
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 securities 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).

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



漢國置業有限公司

Hon Kwok Land Investment Company, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 160)

MAJOR TRANSACTION

DISPOSAL OF PROPERTY

YIEN YIEH COMMERCIAL BUILDING

CONTENTS

	<i>Page</i>
DEFINITIONS	1
 LETTER FROM THE BOARD	
1. INTRODUCTION	3
2. FORMAL AGREEMENT	4
3. REASON AND BENEFIT FOR THE DISPOSAL	5
4. FINANCIAL EFFECT OF THE DISPOSAL	5
5. IMPLICATIONS OF THE LISTING RULES	6
6. INFORMATION ON THE COMPANY	6
7. INFORMATION ON THE PURCHASER	6
8. GENERAL	6
 APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	 7
 APPENDIX II – VALUATION REPORT ON THE PROPERTY	 9
 APPENDIX III – GENERAL INFORMATION	 12

DEFINITIONS

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

“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 holding approximately 52.99% of the issued share capital of the Company as at the Latest Practicable Date
“Chinney Holdings”	Chinney Holdings Limited, a company incorporated in Hong Kong with limited liability, which is the holding company of Chinney holding approximately 55.67% of the issued share capital of Chinney as at the Latest Practicable Date
“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”	completion of the Disposal under the Formal Agreement, which shall take place on or before 31 July 2008 or within 7 calendar days after notification to the Purchaser of the completion of demolition work of the Property up to the ground floor level in accordance with the demolition plans dated 29 May 2007 and amendment dated 29 January 2008 approved by the Buildings Department as certified by the Vendor’s architect (existing ground floor slab and hoardings shall be retained), whichever is the later
“Directors”	the directors of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser
“Formal Agreement”	the formal sale and purchase agreement dated 14 April 2008 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
“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”	21 April 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular

DEFINITIONS

“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
“Property”	a commercial building situated at 236-242 Des Voeux Road Central, Hong Kong and known as Yien Yieh Commercial Building
“Provisional Agreement”	the provisional agreement for sale and purchase dated 5 March 2008 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
“Purchaser”	Well Friendship Investment Limited, a company incorporated in Hong Kong with limited liability
“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
“Vendor”	Hon Cheong Limited, a company incorporated in Hong Kong with limited liability and which is an indirect wholly-owned subsidiary of the Company

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
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

28 April 2008

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

DISPOSAL OF PROPERTY YIEN YIEH COMMERCIAL BUILDING

1. INTRODUCTION

On 7 March 2008, the directors of the Company and Chinney jointly announced that, on 5 March 2008, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Purchaser, whereby the Vendor agreed to sell and the Purchaser agreed to purchase the Property at a cash consideration of HK\$335,000,000. After arm's length negotiation, the Vendor and the Purchaser entered into the Formal Agreement on 14 April 2008.

The Disposal contemplated under the Formal Agreement constitutes a major 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.

LETTER FROM THE BOARD

2. FORMAL AGREEMENT

(a) **Date**

14 April 2008

(b) **Parties**

Vendor : Hon Cheong Limited, an indirect wholly-owned subsidiary of the Company

Purchaser : Well Friendship Investment Limited

(c) **Information on the Property**

The Property is a commercial building situated at 236-242 Des Voeux Road Central, Hong Kong and known as Yien Yieh Commercial Building. The site area of the Property is approximately 3,249 square feet. The Property currently has undeveloped gross floor area arising from the increase in plot ratio of the subject site from 12 to 15 as approved in July 2006. As a result, the Property is currently under demolition for redevelopment into a modernized office building with retail shops to maximize the undeveloped potential behind the site and thereby to increase the rental income to the Group.

The Property was acquired by the Vendor in December 2002 for a cash consideration of HK\$68 million and has since then been held as an investment property to generate recurring rental income. The carrying value of the Property as revalued by an independent valuer as at 30 September 2007 was HK\$240 million. The net profit before and after tax attributable to the Property for the year ended 31 March 2007 were approximately HK\$33 million and HK\$28 million respectively and the net profit before and after tax attributable to the Property for the year ended 31 March 2006 were approximately HK\$54 million and HK\$51 million respectively.

