. A notice of the EGM is set out on page 30 of this circular.

Pursuant to the Listing Rules, the votes to be taken in respect of the ordinary resolution to approve the Acquisition must be taken by poll. As at the Latest Practicable Date, Mr. James Sai-Wing Wong (through his beneficial interest in Chinney) together with his associates (if any), holding 261,112,553 shares of the Company (representing approximately 54.37% of its issued share capital), will abstain from voting at the EGM in respect of the resolution to be proposed to approve the Acquisition.

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.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Agreement are fair and reasonable and that the Acquisition is in the best interests of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution for approving the Acquisition as set out in the notice of the EGM.

Your attention is drawn to the “Letter from the Independent Board Committee” and the “Letter from Menlo Capital” as set out in this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders and the advice of Menlo Capital to the Independent Board Committee and the Independent Shareholders, respectively. Your attention is also drawn to the information as 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)

29 March 2010

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

**ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
GURU STAR INVESTMENTS LIMITED
TOGETHER WITH THE ASSIGNMENT OF RELATED
SHAREHOLDER'S LOAN**

We refer to the letter from the Board as set out in the circular issued by the Company to the Shareholders and dated 29 March 2010 (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 the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the terms and conditions of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the Acquisition is in the interests of the Company and the Shareholders as a whole. Menlo Capital has been appointed by the Company 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 and the letter from Menlo Capital to us and the Independent Shareholders which contains its advice to us in relation to the Acquisition as set out in the Circular.

Having considered the principal factors and reasons stated and the opinion of Menlo Capital as set out in its letter of advice, we consider the terms and conditions of the Agreement to be fair and reasonable so far as the interests of the Independent Shareholders are concerned and that the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution for approving the Acquisition to be proposed at the EGM.

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

Daniel Chi-Wai Tse

Kenneth Kin-Hing Lam

Hsin-Kang Chang

LETTER FROM MENLO CAPITAL

The following is the text of a letter from Menlo in connection with the advice to the Independent Board Committee and the Independent Shareholders on the Acquisition, which has been prepared for the purpose of inclusion in this circular:



Menlo Capital Limited
17/F, Asia Standard Tower
Queen's Road Central, Hong Kong

29 March 2010

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

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF GURU STAR TOGETHER WITH THE ASSIGNMENT OF RELATED SHAREHOLDER'S LOAN

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, details of which are set out in the letter from the Board (the "Board Letter") contained in the circular of the Company dated 29 March 2010 (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.

On 8 March 2010, Join Ally, as purchaser, entered into the Agreement with Enhancement, as vendor, for the acquisition of the entire issued share capital of Guru Star and the assignment of related shareholder's loan to Join Ally for an aggregate cash consideration of HK\$144,211,000. Enhancement is a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction for the Company under the Listing Rules. The Acquisition is therefore subject to the approval of the Independent Shareholders at the EGM. The Acquisition also constitutes a discloseable transaction for the Company under the Listing Rules.

In formulating our opinion, we have relied on the accuracy of statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and which the Directors consider to be complete and relevant, and have assumed that the statements made were true, accurate and complete at the time they were made and continue to be true on the date of the Circular. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Company are true at the time they were made and will continue to be true at the date of the despatch of the Circular.

We consider that we have received sufficient information to enable us to reach an informed view and to justify our reliance on the accuracy of the information and representations contained in the Circular and to provide a reasonable basis for our view and recommendation. We have no reason to suspect that any material information has been withheld by the Company or by the Directors. We have not, however, carried out any independent investigation into the business and affairs of the Company. We have taken all reasonable steps pursuant to the Listing Rules which include the following:

- (a) obtained all the information and documents relevant to an assessment of the fairness and reasonableness of the Acquisition, including but not limited to, the announcement of the

LETTER FROM MENLO CAPITAL

Company dated 8 March 2010, the Board Letter, the Agreement, the valuation report from Savills, the audited financial statements of the Guru Star Group for the years ended 31 March 2007, 31 March 2008 and 31 March 2009, the audited financial information for the nine months ended 31 December 2009 as well as the unaudited management accounts as at 31 January 2010;

- (b) reviewed the performance and financial situation of the Company and the Guru Star Group as well as the reasons and background of the Acquisition;
- (c) reviewed the terms of the 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 Acquisition:
 - (i) interviewed Savills including as to its expertise and any current or prior relationships with the Company, other parties to the Acquisition and connected persons of either the Company or another party to the 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); and
 - (iii) are not aware the Company or another party to the Acquisition has made formal or informal representations to Savills.

