
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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, bank manager, solicitor, professional accountant or other professional adviser.

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

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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 TRANSACTION

DISPOSAL OF PROPERTY
PLAZA AMPANG IN MALAYSIA

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DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 12th June, 2006 entered into between Spark Eagle and the Purchaser in relation to the sale of Plaza Ampang at a cash consideration of RM70,000,000
“Announcement”	the joint announcement of the Company and Chinney dated 12th June, 2006 in relation to the disposal of Plaza Ampang
“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 which is the holding company of the Company currently holding approximately 58.81% of the issued share capital of the Company
“Chinney Holdings”	Chinney Holdings Limited, a company incorporated in Hong Kong with limited liability
“Company”	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
“Completion Date”	on the expiry of 6 months from the date of the Agreement or such an earlier date as the Purchaser may elect by giving 3 months prior notice in writing to Spark Eagle
“Directors”	the directors of the Company
“Disposal”	the sale of Plaza Ampang by Spark Eagle to the Purchaser pursuant to the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Latest Practicable Date”	29th June, 2006, 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

“Purchaser”	Capitol Hotel Sdn. Bhd., a company incorporated in Malaysia
“RM”	the Ringgit Malaysia, the lawful currency of Malaysia
“Spark Eagle”	Spark Eagle Development Limited, a company incorporated in Hong Kong with limited liability and which is a direct wholly-owned subsidiary of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

For illustration purpose, RM has been translated into HK\$ at the exchange rate of RM1=HK\$2.03. Such translation should not be construed as a representation that any amounts in RM 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
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Directors:

James Sai-Wing Wong (*Chairman*)
Madeline May-Lung Wong
Herman Man-Hei Fung (*Vice-Chairman*)
Zuric Yuen-Keung Chan
Dennis Kwok-Wing Cheung
Daniel Chi-Wai Tse*
Patrick Yen-Tse Tsai*
Kenneth Kin-Hing Lam*

Registered office:

18th Floor
Hang Seng Building
77 Des Voeux Road Central
Hong Kong

* *Independent Non-executive Directors*

4th July, 2006

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

**DISPOSAL OF PROPERTY
PLAZA AMPANG IN MALAYSIA**

1. INTRODUCTION

Reference is made to the Announcement in which the Board announced that on 12th June, 2006, Spark Eagle as vendor has entered into the Agreement with the Purchaser in relation to the sale of Plaza Ampang at a cash consideration of RM70,000,000 (equivalent to HK\$142,100,000).

The Disposal constitutes a discloseable transaction for the Company under the Listing Rules. The purpose of this circular is to provide you with further information regarding the Disposal in compliance with the requirements of the Listing Rules.

2. THE AGREEMENT

Pursuant to the Agreement, Spark Eagle agreed to sell Plaza Ampang to the Purchaser.

(a) Date

12th June, 2006

LETTER FROM THE BOARD

(b) Parties

Vendor : Spark Eagle Development Limited, a direct wholly-owned subsidiary of the Company

Purchaser : Capitol Hotel Sdn. Bhd.

(c) Information on Plaza Ampang

Plaza Ampang is a commercial and shopping complex situated at Jalan Tun Razak and Jalan Ampang, Kuala Lumpur, Malaysia with a total gross floor area of approximately 401,777 square feet. It is free from encumbrances.

The carrying value of Plaza Ampang as at 31st March, 2006 was approximately HK\$142 million and it had been valued at RM70,000,000 (equivalent to HK\$142,100,000) by an independent valuer as at 31st March, 2005. Plaza Ampang is currently leased out for rental income. The net loss before and after tax attributable to Plaza Ampang for the year ended 31st March, 2005 were both approximately HK\$22 million and the net profit before and after tax attributable to Plaza Ampang for the year ended 31st March, 2004 were approximately HK\$4 million and HK\$3 million respectively.

