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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 160)**

**CONNECTED TRANSACTION  
IN RELATION TO  
CONSTRUCTION WORKS**

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



**紅日資本有限公司**  
**RED SUN CAPITAL LIMITED**

**Red Sun Capital Limited**

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

A letter from the Board is set out on pages 7 to 18 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 19 of this circular. A letter from Red Sun Capital, the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 20 to 31 of this circular.

A notice convening the EGM to be held at Full Moon Shanghai Restaurant, Macau Jockey Club, 3rd Floor, East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Friday, 24 August 2018 at 3:00 p.m., at which the Resolution as stated in the aforesaid notice will be considered, is set out on pages 39 to 40 of this circular.

A form of proxy for use at the EGM (and at any adjournment thereof) is enclosed with this circular.

Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event no later than 3:00 p.m. on Wednesday, 22 August 2018, being not less than 48 hours before the time appointed for the holding of the EGM (and any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (and any adjournment thereof) should you so wish.

8 August 2018

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS . . . . .</b>	<b>1</b>
<b>LETTER FROM THE BOARD . . . . .</b>	<b>7</b>
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE. . . . .</b>	<b>19</b>
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER . . . . .</b>	<b>20</b>
<b>APPENDIX I – GENERAL INFORMATION . . . . .</b>	<b>32</b>
<b>NOTICE OF EGM . . . . .</b>	<b>39</b>

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## DEFINITIONS

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

“Agreements”	collectively, the Consultancy Agreement and the Framework Agreement
“Architect”	Andrew Lee King Fun & Associates Architects Limited, the architect engaged by the Employer relating to the proposed development of the Project
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Building Occupation Permit”	the occupation permit to be issued by the Buildings Department of Hong Kong in respect of the Project in accordance with the Buildings Ordinance, Chapter 123 of the Laws of Hong Kong
“CAG Group”	Chinney Alliance and its subsidiaries
“Chinney Alliance”	Chinney Alliance Group Limited (建聯集團有限公司*), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange (Stock Code: 385)
“Chinney Holdings”	Chinney Holdings Limited (建業發展(集團)有限公司), a company incorporated in Hong Kong with limited liability and is the holding company of Chinney Investments holding approximately 61.93% of the issued shares of Chinney Investments as at the Latest Practicable Date
“Chinney Investments”	Chinney Investments, Limited (建業實業有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Stock Exchange (Stock Code: 216) and is holding approximately 68.09% and 29.10% of the issued shares of the Company and Chinney Alliance, respectively, as at the Latest Practicable Date
“Chinney Investments Group”	Chinney Investments and its subsidiaries
“Companies”	Chinney Investments, the Company and Chinney Alliance

\* For identification purpose only

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## DEFINITIONS

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“Company”	Hon Kwok Land Investment Company, Limited (漢國置業有限公司), a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Stock Exchange (Stock Code: 160)
“Conditions Precedent to the Framework Agreement”	the conditions precedents set out under the paragraph “Conditions Precedent to the Framework Agreement” in the “Letter from the Board” in this circular
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Construction Works”	<p>the construction of the data centre and the provision of ancillary building services relating to the Project, including but not limited to:</p> <ul style="list-style-type: none"><li>(a) take over, alter, modify and maintain the existing hoarding, covered walkway, fences, gantry, piling, temporary shoring system for excavation and lateral support works and the like, as required;</li><li>(b) carry out substructure and superstructure building works and finishes including but not limited to plastering and tiling, roofing system, waterproofing, windows, louvres, metal grilles, doors, ironmongery, fixtures, fittings, sundries and all builder’s works in connection with building services installations;</li><li>(c) design, supply, submission, installation and preparation of shop drawings for windows, curtain wall, aluminium cladding and louvres works, external false ceiling, gondola installation, etc.;</li><li>(d) all associated plumbing, drainage and underground drainage works and external works including hard landscaping, ducts and pits, connections to the public service mains and services diversions within and outside the site boundary;</li><li>(e) reinstatement of all excavation, adjacent land, pavement and roads, and the construction of run-in/out and road widening works including application of all excavation permits;</li></ul>

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## DEFINITIONS

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- (f) preparation and submission of the necessary records, plans, reports in accordance with relevant laws and regulations to the satisfaction of the Architect and relevant government departments;
- (g) attendance on and co-ordination with various sub-contractors, separate contractors, specialist contractors, government departments;
- (h) locate, lower or divert as necessary and maintain all existing utilities services and arrange with government departments and public utilities undertakings for disconnection, diversion and/or sealing of all encountered utilities without affecting adjoining building's services;
- (i) carry out all necessary works including construction, alteration and maintenance of all permanent and temporary works and measures necessary to obtain the occupation permit; and
- (j) any other works as instructed by the Architect to satisfy the requirements of relevant government departments,

as more particularly set out in the Contract Documents

“Consultancy Agreement”	the consultancy agreement dated 12 June 2018 entered into between the Employer and Shun Cheong Data Centre Solutions in relation to the provision of consultancy services for the Project
“Contract Documents”	the contract documents in respect of the Construction Works to be entered into between the Employer and the Contractor in accordance with and substantially in the same form and substance as annexed to the Framework Agreement
“Contractor”	Chinney Construction Company, Limited (建業建築有限公司), a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of Chinney Alliance
“Director(s)”	the directors of the Company

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## DEFINITIONS

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“Dr. James Sai-Wing Wong”	Dr. James Sai-Wing Wong, the chairman and executive director of each of Chinney Alliance, Chinney Investments and the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, among other things, seeking approval from the Independent Shareholders in respect of the Proposed CT
“Employer”	Gold Famous Development Limited (金譽發展有限公司), a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company and an indirect non wholly-owned subsidiary of Chinney Investments
“Framework Agreement”	a framework agreement dated 12 July 2018 entered into between the Contractor and the Employer in relation to the Construction Works
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of the Board consisting of all the independent non-executive Directors, namely Dr. Daniel Chi-Wai Tse, Mr. Zuo Xiang and Mr. William Kwan-Lim Chu, established to advise the Independent Shareholders in respect of the Proposed CT
“Independent Shareholders”	Shareholders other than Dr. James Sai-Wing Wong together with his associates
“Latest Practicable Date”	2 August 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Laws”	includes the Listing Rules, all laws, bye-laws, rules, regulations, guidelines, orders, judgments, decrees or rulings of any court, government, governmental or regulatory authority whether or not <i>ejusdem generis</i> with any of the foregoing and the “Law” shall be construed accordingly