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 Acquisition, we have considered the principal factors and reasons set out below:

I. Background and Reasons for the Acquisition

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

On 8 March 2010, Join Ally, an indirect wholly-owned subsidiary of the Company, as purchaser, entered into the Agreement with Enhancement, as vendor, for the acquisition of the entire issued share capital of Guru Star and the assignment of related shareholder's loan to Join Ally for an aggregate cash consideration of HK\$144,211,000. As at 31 January 2010, the unaudited consolidated net assets of the Guru Star Group (which has already taken into account of the revaluation of the Property to its market value) was approximately HK\$101,085,000 and the amount of related shareholder's loan was approximately HK\$43,126,000.

Guru Star is an investment holding company and the sole asset of significance held by the Guru Star Group is the Property. The Property is a completed 20-storey commercial and office building situated at 3 Beijing Road, Yuexiu District, Guangzhou, Guangdong Province, PRC and known as Newsun Commercial Building. The Property is located at the road junction of

LETTER FROM MENLO CAPITAL

Beijing Road, Nanti Er Road and Baqi Er Road and currently leased out for rental income with occupancy rate of approximately 85%. The market value of the Property as at 31 December 2009 and 8 March 2010 was both RMB185,000,000 (equivalent to approximately HK\$210,227,000) as revalued by Savills. The Property is currently mortgaged to a bank and the outstanding mortgage loan amount as at 31 January 2010 was approximately RMB39,027,000 (equivalent to approximately HK\$44,349,000).

The Company had proposed the acquisition of the Property in the third quarter of 2008 through the acquisition of the entire issued share capital of Guru Star together with the assignment of related shareholder's loan.

With the benefit of hindsight, the 2008 proposed acquisition, albeit in the best interests of the Group, was proposed at the not so appropriate time when the property and the stock market sentiment as well as that of the shareholders' was bewildered by the uncertainty of the Global Financial Crisis triggered by the Lehman Brothers debacle in September 2008 while on the other hand, market comparables from nearby properties were not readily available to the shareholders to evaluate and form an opinion as to the intrinsic value of and benefit for the Group to acquire the Property as construction works of the Group's commercial/residential project, now known as No. 5 Residence adjoining to the Property, had not been completed and pre-sale of units was yet to commence.

Now that the Global Financial Crisis is well on the track of steady recovery as a result of the enormous stimulus measures taken by most major countries all around the world, with China in particular, coupled with the fact that construction works of No. 5 Residence has been fully completed and sale of the residential units on top of the basement carparks, ground floor shops and the commercial podium floors has been very encouraging. As at the Latest Practicable Date, 99% of those available residential units have been sold for an average price of slightly over RMB16,000 (equivalent to approximately HK\$18,182) per square metre. The most valuable ground floor shops, the commercial units at the podium floors and carparks at the basement will all be held as long term investment for recurrent rental income of the Group. Two adjoining sites to No. 5 Residence along Beijing Road owned by the Group will soon be developed which, when wholly completed and upon successful acquisition of the Property, will command a combined shop frontage of over 200 metres along Beijing Road and Nanti Er Road which will substantially enhance the overall merger value of the combined project as a whole.

Besides combining the shop frontage and the commercial podium floors of the Property with No. 5 Residence and the two adjoining sites to be developed, one added benefit for the Group to acquire the Property is that the existing entrance and exit for the basement carparks of the Property can be utilized by and shared with No. 5 Residence as well as the two adjoining sites without the necessity of providing an exit for cars towards Beijing Road, thus will save some valuable shop spaces and increase the commercial value of the over 200 metre shop frontage along Beijing Road and Nanti Er Road without being unduly disrupted by an exit for cars.

It is the intention of the directors of the Company to hold the Property as an investment property for long-term rental purpose and not for re-sale in the coming years.