(d) Consideration

The consideration for the Disposal is RM70,000,000 (equivalent to HK\$142,100,000) and was agreed after arm's length negotiations between the parties, taking reference to the market price of commercial complex in the vicinity.

The consideration of RM70,000,000 will be payable in the following manner:

- (i) a sum of RM700,000 had been paid to Spark Eagle;
- (ii) a further sum of RM2,800,000 had been paid upon execution of the Agreement;
- (iii) the first balance sum of RM56,500,000 will be paid on the Completion Date; and
- (iv) the final balance sum of RM10,000,000 will be paid within 24 months from the date of execution of the Agreement.

As security for the payment of the consideration for the Disposal, (aa) Low Yat Construction Company Sdn. Berhad, a fellow subsidiary of the Purchaser, has executed a corporate guarantee in favour of Spark Eagle to guarantee the due payment of the first balance sum and the final balance sum of an aggregate amount of RM66,500,000 by the Purchaser; and (bb) Mr. Low Gee Teong, a shareholder of the Purchaser, has executed a personal guarantee in favour of Spark Eagle to guarantee the due payment of the final balance sum of RM10,000,000 by the Purchaser.

(e) Completion

Completion of the Agreement is subject to the satisfaction of the procurement of obtaining the shareholders' approval of Spark Eagle and its holding companies and shall take place on the expiry of 6 months from the date of the Agreement. The Purchaser may elect to complete earlier by giving 3 months prior notice in writing to Spark Eagle.

LETTER FROM THE BOARD

3. REASONS AND BENEFITS FOR THE DISPOSAL

The Directors believe that the Disposal represents a good opportunity for the Group to realise its investment in Malaysia and reallocate its resources to the property activities in Hong Kong and Mainland China. The Disposal will further strengthen the financial position of the Group and enhance its cashflow. The proceeds from the Disposal will be used as general working capital for the Group. No new projects have been identified which will command usage of the proceeds from the Disposal.

The Directors believe that the terms of the Disposal are fair and reasonable and in the interests of the shareholders of the Company as a whole.

4. FINANCIAL EFFECT OF THE DISPOSAL

The consideration of the Disposal and the carrying value of Plaza Ampang are the same. Under the Group's accounting policy, the final balance sum of RM10 million receivable within 24 months from the date of the execution of the Agreement, which carries no interest, is to be measured at its fair value. As a result, there would be an estimated loss (including transaction cost) of HK\$2.5 million arising on disposal of Plaza Ampang.

The financial effects of the Disposal on the Group are expected to be (a) a decrease in non-current assets of approximately HK\$123.5 million; (b) an increase in current assets of approximately HK\$122 million; and (c) an increase in current liabilities of approximately HK\$1 million.

5. 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.

6. INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Malaysia and is engaged in hotel business, investment holding and letting of property.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are independent third parties of the Company and are not connected persons (as defined in the Listing Rules) of the Company.

7. GENERAL

Your attention is also drawn to the general information set out in the appendix of this circular.

Yours faithfully,
By Order of the Board
James Sai-Wing Wong
Chairman

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

2.1 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 for Securities Transactions by Directors of Listed Issuers (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	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding
James Sai-Wing Wong	1	Corporate	235,370,553	58.81
Madeline May-Lung Wong	1	Corporate	235,370,553	58.81

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

Name of director	Notes	Name of associated corporation	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding
James Sai-Wing Wong	2	Chinney	Corporate	306,959,324	55.67
	3	Chinney Holdings	Corporate	9,900,000	99.00
		Chinney Holdings	Personal	100,000	1.00
		Lucky Year	Personal	10,000	50.00
Madeline May-Lung Wong	2	Chinney	Corporate	306,959,324	55.67
	3	Chinney Holdings	Corporate	9,900,000	99.00
		Lucky Year	Personal	10,000	50.00
Zuric Yuen-Keung Chan		Chinney Contractors Company Limited	Personal	2,645	13.95

Notes:

1. *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 directors and have beneficial interests therein.*
2. *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.*
3. *These shares are 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.*

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.