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long-Stop Date”	31 December 2018
“Lucky Year”	Lucky Year Finance Limited, a company incorporated in the British Virgin Islands with limited liability
“Macau”	the Macau Special Administrative Region of the PRC
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Parties”	the Contractor and the Employer, the parties to the Framework Agreement and a “Party” shall be construed accordingly
“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong and Macau
“Project”	the construction and development of a data centre in a parcel of land situated at and known as K.C.T.L. No. 495, Kin Chuen Street, Kwai Chung, New Territories, Hong Kong
“Proposed CT”	the proposed connected transaction and the ancillary transactions contemplated under the Framework Agreement
“Provisional Sum”	an amount not exceeding Hong Kong dollars thirty-three million (HK\$33,000,000.00) being the estimated additional costs of Construction Works in the event that an application for exempting an area of approximately 1,200 square meters as non-accountable gross floor area under the original building plans of the Project is being approved by the relevant government departments
“Quantity Surveyor”	Beria Consultants Limited, an independent quantity surveyor engaged by the Employer in respect of the Project

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## DEFINITIONS

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“Red Sun Capital” or “Independent Financial Adviser”	Red Sun Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser appointed by the Company in respect of the Proposed CT
“Resolution”	the proposed ordinary resolution approving the Proposed CT as referred to in the notice of the EGM
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	the shareholders of the Company
“Shun Cheong Data Centre Solutions”	Shun Cheong Data Centre Solutions Company Limited (順昌數據中心創展有限公司), a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of Chinney Alliance
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tender Sum”	a sum of Hong Kong dollars seven hundred twenty-four million eight hundred thirty-eight thousand six hundred and ninety-one and seventy cents (HK\$724,838,691.70) as offered by the Contractor in the tendering documents relating to the Construction Works
“Total Contract Sum”	the aggregate of the Tender Sum and the potential Provisional Sum of the amount not exceeding Hong Kong dollars seven hundred fifty-seven million eight hundred thirty-eight thousand six hundred and ninety-one and seventy cents (HK\$757,838,691.70) being the total value of the Construction Works under the Framework Agreement
“%”	per cent



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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

James Sai-Wing Wong (*Chairman*)

James Sing-Wai Wong

Xiao-Ping Li

Peter Chi-Chung Luk

*Registered Office:*

23rd Floor

Wing On Centre

111 Connaught Road Central

Hong Kong

*Independent non-executive Directors:*

Daniel Chi-Wai Tse

Zuo Xiang

William Kwan-Lim Chu

8 August 2018

*To the Shareholders*

Dear Sir or Madam,

### **CONNECTED TRANSACTION IN RELATION TO CONSTRUCTION WORKS**

#### **INTRODUCTION**

With reference to the joint announcement dated 12 July 2018 as announced by Chinney Investments, the Company and Chinney Alliance, the Contractor and the Employer entered into the Framework Agreement, pursuant to which the Employer conditionally agreed to engage the Contractor, and the Contractor conditionally agreed to act as the main contractor to carry out the Construction Works for the Project at the Tender Sum of HK\$724,838,691.70, subject to a potential Provisional Sum not exceeding HK\$33,000,000.00.

On 12 June 2018, the Employer and Shun Cheong Data Centre Solutions, an indirect wholly-owned subsidiary of Chinney Alliance, entered into the Consultancy Agreement, pursuant to which Shun Cheong Data Centre Solutions was appointed by the Employer as a consultant to provide consultancy services for the Project at a fixed fee of HK\$16,200,000.00. Details of the Consultancy Agreement were set out in the joint announcement of the Companies dated 12 June 2018.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the Employer is an indirect wholly-owned subsidiary of the Company and an indirect non wholly-owned subsidiary of Chinney Investments, and the Contractor is an indirect wholly-owned subsidiary of Chinney Alliance. Chinney Investments is interested in approximately 68.09% and 29.10% of the issued shares of the Company and Chinney Alliance, respectively. Dr. James Sai-Wing Wong is the chairman and executive director of Chinney Investments, the Company and Chinney Alliance and is beneficially interested in (a) approximately 62.02% of the issued shares of Chinney Investments; (b) approximately 69.72% of the issued shares of the Company (including those interests held through Chinney Investments); and (c) approximately 73.43% of the issued shares of Chinney Alliance (including those interests held through Chinney Investments). Thus, Chinney Investments, the Company and Chinney Alliance are connected persons to one another within the meaning of the Listing Rules.

The entering into of the Framework Agreement constitutes a connected transaction for each of the Companies under the Listing Rules. As disclosed in the joint announcement of the Companies dated 12 June 2018, the entering into of the Consultancy Agreement also constituted a connected transaction for each of the Companies under the Listing Rules. Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, the Agreements shall be aggregated as a series of transactions as the transactions concerning the Project were entered into within a 12-month period and involved parties which are connected with one another among the Companies. As the applicable percentage ratios of the Proposed CT, on both stand-alone and the basis when aggregated with the Consultancy Agreement, are more than 5% and the Total Contract Sum is more than HK\$10 million, the Proposed CT constitutes a non-exempt connected transaction under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (a) further details of the Proposed CT; (b) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Proposed CT; (c) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposed CT; (d) a notice of the EGM; and (e) other information as required under the Listing Rules.

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## LETTER FROM THE BOARD

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### THE CONSULTANCY AGREEMENT

#### Date

12 June 2018 (after trading hours)

#### Parties to the Consultancy Agreement

- (a) the Employer, an indirect wholly-owned subsidiary of the Company and an indirect non wholly-owned subsidiary of Chinney Investments, is the owner and developer of the Project and is principally engaged in property development business in Hong Kong; and
- (b) Shun Cheong Data Centre Solutions, an indirect wholly-owned subsidiary of Chinney Alliance, is a consultancy company and is principally engaged in providing solutions in respect of design and planning, project management, facilities delivery, operation and maintenance of data centres.

#### Consultancy services

Pursuant to the Consultancy Agreement, Shun Cheong Data Centre Solutions was appointed as a consultant to provide consultancy services for the Project, which mainly include:

- (a) To illustrate the optional layouts in the test-fits of the data centre;
- (b) To liaise with utilities companies regarding the maximum electrical loading requirements and telecommunication capacities;
- (c) To provide principal data centre design concept and overall planning review of the development;
- (d) To review with the project architectural consultant team to formalise infrastructural provisions for the statutory submissions;
- (e) To study and develop the optimum rack layout for the modular data halls such as effective rack load density, circulating corridor, maintenance space, rack height, cabling zone, facility zone and spacing, etc.;
- (f) To provide detailed design for modular data halls and consultancy services for statutory submissions in accordance with the design;
- (g) To attend project management and progress meetings and to monitor and review the latest project schedule and identify critical milestones during the construction and development stages; and
- (h) To explore potential tenants globally and create tailored proposals to meet customer's specific requirements on data centre design and specifications.

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## LETTER FROM THE BOARD

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### **Term and consultancy fee**

The term of the engagement under the Consultancy Agreement has commenced from the date of the Consultancy Agreement and covers the whole construction and development period of the Project until 12 months after issuance of the Building Occupation Permit. The Building Occupation Permit is now expected to be issued in late 2019.

The consultancy fee under the Consultancy Agreement is fixed at HK\$16,200,000.00 and payable by the Employer to Shun Cheong Data Centre Solutions in stages.