(d) **Consideration**

The consideration for the Disposal is HK\$335,000,000 in cash and was agreed after arm's length negotiation between the parties by reference to the market value of comparable properties in the same vicinity. The consideration is payable in the following manner:

- (i) an initial deposit of HK\$10,000,000 has been paid by the Purchaser to the Vendor upon signing of the Provisional Agreement;
- (ii) a first further deposit of HK\$23,500,000 has been paid by the Purchaser on 20 March 2008;
- (iii) a second further deposit of HK\$16,750,000 has been paid by the Purchaser on 21 April 2008; and
- (iv) the balance of HK\$284,750,000 shall be paid on the Completion Date.

LETTER FROM THE BOARD

(e) Completion

Completion of the Disposal shall take place on or before 31 July 2008 or within 7 calendar days after notification to the Purchaser of the completion of demolition work of the Property up to the ground floor level in accordance with the demolition plans dated 29 May 2007 and amendment dated 29 January 2008 approved by the Buildings Department as certified by the Vendor's architect (existing ground floor slab and hoardings shall be retained), whichever is the later.

3. REASON AND BENEFIT FOR THE DISPOSAL

The Directors believe that the Disposal represents a good opportunity for the Group to realize its investment in the Property at attractive return. The Disposal will further strengthen the financial position of the Group and enhance its cashflow.

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

4. FINANCIAL EFFECT OF THE DISPOSAL

The original price paid by the Vendor to acquire the Property in December 2002 was HK\$68 million. The Property has been treated as an investment property in the accounts of the Vendor and the Group in view of the underlying intention to hold the Property for rental income. Under the Group's accounting policies, the Property was re-measured to its fair value at the end of each accounting period, with any change in fair value being included in the income statement in the period in which it arose. The carrying value of the Property was HK\$240 million as at 30 September 2007. As a result, the Group has so far recognized fair value gain in relation to the Property, net of renovation cost, of approximately HK\$161 million in its financial statements up to 30 September 2007. Deferred tax attributable to the Property, net of deferred tax assets relating to the tax loss of the Vendor which can be applied to offset deferred tax liabilities, has been provided up to HK\$14 million as at 30 September 2007.

As set out in the valuation report in Appendix II of this circular, the market value of the Property was assessed to be HK\$310 million as at 5 March 2008. Assuming the carrying value of the Property to be HK\$310 million as at 31 March 2008, there would be a fair value gain, net of demolition cost, of approximately HK\$69 million attributable to the Property in the second half of the financial year ended 31 March 2008. By virtue of entering into the Provisional Agreement, it is expected that the carrying value of the Property as at 31 March 2008 will no longer be recovered through use. Accordingly, there will be no deferred tax to be provided on the fair value gain of the Property in the second half of the financial year ended 31 March 2008. The deferred tax provision of HK\$14 million aforementioned will be fully reversed as a tax credit in the income statement for the financial year ended 31 March 2008, based on the principle that an income from sale of a capital asset is not subject to tax in Hong Kong.

Barring unforeseen circumstances, it is expected that completion of the Disposal shall take place on 31 July 2008 in accordance with the terms of the Formal Agreement. The balance of the capital gain of approximately HK\$20 million, being the consideration of HK\$335 million against the fair value of the Property assuming to be HK\$310 million as at 31 March 2008 and after deducting all relevant costs including commission and further demolition cost of the Property will, upon completion of the Disposal, be booked as an income in the financial year ending 31 March 2009.

LETTER FROM THE BOARD

Completion of the Disposal is expected to generate net cash proceeds, after repayment of the bank loan pertaining to the Property and expenses, of approximately HK\$282 million to the Group. The net proceeds are to be retained for general working capital of the Group.

Assuming the carrying value of the Property to be HK\$310 million as at 31 March 2008, the financial effects to the Group upon completion of the Disposal are expected to be (a) a decrease in non-current assets of approximately HK\$310 million; (b) an increase in current assets of approximately HK\$254 million; (c) a decrease in bank borrowings of approximately HK\$47 million; (d) a decrease in other current liabilities of approximately HK\$29 million; and (e) an increase in profit attributable to the equity holders of the Company of approximately HK\$20 million.