2.2 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	Number of ordinary shares held	Approximate percentage of shareholding
Chinney	1 & 2	235,370,553	58.81
Chinney Holdings	1 & 2	235,370,553	58.81
Lucky Year	1 & 2	235,370,553	58.81
DJE Investment S.A.	1 & 3	24,156,000	6.04
Dr. Jens Ehrhardt Kapital AG	1 & 3	24,156,000	6.04
Dr. Jens Alfred Karl Ehrhardt	1 & 3	24,156,000	6.04

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.*
3. *DJE Investment S.A., Dr. Jens Ehrhardt Kapital AG and Dr. Jens Alfred Karl Ehrhardt 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
Shenzhen Yujianye Development Co., Ltd. (深圳市御建業實業發展有限公司)	Guangzhou Honkwok Fuqiang Land Development Limited	30
Wintop International Investments Limited	Guangzhou Honkwok Fuqiang Land Development Limited	10
Guangzhou Hengsheng Group Co., Ltd. (廣州市恒生集團有限公司)	Guangzhou Honkwok Hengsheng Land Development Limited	25
Guangdong Guangkong Group Co., Ltd. (廣東廣控集團有限公司)	Shenzhen Guanghai Investment Co., Ltd.	20
Gold Sound Enterprises Limited	Wise Pacific Investment Limited	20
Lee Nam	Wise Pacific Investment Limited	20

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 COMPETING BUSINESSES

As at the Latest Practicable Date, Madam Madeline May-Lung Wong is a director of HKR International Limited. HKR International Limited carries out property development, property investment, property management services, healthcare services, treasury investment and manufacturing. Madam Madeline May-Lung Wong is therefore regarded as being interested in a competing business of the Group.

Save as disclosed above, none of the Directors is interested in any business which competes or is likely to compete, either directly or indirectly, with businesses of the Group.

4. LITIGATION

On 20th April, 1996, a writ was filed against a wholly-owned subsidiary of the Company, Joint Peace Investment Limited ("Joint Peace"), regarding an alleged disparity between the pavement and the ground floor level of the building at 18-22 Percival Street, junction of Jaffe Road, Causeway Bay, Hong Kong. The amount claimed, excluding minor construction and related costs, was either HK\$41,000,000 or HK\$69,300,000, representing the claim for a loss of rental income or a loss of interest on the purchase price, respectively, over a period of 12 months. A defence to contest this claim was filed on 22nd July, 1996.

On 2nd December, 1997, the plaintiff of this claim was allowed to amend the Writ of Summons and the Statement of Claim dated 20th April, 1996. As advised by its solicitors, Joint Peace filed an Amended Defence in respect thereof on 30th December, 1997. On the same date, a Request for Further and Better Particulars of the Amended Statement of Claim was sent by Joint Peace's solicitors to the plaintiff's solicitors.

Following consultation with legal advisers (in their capacity as the legal advisers of Joint Peace), the Directors formed the view that the amended claim was unlikely to succeed and were therefore of the opinion that no provision regarding this claim is necessary.

The plaintiff was dissolved on 5th November, 2004 pursuant to a court order.

Save as disclosed aforesaid, as at the Latest Practicable Date, the Directors are not aware that any of the respective members of the Group were engaged in any litigation or arbitration of material importance and there was no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened by or against any respective members of the Group.

5. GENERAL

- (a) As at the Latest Practicable Date, none of the Directors has any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).
- (b) The company secretary of the Company is Ms. Wendy Yuk-Ying Chan. She is a fellow of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (c) The qualified accountant of the Company is Mr. Thomas Hang-Cheong Ma. He is a fellow of the Association of Chartered Certified Accountants and The Hong Kong Institute of Certified Public Accountants.
- (d) The registered office of the Company is at 18th Floor, Hang Seng Building, 77 Des Voeux Road Central, Hong Kong.
- (e) The English language text of this circular shall prevail over the Chinese language text.