### **THE FRAMEWORK AGREEMENT**

#### **Date**

12 July 2018 (after trading hours)

#### **Parties to the Framework Agreement**

- (a) The Employer, an indirect wholly-owned subsidiary of the Company and an indirect non wholly-owned subsidiary of Chinney Investments, is the owner and developer of the Project and is principally engaged in property development business in Hong Kong; and
- (b) The Contractor, an indirect wholly-owned subsidiary of Chinney Alliance, is a general building contractor and is principally engaged in the provision of building construction works and services to the public and private sectors in Hong Kong.

#### **Construction Works**

Pursuant to the Framework Agreement, the Employer conditionally agrees to engage the Contractor and the Contractor conditionally agrees to act as the main contractor to carry out the Construction Works for the Project at the Tender Sum (and subject to the potential Provisional Sum) on the terms and subject to the Conditions Precedent to the Framework Agreement, and the terms and conditions as contained in the Contract Documents. The period of the Construction Works is estimated to be approximately 465 calendar days.

#### **Total Contract Sum and terms of payment**

The Contractor was selected through a tendering process in which three companies had submitted tenders to the Quantity Surveyor and the Architect, both being independent third parties, for review and assessment. The Tender Sum represents the amount offered by the Contractor under the lump sum fixed price tender which is HK\$724,838,691.70.

In addition, the Employer intends to apply to the government departments for exempting an area of approximately 1,200 square meters as non-accountable gross floor area under the original building plans of the Project. In the event that such application is approved, the floor

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## LETTER FROM THE BOARD

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area of the building to be constructed would be increased and it is estimated by the Quantity Surveyor that the Tender Sum would be increased by the potential Provisional Sum which is capped at HK\$33,000,000.00 under the Framework Agreement. Accordingly, the Total Contract Sum representing the Tender Sum plus the potential Provisional Sum of the Construction Works under the Framework Agreement will not be exceeding HK\$757,838,691.70.

Payment of the Total Contract Sum will follow common industry practice which is to be effected in stages based on the progress of the Construction Works properly executed by the Contractor and the materials and goods delivered, as certified by the Architect in the architect's certificates to be delivered to the Employer from time to time.

The Employer has engaged the Architect and the Quantity Surveyor to conduct the tendering process and both of them have examined and assessed the merits of the tenders received.

Nevertheless, in determining the main contractor of the Project, the Architect and the Quantity Surveyor did not only consider the tender prices but also other factors relating to the tenderers such as the number of projects they have completed, their experiences of building contracts with similar nature, project scale and complexity, the competence of their technical staff and also the quality of their technical proposals submitted. Each tenderer was scored by the Architect after consideration of the above factors. Based on the examination and assessment by the Architect and the Quantity Surveyor, the Contractor was ranked the highest score amongst the three tenderers and the Quantity Surveyor recommended to award the tender to the Contractor. In determining the prevailing market rates relating to the Total Contract Sum, the Employer engaged the Quantity Surveyor to preliminarily assess the contract value of the Construction Works and carried out a competitive tendering procedure. Seven contractors, including the Contractor and six independent third parties, were invited for submission of tender for the Construction Works. Out of the three tenders received by the Employer, the Tender Sum offered by the Contractor represented the second lowest bid as compared to the other two tenderers. Each of the tender sums submitted by all three tenderers was less than the amount estimated by the Quantity Surveyor. The difference between the highest bid and the lowest bid was within 3% whereas the difference between the second lowest bid and the lowest bid was 0.5%. In accordance with the market practice, the Quantity Surveyor also sent tender questionnaires and conducted tender interview with each of the tenderers in the presence of the Architect and the Employer to ascertain the methodology and the completeness and sufficiency of each of the tender submissions. Based on the report from the Quantity Surveyor and its recommendation therein, the Employer believes that the Total Contract Sum is in line with the prevailing market rate for the Construction Works.

The Architect is experienced in providing architectural services for property and infrastructural projects for both the public and private sectors in Hong Kong. The officer responsible for the engagement by the Employer is a member of the Hong Kong Institute of Architects, Registered Architect, Authorised Person (Architect) and BEAM Professional with about 20 years of experience in the design, planning and project administration of property projects.

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## LETTER FROM THE BOARD

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The Quantity Surveyor has provided full quantity surveying services in a number of projects in Hong Kong. The officer responsible for the engagement by the Employer is a Professional Member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, Registered Professional Surveyor (Quantity Surveying Division) and Registered Cost Engineer (PRC) with over 20 years of experience in all aspects of quantity surveying and cost management duties.

As to the Contractor, the Tender Sum offered by the Contractor to the Employer was determined based on the estimated project costs (including machinery usage costs, direct labour costs, subcontracting charges and construction materials costs, etc.) by reference to the prevailing market rates, and were comparable to those offered to other independent third parties for similar Construction Works.

### **Conditions Precedent to the Framework Agreement**

The engagement of the Contractor by the Employer and the acceptance of such engagement by the Contractor, and the obligations of the Parties under the Framework Agreement are conditional upon:

- (a) the passing by the independent shareholders of each of the Companies in their respective special general meetings or extraordinary general meetings (as the case may be) by way of poll of resolution(s) approving, amongst other things, the Proposed CT and authorising the execution, delivery and performance of all the transactions contemplated under the Framework Agreement and any agreement ancillary thereto;
- (b) all requirements imposed by the Stock Exchange under the Listing Rules or otherwise in connection with all the transactions contemplated by the Framework Agreement having been fully complied with; and
- (c) all waivers, consents, approvals or confirmations of the Stock Exchange which are required or appropriate or in relation thereto, and all relevant waivers, consents, approvals or confirmations required for the purposes of the Parties for the entry into and the implementation of the Framework Agreement having been obtained.

None of the conditions precedent to the Framework Agreement can be waived by the Contractor or the Employer.

The Parties shall use their reasonable endeavours to procure that the Conditions Precedent to the Framework Agreement shall be fulfilled by the Long-Stop Date.

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## LETTER FROM THE BOARD

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If the Conditions Precedent to the Framework Agreement shall not have been fulfilled by the Long-Stop Date, or such other date as the Parties may agree in writing (time in either case being of the essence), then save in respect of any antecedent breach of the Framework Agreement, all rights and liabilities of the Parties shall cease and no Party shall have any claim against the other Party.

### INFORMATION ON THE COMPANIES

The Company is an investment holding company incorporated in Hong Kong with limited liability. The Group is mainly engaged in property development, property investment and property related businesses.

Chinney Investments is an investment holding company incorporated in Hong Kong with limited liability. Chinney Investments Group (excluding the Group and CAG Group) is mainly engaged in garment manufacturing and trading and investment holding.

Chinney Alliance is a company incorporated in Bermuda with limited liability. CAG Group is mainly engaged in trading of plastics and chemical products; provision of building related contracting services; provision of foundation piling works and sub-structure works; and provision of construction works.