5. IMPLICATIONS OF THE LISTING RULES

The Disposal constitutes a major transaction for the Company under the Listing Rules and is subject to the approval by the Shareholders. As the Purchaser is an independent third party of the Company, no Shareholder is required to abstain from voting if a general meeting of the Company is to be convened for approving the Disposal.

The Company has obtained from Chinney, which holds approximately 52.99% of the issued share capital of the Company as at the Latest Practicable Date, written approval of the Disposal on 6 March 2008. Pursuant to Rule 14.44 of the Listing Rules, the Disposal which constitutes a major transaction for the Company has been approved by way of written shareholders' approval in lieu of holding a general meeting of the Company.

6. 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 holds approximately 52.99% of the issued share capital of the Company.

7. INFORMATION ON THE PURCHASER

The Purchaser is a private company incorporated in Hong Kong with limited liability.

To the best of the knowledge, information and belief of the Directors and 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.

8. GENERAL

Your attention is drawn to the appendices to this circular which contain certain additional information in relation to the Company.

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

1. INDEBTEDNESS

At the close of business on 31 March 2008, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$1,709 million comprising:

- (a) secured bank loans of approximately HK\$1,288 million;
- (b) unsecured bank loans of approximately HK\$140 million; and
- (c) the amortised cost of the liability component of the convertible bonds as recorded in the Group's books and records as at 31 March 2008 of approximately HK\$281 million. The principal outstanding amount of the convertible bonds as at 31 March 2008 was approximately HK\$300 million.

The Group's secured bank borrowings as at 31 March 2008 were secured by shares in certain subsidiaries, fixed charges on certain properties under development, investment properties and properties held for sale and assignment of rental income from leases of certain properties of the Group.

As at 31 March 2008, the Group was contingently liable for approximately HK\$4 million in relation to letters of guarantee facility granted by a bank for its carpark operation and approximately HK\$0.3 million in relation to a banking facility granted for the issuance of utility guarantees in lieu of cash deposits.

Save as aforesaid or as otherwise mentioned herein and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Group did not have any outstanding mortgages, charges, debentures, loan capital, debt securities, bank loans and overdrafts or other similar indebtedness, finance leases or hire purchase commitment, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities as at the close of business on 31 March 2008.

For the purpose of this indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate exchange rates prevailing as at the close of business on 31 March 2008.

The Directors are not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since 31 March 2008.

2. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that in the absence of unforeseen circumstances, upon completion of the Disposal and after taking into account the financial resources available to the Group, including internal resources, present available banking facilities and the expected proceeds to be received from the Disposal, the Group has sufficient working capital for its present requirements for the next twelve months from the date of this circular.

3. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group has development land banks in China and Canada as well as investment properties in Hong Kong and Mainland China. The recent global economic environment has become challenging because of the recent outbreak of the sub-prime crisis in the United States. It is expected there may be more austerity measures in the Mainland China to curb the rising inflation as well as to regulate the property market. Despite all these, the medium to long-term outlook of the property market in the Mainland tends to be positive on the back of the continued economic growth, increasing urbanization, rising household income and the anticipated appreciation of Renminbi. Supported by the strengths of the Mainland economy, the Hong Kong economy remains favorable. It is expected that the low interest rate environment, limited land supply and low home completion rate in the coming years will provide continual support to the property market in Hong Kong with the investment property market in particular. The Group, with its operation based mainly in Hong Kong and Mainland China, will be cautious of any opportunities and threats that may arise as a result of any fallout of the sub-prime crisis in the United States and the austerity measures tend to be imposed in Mainland China.

During the financial year ended 31 March 2008, the Group completed the sale of the residential units in Phase I of the Toronto project and disposed non-core assets in Hong Kong comprising most of the carparks at Provident Center, the remaining units in past-completed projects and the second hand residential units. The Group's financial position has therefore been much improved. The disposal of the Property will, upon completion, further generate net inflow of cash proceeds of about HK\$282 million.