The holding of investment properties for rental income is one of the core business operations of the Group and the sole asset of the Guru Star Group is the Property currently leased out for rental income. Accordingly, we are of the view that the Acquisition is in line with the ordinary course of business of the Group.

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Having considered that (i) the acquisition of the Property, which is adjoining to the Company's three investment/development projects, one completed and two under development, will substantially enhance the overall merger value of those three projects owned by the Group along Beijing Road; and (ii) it is the general market consensus that acquisition of property at choice location in the PRC with consideration payable in Hong Kong dollars would be to the benefit of the Group, we are also of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

II. Terms of the Acquisition

Pursuant to the Agreement, Enhancement has agreed to sell and Join Ally has agreed to purchase the entire issued share capital of Guru Star and Enhancement also has agreed to assign the related shareholder's loan to Join Ally:

THE AGREEMENT

1. Date

8 March 2010

2. Parties

(a) Vendor : Enhancement

(b) Purchaser : Join Ally, an indirect wholly-owned subsidiary of the Company

3. Information of the Guru Star Group and the Property

Guru Star is an investment holding company and the sole asset of significance held by the Guru Star Group is the Property. The Property is a completed 20-storey commercial and office building situated at 3 Beijing Road, Yuexiu District, Guangzhou, Guangdong Province, PRC and known as Newsun Commercial Building with a gross floor area of approximately 13,000 square metres. The Property is currently leased out for rental income with occupancy rate of approximately 85%.

The market value of the Property as at 31 December 2009 and 8 March 2010 was both RMB185,000,000 (equivalent to approximately HK\$210,227,000) based on the valuation by Savills. Comparing with the market value of the Property of RMB185,000,000 (equivalent to approximately HK\$210,227,000), the average price per square metre of the Property is approximately RMB14,230 (equivalent to approximately HK\$16,170). The original cost of the Property acquired by the Guru Star Group in May 2005 was approximately RMB95,000,000 (equivalent to approximately HK\$108,000,000).

The Property is currently mortgaged to a bank and the outstanding mortgage loan amount as at 31 January 2010 was approximately RMB39,027,000 (equivalent to approximately HK\$44,349,000).

The audited net profit before and after tax attributable to the Guru Star Group for the year ended 31 March 2008 were approximately HK\$14,864,000 and HK\$11,026,000 respectively. The audited net loss before and after tax attributable to the Guru Star Group for the year ended 31 March 2009 were approximately HK\$16,825,000 and HK\$12,699,000 respectively. Such losses, being non-cash items, were primarily due to

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the drop in the carrying value of the Property after the Global Financial Crisis in the second half of 2008 which resulted in a revaluation loss of approximately HK\$21,537,000 for the year ended 31 March 2009. As the global economy has been steadily recovering in 2009, the market value of the Property rebounded to RMB185,000,000 (equivalent to approximately HK\$210,227,000) as at 31 December 2009.

As at 31 January 2010, the unaudited consolidated net assets of the Guru Star Group (which has already taken into account of the revaluation of the Property to its market value) was approximately HK\$101,085,000 and the amount of related shareholder's loan was approximately HK\$43,126,000.

The unaudited consolidated net assets of the Guru Star Group as at 31 January 2010, which includes cash and bank balance of HK\$10,822,000, is based on its audited financial information as at 31 December 2009 and its unaudited management accounts for one month ended 31 January 2010. A provision for deferred tax of HK\$29,271,000 on revaluation gain of the Property has been made in the unaudited management accounts and has also been taken into account in determination of the unaudited consolidated net assets of the Guru Star Group as at 31 January 2010.

Upon completion of the Agreement, Guru Star shall become a wholly-owned subsidiary of Join Ally, which in turn is an indirect wholly-owned subsidiary of the Company.

4. Consideration and Payment Terms

The aggregate cash consideration for the acquisition of the entire issued share capital of Guru Star and the assignment of related shareholder's loan is HK\$144,211,000 which is determined by reference to the unaudited consolidated net assets of the Guru Star Group together with the shareholder's loan as at 31 January 2010 and was agreed at after arm's length negotiations between the parties.