### REASON FOR AND BENEFITS OF THE PROPOSED CT

The principal activities of the Group are property development and investment. From time to time, the Group engages contractors for construction works of its property development projects. The land site of the Project was acquired by the Group through government public tender in Hong Kong in 2015, and is planned to be developed as a data centre for recurring rental income. The management of the Company considers that it is in the best interests of the Company and its Shareholders as a whole to engage a technically competent contractor at a competitive price to carry out the Construction Works. The Contractor is considered an appropriate choice given (a) the recommendation by the Architect and the Quantity Surveyor by reference to the technical aspect and pricing of the all three tenders received by the Employer; (b) that same as the Employer, it is under the control of Dr. James Sai-Wing Wong who has the objective of achieving the well-being for all of the Companies; and (c) that the long established relationship amongst the Companies will enhance work efficiency and effective communication.

Dr. James Sai-Wing Wong, being a controlling shareholder of each of the Companies, will abstain from voting at the special or extraordinary general meeting of each of the Companies in respect of the Proposed CT. The Company and Chinney Alliance are run by separate board of directors. Should the Proposed CT receive approval from the independent shareholders of the respective Companies, Dr. James Sai-Wing Wong as the chairman of each of the Companies has fiduciary duties as a director to ensure that relevant parties shall work in the interest of the shareholders of their respective Companies with regard to the timely completion of the Construction Works in a quality manner and within the approved Total Contract Sum. As such, the well-being for the Companies can be achieved.



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## LETTER FROM THE BOARD

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The relationships among the Companies can be traced back to 1985. The Company was acquired by Chinney Investments in 1985 and has been the flagship of the Chinney Investments Group undertaking property development and investment activities in Hong Kong and the PRC. Chinney Alliance was acquired by Chinney Investments in 1998 and is now an associate of Chinney Investments focusing on construction businesses in Hong Kong and Macau. The Contractor, founded in 1975, was a subsidiary of Chinney Investments prior to its disposal to Chinney Alliance in 2007.

CAG Group has been engaging in construction works in Hong Kong and Macau through its respective subsidiaries, including the Contractor, Kin Wing Foundations Limited and Kin Wing Engineering Company Limited. The Contractor commenced building construction business since its establishment in 1975, while Kin Wing Engineering Company Limited and Kin Wing Foundations Limited, which are both engaged in foundation construction business, were established in 1994 and 1995, respectively. The management of CAG Group considers that the submission of the tender and the acceptance of it (if being awarded) relating to the Construction Works are within its normal course of business. The Tender Sum offered to the Employer was determined based on the estimated project costs (including machinery usage costs, direct labour costs, subcontracting charges and construction materials costs etc.) by reference to the prevailing market rates, and were comparable to those offered to other independent third parties by the Contractor for similar Construction Works.

The conditional engagement by the Employer and the conditional acceptance by the Contractor to act as the main contractor to carry out the Construction Works represent activities within the ordinary and usual course of business of each of CAG Group, Chinney Investments Group and the Group. The terms of the Framework Agreement were arrived at by the Contractor and the Employer after arm's length negotiations.

Under the articles of association of the Company, a Director should not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement in which he/she is to his/her knowledge materially interested. Accordingly, Dr. James Sai-Wing Wong has not voted or been counted in the quorum on the resolutions approving the Framework Agreement. Mr. James Sing-Wai Wong, being the son of Dr. James Sai-Wing Wong, has also abstained from voting on the said resolutions of the Board voluntarily for the purpose of good corporate governance.

### LISTING RULES IMPLICATIONS

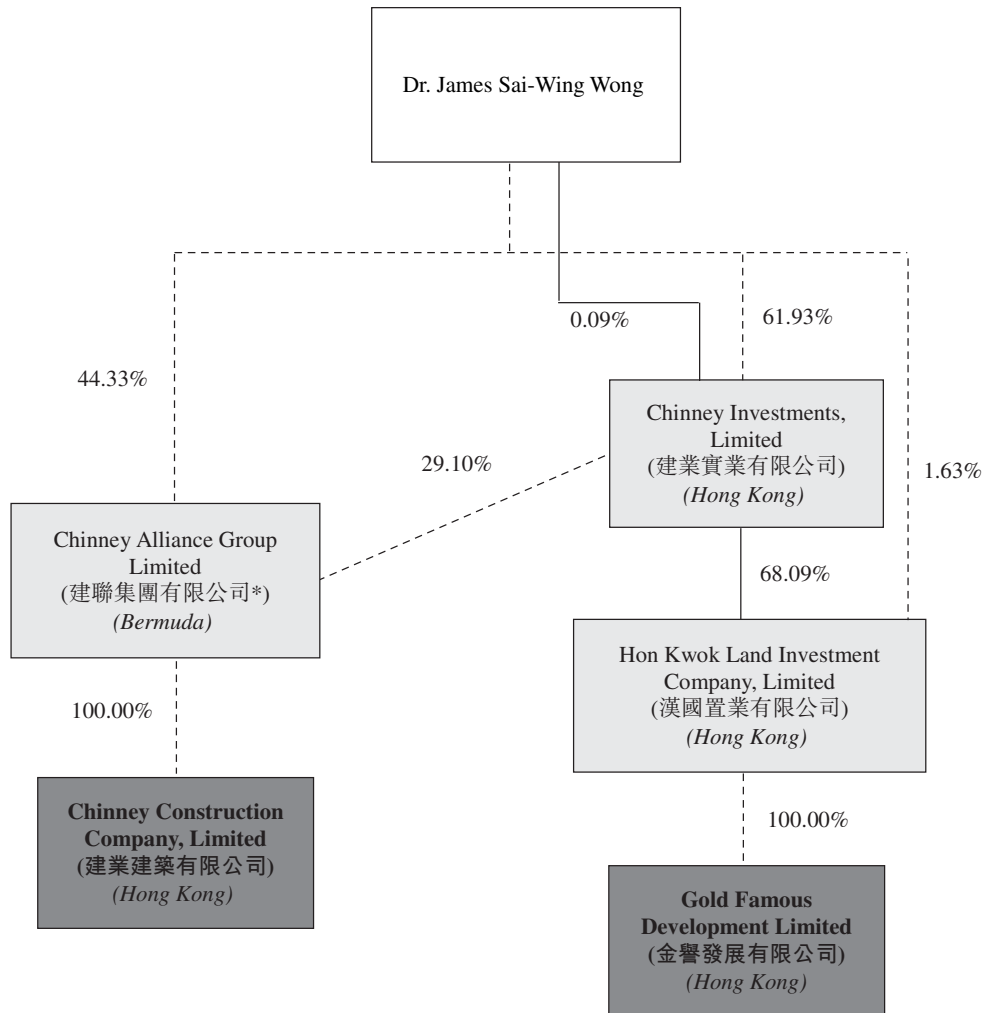
As at the Latest Practicable Date, the Employer is an indirect wholly-owned subsidiary of the Company and an indirect non wholly-owned subsidiary of Chinney Investments, and the Contractor is an indirect wholly-owned subsidiary of Chinney Alliance. Chinney Investments is interested in approximately 68.09% and 29.10% of the issued shares of the Company and Chinney Alliance, respectively. Dr. James Sai-Wing Wong is the chairman and executive director of each of Chinney Investments, the Company and Chinney Alliance and is beneficially interested in (a) approximately 62.02% of the issued shares of Chinney Investments; (b) approximately 69.72% of the issued shares of the Company (including those



## LETTER FROM THE BOARD

interests held through Chinney Investments); and (c) approximately 73.43% of the issued shares of Chinney Alliance (including those interests held through Chinney Investments). Thus Chinney Investments, the Company and Chinney Alliance are connected persons to one another within the meaning of the Listing Rules.