In view of the above and barring unforeseen circumstances, the Directors remain optimistic on the financial and trading prospects of the Group in the current financial year.

The following is the text of a letter and valuation certificate in relation to the Property, prepared for the purpose of inclusion in this circular, received from Savills Valuation and Professional Services Limited, an independent valuer.



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

T : (852) 2801 6100
F : (852) 2530 0756
23/F Two Exchange Square
Central, Hong Kong
EA Licence: C-023750
savills.com

28 April 2008

Dear Sirs,

In accordance with your instructions for us to value the property, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property as at 5 March 2008.

Our valuation is our opinion of the market value of the property 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, 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.

Our valuation is prepared in accordance with The HKIS Valuation Standards on Properties (1st Edition 2005) published by The Hong Kong Institute of Surveyors.

We have valued the property as a development site under the development constraints as stipulated in the relevant Government Leases, town planning zoning and Buildings Ordinance. It is assumed that all consents, approvals and licences from relevant Government authorities for the redevelopment will be granted without any onerous conditions or undue time delay which might affect value. In accordance with specific instructions, we have also valued the property assuming demolition of the existing building thereon will be completed by 31 July 2008 and the cost of demolition is to be borne by the current owner.

We have not been provided with extracts of title documents relating to the property but we have caused searches to be made at the Land Registry. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us.

We have relied to a very considerable extent on information given by you and the information obtained by us from relevant Government authorities on such matters as planning approvals or statutory notices, easements, tenure, occupancy status, site area and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations.

We have inspected the exterior of the property. However, we have not been able to carry out investigations on the site to determine the suitability of the ground conditions and services etc. for the future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delay will be incurred during construction period. We have not been able to carry out detailed site measurement to verify the correctness of the site area of the property and we have assumed that the site area shown on the documents handed to us is correct.

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

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

* *Mr. Charles C K Chan, chartered estate surveyor, MSc, FRICS, FHKIS, MCI Arb, RPS(GP), has been a qualified valuer since June 1987 and has about 23 years' experience in the valuation of properties in Hong Kong.*

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value as at 5 March 2008
236-242 Des Voeux Road Central, Hong Kong	The property comprises four contiguous lots with a total registered site area of approximately 3,249 sq.ft. (301.872 sq.m.).	The property is not subject to any tenancy and demolition work of the existing building is in progress.	HK\$310,000,000
Inland Lot No. 1867, Inland Lot No. 1869, The Remaining Portion of Inland Lot No. 1871 and the Extension thereto and The Remaining Portion of Inland Lot No. 1872 and the Extension thereto.	Currently erected on the site is a commercial building completed in 1973. The property is held under four Government Leases each for a term of 999 years from 26 December 1866. The total Government rent payable for the property is HK\$1,040.90 per annum.		

Notes:

1. *The registered owner of the property is Hon Cheong Limited.*
2. *The property is subject to a Legal Charge/Mortgage dated 30 August 2004 to secure banking facilities and an Rental Assignment dated 30 August 2004 both in favour of Standard Chartered Bank (Hong Kong) Limited.*
3. *The property is subject to a Formal Sale and Purchase Agreement dated 14 April 2008 in favour of Well Friendship Investment Limited.*
4. *Use of the property is subject to the clauses and provisions stipulated under the relevant Government Leases which are virtually unrestricted except for the standard non-offensive trade clause.*
5. *The property is situated within an area zoned for "Commercial/Residential" uses under draft Sai Ying Pun & Sheung Wan Outline Zoning Plan No. S/H3/21 dated 17 March 2006.*
6. *We have valued the property as a development site under the development constraints as stipulated in the relevant Government Leases, town planning zoning and Buildings Ordinance. It is assumed that all consents, approvals and licences from relevant Government authorities for the redevelopment will be granted without any onerous conditions or undue time delay which might affect value.*
7. *In accordance with specific instructions, we have also valued the property assuming demolition of the existing building thereon will be completed by 31 July 2008 and the cost of demolition is to be borne by the current owner.*

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 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	Percentage of the Company's issued share capital
James Sai-Wing Wong	1	Corporate	254,496,553	52.99
Madeline May-Lung Wong	1	Corporate	254,496,553	52.99
Herman Man-Hei Fung		Personal	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	Nature of interest	Number of ordinary shares/Amount of registered capital held	Percentage of the associated corporation's issued share capital
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
	4	Guangzhou Honkwok Fuqiang Land Development Ltd.	Corporate	RMB185,000,000	100.00
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:

- 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.*
- 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 the RMB185,000,000 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.