The aggregate cash consideration of HK\$144,211,000 will be payable in the following manners:

- (a) a refundable deposit of HK\$14,421,100 has been paid upon signing of the Agreement; and
- (b) the balance of the consideration of HK\$129,789,900 will be paid upon completion of the Agreement.

5. Completion

Completion of the 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 to approve the Acquisition;
- (b) the passing of an ordinary resolution by the independent shareholders of Chinney at the Chinney EGM to approve the Acquisition;
- (c) if applicable, the granting of consent from bank or other third parties which are necessary in connection with the execution of and to give effect to the transactions contemplated under the Agreement and each of the documents to be executed on or before the completion of the Agreement have been obtained by the vendor and/or the purchaser;

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- (d) there having been no breach by the vendor of any obligations, undertakings, representations and warranties under the Agreement;
- (e) there having been no breach by the purchaser of any obligations, undertakings, representations and warranties under the Agreement; and
- (f) the purchaser having been reasonably satisfied with the results of the due diligence review on the Guru Star Group.

Completion of the Agreement shall take place within three business days immediately after all of the conditions are fulfilled or waived (or such other date as the parties may agree in writing).

We have reviewed the Agreement. We are of the view that the Agreement is on normal commercial terms.

Consideration of the Acquisition

Based on the audited financial information of the Guru Star Group as of 31 December 2009 and the unaudited management accounts for the month ended 31 January 2010, the aggregate amount of the unaudited consolidated net assets and the shareholder's loan of the Guru Star Group was approximately HK\$144,211,000 as at 31 January 2010 (which has taken into account of the revaluation of the Property to its market value by Savills).

Valuation of the Property

Being stated in the valuation report on the Property from Savills, as set out in Appendix I to this circular, Savills' valuation of the Property is Savills' opinion of its market value which means "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

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 on the basis of the capitalization of the net 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Valuation Standards on Properties published by the Hong Kong Institute of Surveyors.

We have also discussed with Savills 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.

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In determination of the Guru Star Group's net assets, a deferred tax liability of approximately HK\$29,271,000 on revaluation gain of the Property has been provided for in the unaudited management accounts as at 31 January 2010. No actual tax payment is required not until the Property is disposed by the Guru Star Group. The management of the Company advised that the Property would be held for long term rental purpose and not for re-sale in the coming years. Hence, the aggregate cash consideration, which is already net of the potential deferred tax liability, for the acquisition of the entire issued share capital of Guru Star and the assignment of related shareholder's loan of HK\$144,211,000 is compared favourably to the actual underlying unaudited consolidated net assets and the shareholder's loan of the Guru Star Group as at 31 January 2010.

An analysis of the unaudited consolidated net assets of the Guru Star Group as at 31 January 2010 is as follows:

	<i>HK\$'000</i>
Carrying value of the Property	210,227
Cash and bank balance	10,822
Other assets	<u>299</u>
Total assets	221,348
Less: Bank mortgage loan	(44,349)
Shareholder's loan	(43,126)
Provision for deferred tax	(29,271)
Other payables	<u>(3,517)</u>
Unaudited consolidated net assets as at 31 January 2010	101,085
Shareholder's loan to be assigned	<u>43,126</u>
Consideration for the Acquisition	<u><u>144,211</u></u>

In addition to acquisition of the net assets of the Guru Star Group, the transaction will also substantially enhance the overall merger value of the Group's other three investment/development projects adjoining to the Property along Beijing Road.

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

We noted that the Company had proposed to acquire the Guru Star Group with a consideration of HK\$135,000,000 in late 2008, whereas by that time the market sentiment was bewildered by the uncertainty of the Global Financial Crisis. Now, as stated in the Board Letter, the management of the Company considers that the Global Financial Crisis is well on the track of steady recovery and the current proposed consideration for acquisition of the Guru Star Group has been determined at HK\$144,211,000 million after taking into account: (a) the market value of the Property as at 8 March 2010 as evaluated by Savills, the independent valuer, by reference to the latest comparable market transactions; and (b) the increased net assets of the Guru Star Group since the last proposed acquisition in late 2008 resulting from the rental income of the Property which has been retained in the Guru Star Group. Accordingly, we are of the view that the current consideration of HK\$144,211,000 is justified.