The relationships of Dr. James Sai-Wing Wong, the Parties and the Companies are set out in the structure chart below:



\* For identification purpose only

Notes:

1. - - - - represents indirect shareholding interests
2. ——— represents direct shareholding interests
3. The percentages are subject to rounding

Accordingly, the entering into of the Framework Agreement constitutes a connected transaction for each of the Companies under the Listing Rules.

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## LETTER FROM THE BOARD

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On 12 June 2018, the Employer entered into the Consultancy Agreement with Shun Cheong Data Centre Solutions relating to the provision of consultancy services for the Project, details of which are set out in the joint announcement of the Companies dated 12 June 2018. Having considered that (a) the Agreements were both entered into between subsidiaries of the Company and Chinney Alliance; (b) the Agreements were entered into within a period of 12 months up to the date of the joint announcement of the Companies dated 12 July 2018; and (c) the respective transactions contemplated under the Agreements are both related to the Project, the Directors consider that the transactions under the Agreements should be aggregated for the purpose of determining the relevant requirements applicable to the Framework Agreement pursuant to Rule 14A.81 and Rule 14A.82 of the Listing Rules.

As the applicable percentage ratios of the Proposed CT, on both stand-alone and the basis when aggregated with the Consultancy Agreement, are more than 5% and the Total Contract Sum is more than HK\$10 million, the Proposed CT constitutes a non-exempt connected transaction under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### EGM

The EGM will be convened and held at Full Moon Shanghai Restaurant, Macau Jockey Club, 3rd Floor, East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Friday, 24 August 2018 at 3:00 p.m. to consider and, if thought fit, to approve the Proposed CT. A notice convening the EGM is set out on pages 39 to 40 of this circular.

As at the Latest Practicable Date, Dr. James Sai-Wing Wong together with his associates will be required to abstain from voting on the Resolution. Dr. James Sai-Wing Wong together with his associates are currently holding 502,262,139 shares of the Company, representing approximately 69.72% of the issued shares of the Company. Save as aforementioned, to the best of the knowledge, information and belief of the Directors and having made all reasonable enquiry, no other Shareholder has a material interest in the Proposed CT and therefore no other Shareholder is required to abstain from voting at the EGM.

The register of members will be closed from Tuesday, 21 August 2018 to Friday, 24 August 2018 (both days inclusive), during which period no share transfers will be registered. In order to qualify to attend and vote at the EGM, all transfer forms accompanied by relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Monday, 20 August 2018.

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 Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event no later than 3:00 p.m. on Wednesday, 22 August 2018, being not less than 48 hours before the time appointed for the holding of the EGM (and any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (and any adjourned meeting thereof) should you so wish.

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## LETTER FROM THE BOARD

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Pursuant to Rule 13.39(4) of the Listing Rules and article 75(v) of the articles of association of the Company, the Resolution will be voted on by way of poll at the EGM. According to article 81(A) of the articles of association of the Company, on a poll, subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, every Shareholder present in person (or being a corporation, is present by a representative duly authorised), or by proxy shall have one vote for every share of which he is the holder which is fully paid up or credited as fully paid (but so that no amount paid up or credited as paid up on a share in advance of calls or instalments shall be treated for the purpose of the articles of association as paid up on the share). The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Proposed CT.

### **INDEPENDENT FINANCIAL ADVISER**

Red Sun Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed CT.

### **RECOMMENDATION**

The Independent Board Committee, having considered the advice from Red Sun Capital, considers that the Proposed CT is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole and the terms of the Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the Resolution to be proposed at the EGM to approve the Proposed CT.

The Directors (including the independent non-executive Directors after taking into account the advice from Red Sun Capital) consider that the terms of the Framework Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is drawn to (a) the “Letter from the Independent Board Committee” set out on page 19 of this circular, which contains its recommendation to the Independent Shareholders; (b) the “Letter from the Independent Financial Adviser” set out on pages 20 to 31 of this circular, which contains its advice and recommendation to the Independent Board Committee and the Independent Shareholders; and (c) the additional information set out in the appendix to this circular.

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

8 August 2018

*To the Independent Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION  
IN RELATION TO  
CONSTRUCTION WORKS**

We refer to the circular issued by the Company to the Shareholders dated 8 August 2018 (the “Circular”), of which this letter forms part. Capitalised terms defined in the Circular have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders on the terms of the Proposed CT. Red Sun Capital has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the “Letter from the Board” set out on pages 7 to 18 of the Circular and the “Letter from the Independent Financial Adviser” to us and the Independent Shareholders set out on pages 20 to 31 of the Circular.

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

Yours faithfully,  
For and on behalf of  
**Independent Board Committee**

**Daniel Chi-Wai Tse**

**Zuo Xiang**  
*Independent non-executive Directors*

**William Kwan-Lim Chu**

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter from the Independent Financial Adviser setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Proposed CT, which has been prepared for the purpose of inclusion in this circular.*



红日资本有限公司

RED SUN CAPITAL LIMITED

8 August 2018

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

Dear Sir/Madams,

### CONNECTED TRANSACTION IN RELATION TO CONSTRUCTION WORKS

#### INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed connected transaction contemplated under the Framework Agreement, namely, the Proposed CT. Details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 8 August 2018 (the “**Circular**”) of which this letter forms part. Terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context require otherwise.

On 12 July 2018 (after trading hours of the Stock Exchange), the Contractor and the Employer entered into the Framework Agreement, pursuant to which the Employer conditionally agreed to engage the Contractor, and the Contractor conditionally agreed to act as the main contractor to carry out the Construction Works for the Project at the Tender Sum of HK\$724,838,691.70, subject to a potential Provisional Sum not exceeding HK\$33,000,000.00.

As at the Latest Practicable Date, the Employer is an indirect wholly-owned subsidiary of the Company (also referred to as “**Hon Kwok**” hereafter) and an indirect non wholly-owned subsidiary of Chinney Investments, and the Contractor is an indirect wholly-owned subsidiary of Chinney Alliance. Chinney Investments is interested in approximately 68.09% and 29.10% of the issued shares of Hon Kwok and Chinney Alliance, respectively. Dr. James Sai-Wing Wong is the chairman of Chinney Investments, Hon Kwok and Chinney Alliance and is beneficially interested in (i) approximately 62.02% of the issued shares of Chinney Investments; (ii) approximately 69.72% of the issued shares of Hon Kwok (including those interests held through Chinney Investments); and (iii) approximately 73.43% of the issued shares of Chinney Alliance (including those interests held through Chinney Investments). On this basis, Chinney Investments, Hon Kwok and Chinney Alliance are connected persons to one another within the meaning of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The entering into of the Framework Agreement constitutes a connected transaction for Hon Kwok under the Listing Rules. As the applicable percentage ratio of the Proposed CT is more than 5% and the Total Contract Sum is more than HK\$10 million, the Proposed CT constitutes a non-exempt connected transaction under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Dr. James Sai-Wing Wong, being a director of Hon Kwok and having a material interest in the Proposed CT, and his associates are required to abstain from voting at the EGM.