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	Capacity and nature of interest	Number of ordinary shares held in long position (L)/ short position (S)	Percentage of the Company's issued share capital
Chinney	1	Directly beneficially owned	254,496,553 (L)	52.99
Chinney Holdings	1	Through a controlled corporation	254,496,553 (L)	52.99
Lucky Year	1	Through a controlled corporation	254,496,553 (L)	52.99
DJE Investment S.A.	2	Directly beneficially owned	33,618,000 (L)	7.00
Dr. Jens Ehrhardt Kapital AG	2	Through a controlled corporation	33,618,000 (L)	7.00
Dr. Jens Alfred Karl Ehrhardt	2	Through a controlled corporation	33,618,000 (L)	7.00
Morgan Stanley	3	Directly beneficially owned	45,028,000 (L) 8,778,000 (S)	9.38 1.83

Notes:

1. *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.*
2. *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.*
3. *In June 2006, a wholly-owned subsidiary of the Company issued 3.5% convertible guaranteed bonds due 2011 (the "Bonds") with a principal sum of HK\$280 million. The bondholders have the right to convert the Bonds into shares of the Company at a conversion price, subject to adjustment in certain events, of HK\$4 per share. Morgan Stanley subscribed for a principal sum of HK\$145 million of the Bonds and was regarded to be interested in 36,250,000 shares of the Company at the issue date of the Bonds. The Bonds are freely transferable and there has been no conversion of the Bonds since issuance.*

Based on the last corporate substantial shareholder notice, Morgan Stanley disclosed it held a long position of 45,028,000 shares and a short position of 8,778,000 shares of the Company as at 3 April 2008.

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
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 ASSETS, CONTRACTS AND IN COMPETING BUSINESSES

The Group obtained bank loan facilities of HK\$150 million under cash collateral from Lucky Year. The financing arrangement was extended in July 2006 for a period of 30 months maturing in January 2009. Under the arrangement, the Group agreed to indemnify and pay Lucky Year a commission of 1.75% per annum on the average principal amount of the cash security outstanding during the term of the bank loans. In March 2008, the Group served notices to early terminate the financing arrangement and cancelled the bank loan facilities on 31 March 2008. A commission of HK\$2,625,000 was paid by the Group to Lucky Year for the year ended 31 March 2008. Mr. James Sai-Wing Wong and Madam Madeline May-Lung Wong are directors and shareholders of Lucky Year. Mr. Herman Man-Hei Fung is also a director of Lucky Year.

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 2008. 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.

On 11 May 2007, Cheerworld Group Limited, a wholly-owned subsidiary of the Company as the purchaser, Enhancement Investments Limited, Galantine Management Limited and Sharp-View Group Inc. as the vendors, entered into an agreement relating to the sale and purchase of the entire issued share capital of Unity Wise International Limited and assignment of related shareholders' loans at an aggregate cash consideration of HK\$90,000,000. On the same date, Cheerworld Group Limited as the purchaser and Enhancement Investments Limited as the vendor entered into another agreement relating to the sale and purchase of 50% of the issued share capital of Ample Joy International Limited and assignment of related shareholder's loan at an aggregate cash consideration of HK\$12,000,000. The acquisitions, being connected and discloseable transactions under the Listing Rules, were approved by the

independent shareholders of Chinney and the Company on 27 June 2007 and completed on 4 July 2007. Mr. James Sai-Wing Wong is a director of and beneficially owns the entire issued share capital of Enhancement Investments Limited.

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.