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III. Financial Effects of the Acquisition

The aggregate cash consideration for the acquisition of the entire issued share capital of Guru Star and the assignment of related shareholder's loan is HK\$144,211,000.

The financial effects of the Acquisition will be as follows:

(i) Earnings

The management of the Company advised that the Property would be held for long term rental purpose and not for re-sale in the coming years. The Property is currently leased out for rental income with occupancy rate of approximately 85%. The rental income of the Property can contribute to the future earnings of the Group.

(ii) Net assets value

Based on the consideration for the Acquisition of HK\$144,211,000 being equivalent to the aggregate amount of the unaudited consolidated net assets and the shareholder's loan of the Guru Star Group as at 31 January 2010, there will be no impact on the net assets value of the Group immediately after the completion of the Acquisition.

(iii) Liquidity

The cash outflow for the consideration for the Acquisition is HK\$144,211,000. There is a negative impact on the liquidity of the Group in relation to the Acquisition. However, the cash outflow for settlement of the purchase consideration will be partially recovered from the bank and cash balance of approximately HK\$10,822,000 acquired from the Guru Star Group. Also, the Directors intend to refinance the Property basing on the current valuation of RMB185,000,000 for further funding from bank.

Based on the audited accounts of the Group as at 31 March 2009, the cash and cash equivalents and the net current assets were approximately HK\$324.5 million and approximately HK\$395.0 million respectively. The decrease of liquidity was affordable.

(iv) Gearing

The gearing of the Group as at 31 March 2009, reflected by the total liabilities of approximately HK\$2,092.2 million to the total equity of approximately HK\$3,294.3 million, was approximately 64%.

Based on the audited financial information of the Guru Star Group as at 31 December 2009, the Acquisition will result in an increase in total liabilities of the Group by approximately HK\$78 million and will not affect the total equity of the Group. Accordingly, the maximum increase of gearing position of Group will be from 64% to 66%. The impact on the gearing will be slight.

LETTER FROM MENLO CAPITAL

OPINION

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

1. the Acquisition is in line with the ordinary course of business of the Group;
2. the acquisition of the Property will (i) substantially enhance the overall merger value of the Group's other three projects adjoining to the Property along Beijing Road; and (ii) capture potential capital gain and currency appreciation by making use of HK\$ fund to acquire RMB assets;
3. the Agreement is on normal commercial terms;
4. the consideration of the Acquisition being equivalent to the aggregated amount of the unaudited consolidated net assets and the shareholder's loan of the Guru Star Group is fair and reasonable to the Company and the Shareholders;
5. in relation to the Acquisition, the decrease in liquidity will be affordable and the gearing will be slightly increased; and
6. the Acquisition will enhance the earnings of the Group,

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

RECOMMENDATION

We are of the view that the Acquisition is in the ordinary course of business of the Company and in the interests of the Company and the Shareholders as a whole and that the Agreement is on normal commercial terms and the terms of the Agreement are 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 Acquisition.

Yours faithfully,
For and on behalf of
Menlo Capital Limited
Michael Leung
Executive Director

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with their opinion of value of the property as at 8 March 2010.



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

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

29 March 2010

Dear Sirs,

RE: NEWSUN COMMERCIAL BUILDING (新光商務大廈), 3 BEIJING ROAD, YUEXIU DISTRICT, GUANGZHOU, GUANGDONG PROVINCE, PRC (THE “PROPERTY”)

In accordance with the instructions from Chinney Investments, Limited (“Chinney”) and Hon Kwok Land Investment Company, Limited (“Hon Kwok”) for us to value the property situated in the People’s Republic of China (the “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 8 March 2010 (“date of valuation”) for incorporation in a circular.

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 a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion”.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

In valuing the property to be held by Hon Kwok for investment, we have valued the property by reference to comparable market transactions and on the basis of the capitalization of the net incomes derived from the existing tenancies with due allowance for reversionary income potential of the property.

We have been provided with copies of the title document relating to the property such as Real Estate Title Certificates. However, we have not inspected the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we have relied to a considerable extent on the information given by Hon Kwok and its PRC's legal adviser, Guangdong Jindi Law Firm (廣東金地律師事務所), regarding the title to the property. We have also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, 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 by Hon Kwok to us and are therefore only approximations. No on-site measurements have been taken. We have had no reason to doubt the truth and accuracy of the information provided to us by Hon Kwok, which is material to our valuation. We have also sought confirmation from Hon Kwok that no material facts have been omitted from the information supplied.