### INDEPENDENT BOARD COMMITTEE

The Board currently consists of the following (i) executive Directors, namely Dr. James Sai-Wing Wong (Chairman), Mr. James Sing-Wai Wong, Mr. Xiao-Ping Li and Mr. Peter Chi-Chung Luk; and (ii) independent non-executive Directors, namely Dr. Daniel Chi-Wai Tse, Mr. Zuo Xiang and Mr. William Kwan-Lim Chu.

The Independent Board Committee comprising Dr. Daniel Chi-Wai Tse, Mr. Zuo Xiang and Mr. William Kwan-Lim Chu, being all the independent non-executive Directors, has been established by Hon Kwok to advise and make recommendation to the Independent Shareholders in respect of whether the Proposed CT was entered into on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders has been approved by the Board. Our role as the Independent Financial Adviser is to advise the Independent Board Committee and the Independent Shareholders regarding the fairness and reasonableness of the terms of the Proposed CT.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we do not have any relationship with, or interest in, or other services provided to, Hon Kwok or any other parties that could reasonably be regarded as relevant to our independence in the past two years except for the Proposed CT. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser in relation to the Proposed CT, no arrangements exist whereby we had received or will receive any fees or benefits from Hon Kwok or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### BASIS AND ASSUMPTIONS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things, the Framework Agreement, documents prepared by the external professional parties as well as other relevant information set out in the Circular.

We have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. The Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information have been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not, carried out any independent verification of the information provided by the Management, nor have conducted any independent investigation into the business, financial conditions and affairs of the Group, Chinney Investments Group, CAG Group and their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate. The Directors have collectively and individually accepted full responsibility, including particulars given in compliance with the Listing Rules, for the accuracy of the information contained in the Circular and have confirmed, after having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other matters of facts, the omission of which would make any statement herein or the Circular misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the terms of the Framework Agreement, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Proposed CT, we have taken into consideration the following principal factors and reasons:

#### (i) Information on the Parties

##### *Background of the Contractor and Chinney Alliance*

As set out in the Letter from the Board, the Contractor is a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of Chinney Alliance. It is principally engaged in building construction works and providing construction services to the public and private sectors in Hong Kong.

Chinney Alliance is a company incorporated in Bermuda with limited liability. CAG Group has been engaging in construction works in Hong Kong and Macau through its respective subsidiaries, including the Contractor, Kin Wing Foundations Limited (“**Kin Wing Foundations**”) and Kin Wing Engineering Company Limited (“**Kin Wing Engineering**”). The Management advised that the Contractor commenced building construction business since its establishment in 1975, while Kin Wing Engineering and Kin Wing Foundations, which are both engaged in foundation construction business, were established in 1994 and 1995, respectively.

Set out below is a summary of the operating results and financial position of CAG Group for the two years ended 31 December 2016 and 2017 as extracted from the annual report of CAG Group for the year ended 31 December 2017:

*Table 1: Consolidated financial results of CAG Group*

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2016</b>	<b>2017</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(audited)</i>	<i>(audited)</i>
Revenue		
– Plastic and chemical products	552.1	556.5
– Building related contracting services	1,558.3	2,178.9
– Building construction	1,079.3	1,648.5
– Foundation piling and ground investigation	1,355.7	1,190.4
– Others	25.3	21.5
<b>Total Revenue</b>	<b>4,570.7</b>	<b>5,595.8</b>
<b>Gross profit</b>	<b>704.4</b>	<b>667.1</b>
<b>Profit for the year</b>	<b>235.4</b>	<b>197.3</b>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Table 2: Consolidated financial position of CAG Group*

	<b>As at 31 December</b>	
	<b>2016</b>	<b>2017</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(audited)</i>	<i>(audited)</i>
Non-current assets	851.5	844.9
Current assets	2,372.3	2,736.8
– cash and cash equivalents	858.8	942.1
Net current assets	760.7	980.8

The CAG Group recorded revenue of approximately HK\$5,595.8 million for the year ended 31 December 2017, representing an increase of approximately 22.4% compared to approximately HK\$4,570.7 million for the year ended 31 December 2016. The increase in the total revenue was mainly attributable to the increase in revenue derived from its building construction segment of approximately HK\$1,079.3 million for the year ended 31 December 2016 to approximately HK\$1,648.5 million for the year ended 31 December 2017. For the year ended 31 December 2017, CAG Group recorded (i) gross profit of approximately HK\$667.1 million; and (ii) profit for the year of approximately HK\$197.3 million.

As at 31 December 2017, the CAG Group had (i) current assets of approximately HK\$2,736.8 million, which consisted cash and cash equivalents of approximately HK\$942.1 million; and (ii) net current assets of approximately HK\$980.8 million.

In view of the above, the Management considered the Contractor, being an indirect wholly-owned subsidiary of Chinney Alliance, has sufficient financial resources to carry out the Construction Works.

### ***Background of the Employer, Hon Kwok and Chinney Investments***

As set out in the Letter from the Board, the Employer is a company incorporated under the laws of Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company, and an indirect non wholly-owned subsidiary of Chinney Investments. It is principally engaged in property development business in Hong Kong.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Company is an investment holding company incorporated in Hong Kong with limited liability. The Group is principally engaged in property development, property investment and property related activities. As set out in the Group's annual results announcement for the year ended 31 March 2018, the Group derived from revenue primarily from three business segments, namely (i) property development segment, which principally develops properties for sale; (ii) property investment segment, which principally holds investment properties for development and the generation of rental income; and (iii) others, which principally comprises, the sub-leasing of carparking business and the property management service business. For the years ended 31 March 2017 and 2018, the property development segment has been the largest segment of the Group in terms of revenue generated, which contributed to over 85% of the Group's revenue, respectively.

Chinney Investments is an investment holding company incorporated in Hong Kong with limited liability. Chinney Investments Group (excluding the Group and CAG Group) is mainly engaged in garment manufacturing and trading and general investment.

### **(ii) Reasons for and benefits of the Framework Agreement**

As mentioned in the Letter from the Board, one of the principal activities of the Group is property development and from time to time it engages contractors for construction works of its property development projects.