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 2007 (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 have 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. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinion and advice which are included in this circular:

Name	Qualification
Savills Valuation and Professional Services Limited	a property valuer

- (a) As at the Latest Practicable Date, Savills Valuation and Professional Services Limited did not 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) Savills Valuation and Professional Services Limited 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) Savills Valuation and Professional Services Limited has no direct or indirect interest in any assets which have been, since 31 March 2007 (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.

6. LITIGATION

So far as the Directors are aware, there are no litigation or claims of material importance pending or threatened against any member of the Group as at the Latest Practicable Date.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within two years immediately preceding the issue of this circular which are or may be material:

- (a) The Formal Agreement.
- (b) The Provisional Agreement.
- (c) Deed of assignment dated 4 July 2007 entered into between Cheerworld Group Limited, Enhancement Investments Limited, Galantine Management Limited, Sharp-View Group Inc. and Unity Wise International Limited in relation to the assignment of the shareholders' loans owing by Unity Wise International Limited.
- (d) Deed of assignment dated 4 July 2007 entered into between Cheerworld Group Limited, Enhancement Investments Limited and Ample Joy International Limited in relation to the assignment of the shareholder's loan owing by Ample Joy International Limited.
- (e) Sale and purchase agreement dated 11 May 2007 entered into between Cheerworld Group Limited, Enhancement Investments Limited, Galantine Management Limited and Sharp-View Group Inc. in relation to the acquisition of the entire issued share capital of Unity Wise International Limited and the assignment of related shareholders' loans at an aggregate consideration of HK\$90,000,000.
- (f) Sale and purchase agreement dated 11 May 2007 entered into between Cheerworld Group Limited and Enhancement Investments Limited in relation to the acquisition of 50% of the issued share capital of Ample Joy International Limited and the assignment of related shareholder's loan at an aggregate consideration of HK\$12,000,000.
- (g) Termination letter dated 27 March 2007 entered into between High Able Group Limited, SGM Golem Investment Limited and Hon Kwok Land Investment (China) Limited in relation to the termination of the proposed disposal of 50% of the issued share capital of Join Ally Limited and the assignment of related shareholder's loan.
- (h) Placing, underwriting and subscription agreement dated 15 November 2006 entered into between the Company, Chinney and The Hongkong and Shanghai Banking Corporation Limited in relation to the placing and subscription of 80,047,700 shares of the Company.
- (i) Sale and purchase agreement dated 30 September 2006 entered into between High Able Group Limited, SGM Golem Investment Limited and Hon Kwok Land Investment (China) Limited in relation to the disposal of 50% of the issued share capital of Join Ally Limited and the assignment of related shareholder's loan at an aggregate consideration of RMB245,215,100.
- (j) Trust deed dated 27 June 2006 entered into between the Company, Hon Kwok Land Treasury IV Limited and J.P. Morgan Corporate Trustee Services Limited in connection with the issue of HK\$280,000,000 3.5% convertible bonds.

- (k) Paying, conversion and transfer agency agreement dated 27 June 2006 entered into between the Company, Hon Kwok Land Treasury IV Limited and various parties in connection with the issue of HK\$280,000,000 3.5% convertible bonds.
- (l) Subscription agreement dated 19 June 2006 entered into between the Company, Hon Kwok Land Treasury IV Limited and various purchasers in connection with the issue of HK\$280,000,000 3.5% convertible bonds.
- (m) Sale and purchase agreement dated 12 June 2006 entered into between Spark Eagle Development Limited and Capitol Hotel Sdn. Bhd. in relation to the sale of Plaza Ampang for a cash consideration of RM70,000,000.

8. GENERAL

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

9. 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 15 May 2008:

- (a) the memorandum and articles of association of the Company;
- (b) the published consolidated audited financial statements of the Company and its subsidiaries for each of the two financial years ended 31 March 2006 and 2007;
- (c) the valuation report on the Property from Savills Valuation and Professional Services Limited as set out in Appendix II to this circular;
- (d) the written consent referred to under the section headed "Expert and Consent" in Appendix III to this circular;
- (e) each of the material contracts referred to under the section headed "Material Contracts" in Appendix III to this circular; and
- (f) this circular.