We have inspected the exterior of the property. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made, 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.

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 outgoing of an onerous nature which could affect its value.

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 Valuation Standards on Properties published by the Hong Kong Institute of Surveyors.

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi ("RMB").

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Charles C K Chan
MSc FRICS FHKIS MCI Arb RPS(GP)
Managing Director

Note: Mr. Charles C K Chan is a qualified surveyor and has about 25 years' experience in the valuation of properties in Hong Kong and 20 years' experience in the valuation of properties in the PRC.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 8 March 2010
Newsun Commercial Building (新光商務大廈), 3 Beijing Road, Yuexiu District, Guangzhou, Guangdong Province, PRC	<p>The property comprises a 20-storey plus a 3-level basement commercial and office building completed in about 2003.</p> <p>The total gross floor area of the property is approximately 13,053.258 sq.m. (140,505 sq.ft.).</p> <p>The land use rights of the property have been granted for terms of 40 years expiring on 24 January 2042 for commercial uses and 50 years expiring on 24 January 2052 for office use.</p>	<p>Except for approximately 1,651 sq.m. which are vacant and 30.14 sq.m. which are occupied by Guangzhou Tungfu as management office, the property is subject to various tenancies with the latest one due to expire in June 2013 at a total monthly rent of approximately RMB870,000 inclusive of management fees.</p>	RMB185,000,000

Notes:

- (1) Pursuant to 24 Real Estate Title Certificate Nos. Yue Fang Di Zheng Zi C3902829 to C3902852 issued by Guangzhou State-owned Land Resources and Housing Administration Bureau on 22 July 2005, the building ownership of the property is vested in 廣州市同孚物業管理有限公司 (Guangzhou Tungfu Property Management Co., Ltd.) ("Guangzhou Tungfu").
- (2) We have been provided with a legal opinion on the title to the property issued by Hon Kwok's PRC legal adviser, which contains, inter-alia, the following information:
 - i. Guangzhou Tungfu has obtained the Real Estate Title Certificates of the property;
 - ii. except for the 3-level basement, the property was mortgaged to The Bank of East Asia (China) Limited, Guangzhou Branch ("Bank of East Asia");
 - iii. Guangzhou Tungfu has the rights to occupy, use, receive income from and dispose of the property; and
 - iv. except for the 3-level basement, Guangzhou Tungfu is required to obtain consent from Bank of East Asia when they transfer the property.
- (3) We have also issued a valuation report for the property to Hon Kwok at a market value of RMB185,000,000 as at 31 December 2009.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein 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 held by the Directors 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 share capital
James Sai-Wing Wong	<i>1</i>	Through controlled corporation	261,112,553	54.37
Madeline May-Lung Wong	<i>1</i>	Through controlled corporation	261,112,553	54.37
Herman Man-Hei Fung		Beneficially owned	300,000	0.06

(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 share capital/paid up registered capital
James Sai-Wing Wong	2	Chinney	Through controlled corporation	318,675,324	57.80
	3	Chinney Holdings	Through controlled corporation	9,900,000	99.00
		Chinney Holdings	Beneficially owned	100,000	1.00
		Lucky Year	Beneficially owned	10,000	50.00
	4	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporation	RMB185,000,000	100.00
Madeline May-Lung Wong	2	Chinney	Through controlled corporation	318,675,324	57.80
	3	Chinney Holdings	Through controlled corporation	9,900,000	99.00
		Lucky Year	Beneficially owned	10,000	50.00

Notes:

- These 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 Mr. James Sai-Wing Wong and Madam Madeline May-Lung Wong are also directors and have beneficial interests therein.*
- These shares are beneficially held by Chinney Holdings. By virtue of note 1, Mr. James Sai-Wing Wong and Madam Madeline May-Lung Wong are deemed to be interested in these shares.*
- These shares are beneficially held by Lucky Year. By virtue of note 1, Mr. James Sai-Wing Wong and Madam Madeline May-Lung Wong are deemed to be interested in these shares.*
- Out of its 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 Mr. James Sai-Wing Wong. By virtue of note 1, Mr. 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 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 to be recorded in the register kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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 (not being the Directors) 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 share capital
Chinney	1 & 2	Directly beneficially owned	261,112,553	54.37
Chinney Holdings	1 & 2	Through controlled corporation	261,112,553	54.37
Lucky Year	1 & 2	Through controlled corporation	261,112,553	54.37