The land site of the Project was acquired by the Group through government public tender in Hong Kong in 2015, and is planned to be developed as a data centre for recurring rental income. The Management considers that it is in the interests of the Company and the Shareholders as a whole to engage a technically competent contractor at a competitive price to carry out the Construction Works. As set out in the Letter from the Board, the Contractor is considered an appropriate choice given (i) the recommendation by the Architect and the Quantity Surveyor by reference to the technical aspect and pricing of the all three tenders received by the Employer; (ii) same as the Employer, it is under the control of Dr. James Sai-Wing Wong who has the objective of achieving the well-being for all of the Companies; and (iii) the long established relationship amongst the Companies will enhance work efficiency and effective communication.

As disclosed in the Letter from the Board, the relationship among the Companies can be traced back to 1985. Hon Kwok was acquired by Chinney Investments in 1985 and has been the flagship of the Chinney Investments Group undertaking property development and investment activities in Hong Kong and the PRC. Chinney Alliance was acquired by Chinney Investments in 1998 and is now an associate of Chinney Investments focusing on construction businesses in Hong Kong and Macau. The Contractor, founded in 1975, was a subsidiary of Chinney Investments prior to its disposal to Chinney Alliance in 2007.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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CAG Group has been engaging in construction works in Hong Kong and Macau through its respective subsidiaries, including the Contractor, Kin Wing Foundations and Kin Wing Engineering. The Management advised that the Contractor commenced building construction business since its establishment in 1975, while Kin Wing Engineering and Kin Wing Foundations, which are both engaged in foundation construction business, were established in 1994 and 1995, respectively.

As set out in the project list of the Contractor included in the tender document for the past 10 years, the Contractor had completed over 50 construction projects of similar nature in Hong Kong, its customers included, amongst others, property developers, construction companies, universities in Hong Kong, charity organisations as well as their respective main contractors. In this regard, the Contractor has undertaken the role of a main contractor and subcontractor in the past. The nature of the above-mentioned projects included, but not limited to, (i) fitting out works; (ii) alterations, additions, repairs and improvement works; (iii) foundation, excavation and lateral support works; and (iv) sub-structure and superstructure works.

The Management also considered that (i) the engagement of the Contractor would enable Hon Kwok to capitalise on the experience and expertise of CAG Group in the Hong Kong construction industry; and (ii) the joint effort of the Parties would provide a more comprehensive and coordinated service in the common interest of the Parties and the Companies.

In addition, the Management is of the view that the Construction Works would require specialised expertises and capabilities, it is beneficial and more cost effective to engage a capable, reliable and reputable contractor whom it is familiar with. Taking into consideration that (i) the Contractor's past experience in the provision of similar construction works and services under the Framework Agreement; and (ii) the long established relationship between the two groups will enhance work efficiency and effective communication, the Management considers the Contractor an appropriate candidate for the Proposed CT.

The conditional engagement by the Employer and the conditional acceptance by the Contractor to carry out the Construction Works represented activities within the ordinary and usual course of business of the Group. Furthermore, the Contractor for the Construction Works was selected through a tender process by invitation conducted by an independent consultant, of which the Contractor along with six independent third parties were invited to submit tenders. A total of three tenders including the one submitted by the Contractor, was received by the independent consultant. Among the three tenders received, the Total Contract Sum set out in the tender submitted by the Contractor for the Construction Works was the second lowest bid.

Having considered the reasons for and benefits of the Proposed CT, we are of the view that the entering into of the Framework Agreement is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### (iii) Principal terms of the Framework Agreement

<b>Date:</b>	12 July 2018 (after trading hours)
<b>Parties:</b>	(i) Contractor; and (ii) Employer
<b>Construction Works:</b>	The Employer conditionally engages the Contractor and the Contractor conditionally agrees to act as the main contractor to carry out the Construction Works for the Project at the Tender Sum (and subject to the Provisional Sum) on the terms and subject to the Conditions Precedent to the Framework Agreement, and the terms and conditions as contained in the Contract Documents.
<b>Total Contract Sum:</b>	The aggregate of the Tender Sum and the potential Provisional Sum of the amount not exceeding HK\$757,838,691.70.
<b>Contract period:</b>	Approximately 465 calendar days
<b>Terms of payment:</b>	Payment of the Total Contract Sum will follow common industry practice which is to be effected in stages based on the progress of the Construction Works properly executed by the Contractor and the materials and goods delivered, as certified by the Architect in the architect's certificates to be delivered to the Employer from time to time.

#### ***Conditions Precedent to the Framework Agreement:***

As stated in the Letter from the Board, the engagement of the Contractor by the Employer and the acceptance of such engagement by the Contractor, and the obligations of the Parties under the Framework Agreement are conditional upon:

- (a) the passing by the independent shareholders of each of the Companies in their respective special general meetings or extraordinary general meetings (as the case may be) by way of poll of resolution(s) approving, amongst other things, the Proposed CT and authorising the execution, delivery and performance of all the transactions contemplated under the Framework Agreement and any agreement ancillary thereto;
- (b) all requirements imposed by the Stock Exchange under the Listing Rules or otherwise in connection with all the transactions contemplated by the Framework Agreement having been fully complied with; and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (c) all waivers, consents, approvals or confirmations of the Stock Exchange which are required or appropriate or in relation thereto, and all relevant waivers, consents, approvals or confirmations required for the purposes of the Parties for the entry into and the implementation of the Framework Agreement having been obtained.

None of the conditions precedent to the Framework Agreement can be waived by the Contractor or the Employer.

The Parties shall use their reasonable endeavours to procure that the Conditions Precedent to the Framework Agreement shall be fulfilled by the Long-Stop Date.

If the Conditions Precedent to the Framework Agreement shall not have been fulfilled by the Long-Stop Date, or such other date as the Parties may agree in writing (time in either case being of the essence), then save in respect of any antecedent breach of the Framework Agreement, all rights and liabilities of the Parties shall cease and no Party shall have any claim against the other Party.

### **(iv) Our analysis and work performed**

#### ***Total Contract Sum and terms of payment***

As set out in the Letter from the Board, the Contractor was selected through a tendering process in which three companies had submitted tenders to the Quantity Surveyor and the Architect, both being independent third parties, for review and assessment. The Tender Sum represents the amount offered by the Contractor under the lump sum fixed price tender which is HK\$724,838,691.70. In addition, the Employer intends to apply to the government departments for exempting an area of approximately 1,200 square meters as non-accountable gross floor area under the original building plans of the Project. In the event that such application was approved, the floor area of the building to be constructed would be increased and it was estimated by the Quantity Surveyor that the Tender Sum would be increased by the Provisional Sum which is capped at HK\$33,000,000.00 under the Framework Agreement. Accordingly, the Total Contract Sum representing the Tender Sum plus the Provisional Sum of the Construction Works under the Framework Agreement will not be exceeding HK\$757,838,691.70.