Notes:

1. All the interests stated above represent long positions.
2. Chinney, Chinney Holdings and Lucky Year are deemed to be interested in the same parcel of shares by virtue of Section 316 of the SFO.

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 nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option 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 nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital.

3. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS AND IN COMPETING BUSINESSES

The Company has entered into a management contract with Chinney for the provision of general corporate management services to the Company. The contract is for an unspecified duration and may be terminated by either party by giving two months' written notice. A management fee of HK\$6,000,000 was paid by the Company for the year ended 31 March 2009. Mr. James Sai-Wing Wong and Madam Madeline May-Lung Wong are directors of and have beneficial interests in Chinney. Mr. Herman Man-Hei Fung is also a director of Chinney.

Mr. James Sai-Wing Wong, Chairman of the Company, has deemed interests and held directorships in companies engaged in the businesses of property investment. Madam Madeline May-Lung Wong is a director of HKR International Limited, whose group's businesses consist of property development and property investment. In this respect, Mr. James Sai-Wing Wong and Madam Madeline May-Lung Wong are regarded as being interested in businesses which might compete with the Group.

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

- (a) none of the Directors or their associates had any direct or indirect interest in any assets which have been, since 31 March 2009 (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 or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (b) none of the Directors or their associates was materially interested in any contract or arrangement entered into by any member of the Group and subsisting at the date of this circular which was significant in relation to the business of the Group; and
- (c) none of the Directors or their associates had interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2009, being the date to which the latest published audited financial statements of the Group were made up.

6. 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
Menlo Capital	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Savills	a property valuer

- (a) As at the Latest Practicable Date, neither Menlo Capital nor Savills has any shareholding, directly or indirectly, 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 Menlo Capital and Savills 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) Neither Menlo Capital nor Savills has any direct or indirect interest in any assets which have been, since 31 March 2009 (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 or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. GENERAL

- (a) The registered office of the Company is at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.
- (b) The Company's share registrar is Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (c) The English language text of this circular shall prevail over the Chinese language text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours 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 Agreement;
- (b) the letter from the Independent Board Committee as set out on page 11 of this circular;
- (c) the letter of advice from Menlo Capital as set out on pages 12 to 20 of this circular;
- (d) the valuation report on the Property from Savills as set out in Appendix I to this circular;
and
- (e) the written consents referred to under the section headed “Experts and Consents” in Appendix II to this circular.

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 IS HEREBY GIVEN that an extraordinary general meeting of Hon Kwok Land Investment Company, Limited (the “Company”) will be held at Function Room, Macau Jockey Club, 1/F., East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Friday, 16 April 2010 at 10:30 a.m. for considering and if thought fit passing the following resolution as ordinary resolution:

ORDINARY RESOLUTION

“**THAT** (i) the sale and purchase agreement dated 8 March 2010 (the “Agreement”) entered into between Join Ally Limited as purchaser and Enhancement Investments Limited as vendor for the acquisition of the entire issued share capital of Guru Star Investments Limited and the assignment of related shareholder’s loan to Join Ally Limited at an aggregate cash consideration of HK\$144,211,000 (a copy of which has been produced to the meeting and marked “A” and initialled by the Chairman of the meeting for identification purpose) be and is hereby approved, ratified and confirmed; and (ii) any director of the Company be and is hereby authorised for and on behalf of the Company to execute (whether under the seal or under hand) all such other documents, instruments and agreements and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated therein or relating to the Agreement and completion thereof as he may consider necessary, desirable or expedient to give effect to the Agreement and the transactions contemplated thereunder.”

By Order of the Board
Wendy Yuk-Ying Chan
Company Secretary

Hong Kong, 29 March 2010

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. To be valid, a proxy form, 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.
3. 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.