Payment of the Total Contract Sum will follow common industry practice which is to be effected in stages based on the progress of the Construction Works properly executed by the Contractor and the materials and goods delivered, as certified by the Architect in the Architect's certificates to be delivered to the Employer from time to time.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Employer has engaged the Architect and the Quantity Surveyor to conduct the tendering process and both of them have examined and assessed the merits of the tenders received. In determining the main contractor of the Project, the Architect and the Quantity Surveyor do not only consider the tender prices but also other factors relating to the tenderers such as the number of projects they have completed, their experiences of building contracts with similar nature, project scale and complexity, the competence of their technical staff and also the quality of their technical proposals submitted. Each tenderer will be scored by the Architect after consideration of the above factors. Based on the examination and assessment by the Architect and the Quantity Surveyor, the Contractor was ranked the highest score amongst the three tenderers and the Quantity Surveyor recommended to award the tender to the Contractor.

### *Tender procedures for the selection of constructor*

As advised by the Management, for its sizeable construction contracts in Hong Kong, Hon Kwok will typically consider inviting not less than three contractors to submit tender or quotation. Under certain circumstances, including but not limited to, tight construction schedule, lack of sufficient market interest or in the absence of available suitable contractors, Hon Kwok may consider approaching one contractor to submit tender/quotation for a given construction contract. In the event that such contractor is an independent third party, Hon Kwok may assess such tender/quotation internally and/or by engaging an external professional party. In the event that such contractor is a connected party, Hon Kwok shall assess such tender/quotation internally together with advice from relevant external professional party(ies) prior to awarding such construction contract.

### *Technical Assessment Report and Tender Report*

In formulating their recommendation, the Quantity Surveyor had, amongst other matters, (i) reviewed the technical assessment report prepared by the Architect (the “**Technical Assessment Report**”), which set out the assessment made by the Architect primarily focusing on the technical aspects of the three submitted tenders received by the Employer in connection with the Construction Works; and (ii) the contractual matters of the three submitted tenders.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In this connection, we have discussed and reviewed the (i) methodology, basis and key assumptions adopted in the Technical Assessment Report prepared by the Architect, the tender report prepared the Quantity Surveyor (the “**Tender Report**”), respectively; and (ii) the relevant documents submitted by the three tenderers, including but not limited to, (a) tender documents; (b) certificates of the tenders; (c) qualification of the team members of the tenderers; and (d) their previous experience in relation to similar building contracts. We had discussed with the Architect and understand that an assessment on technical matters was carried out by the Architect and scores were given to each of the three submitted tenders based on the different attributes including (i) tender’s experience; (ii) tenderer’s past performance; (iii) tenderer’s technical resources; and (iv) tenderer’s technical proposals. As advised by the Architect, the aforesaid evaluation methodology adopted is in line with its practice when undertaking other similar engagements, whereby evaluation is made based on the (i) documents submitted by tenderers; and (ii) the interview with each of the tenderers. Documents reviewed by the Architect included, amongst others, (i) tender documents; (ii) certificates of the tenders; (iii) qualification of the team members of the tenderers; and (iv) their previous experience in relation to similar building contracts.

Based on the assessments on three tenderers as set out in the Technical Assessment Report, the evaluation conducted by the Quantity Surveyor based on the information as set out in the Technical Assessment Report as well as the tender price submitted by the tenderers, the Quantity Surveyor has made its recommendation to the Group. As advised by the Quantity Surveyor, it is not uncommon for them to make reference to assessments by another professional party(ies) when examining tender submissions before finalising their recommendation, and in accordance with the methodology and assumptions adopted for the Tender Report, they also considered the proposed contract sum and terms of all three tenders regarding the Construction Works submitted by the tenderers. The Contractor with the highest overall score out of the three tender submissions was recommended by the Quantity Surveyor. Both the Architect and Quantity Surveyor have advised that the assessment methodology adopted by each of them are in line with their practice for other engagements with a similar nature.

In addition, we also assessed the expertise and independence of the Architect and the Quantity Surveyor by performing the following:

- (i) obtained and reviewed the terms of engagement (having particular regard to the scope of work, whether the scope of work is considered appropriate for the recommendation required to be given and any material limitations on the scope of work which might adversely impact on their recommendation as set out in the Tender Report);
- (ii) discussed with the Architect and Quantity Surveyor as to their current or prior relationships with the Employer, Hon Kwok and Chinney Investments; and
- (iii) reviewed and discussed with the Architect and the Quantity Surveyor on their past relevant experience in the construction industry in Hong Kong and the qualifications of the key team members.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Having considered (i) our analysis and work performed as set out under paragraph headed “Technical Assessment Report and Tender Report” in this letter above; (ii) the tender price submitted by the contractor, being the second lowest bid among the three tenders received, was in line with the respective tender price submitted by the other two independent tenderers; (iii) the fact that all tenderers, including the Contractor, had gone through the same internal tender procedure adopted by the Employer; (iv) the relevant qualifications and experiences of the Architect and the Quantity Surveyor; (v) the information as set out under the Technical Assessment Report prepared by the Architect; (vi) the information as set out under the Tender Report prepared by the Quantity Surveyor; and (vii) the recommendation by the Quantity Surveyor, details of which are set out above and in the Letter from the Board, we are of the view that the terms of the Framework Agreement, which was awarded to the Contractor via tender, are fair and reasonable.

### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) the entering of the Framework Agreement is in the ordinary and usual course of business of the Group; (ii) the terms of the Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the terms of the Framework Agreement are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders to vote in favour of the relevant resolution for approving the Proposed CT.

Yours faithfully,  
For and on behalf of  
**Red Sun Capital Limited**  
**Lewis Lai**  
*Managing Director*

*Mr. Lewis Lai is a Responsible Officer of Red Sun Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. He has been active in the field of corporate finance advisory for over 10 years, and has been involved in and completed various corporate finance advisory transactions.*

**1. RESPONSIBILITY STATEMENT**

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

**2. DISCLOSURE OF INTERESTS****Directors' interests and short positions in the shares and underlying shares of the Company**

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

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

Name of director	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued shares
Dr. James Sai-Wing Wong	Through controlled corporations	502,262,139 <sup>Note 1</sup>	69.72

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

Name of director	Notes	Name of associated corporation	Capacity and nature of interest	Number of ordinary shares/ amount of paid-up registered capital held	Percentage of the associated corporation's issued shares/ paid-up registered capital
Dr. James Sai-Wing Wong	2	Chinney Investments	Through controlled corporation	341,439,324 <sup>Note 2</sup>	61.93
		Chinney Investments	Beneficially owned	480,000	0.09
	3	Chinney Holdings	Through controlled corporation	9,900,000 <sup>Note 3</sup>	99.00
		Chinney Holdings	Beneficially owned	100,000	1.00
		Lucky Year	Beneficially owned	20,000	100.00
	4	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporations	RMB185,000,000 <sup>Note 4</sup>	100.00
	5	Chinney Trading Company Limited	Through controlled corporations	10,400 <sup>Note 5</sup>	80.00

*Notes:*

1. Out of the 502,262,139 shares, 490,506,139 shares are beneficially held by Chinney Investments, 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 Dr. James Sai-Wing Wong is a director and has beneficial interests therein. The remaining 11,756,000 shares are held by Chinney Capital Limited ("Chinney Capital") of which Dr. James Sai-Wing Wong is a director and has beneficial interests therein.
2. These shares are beneficially held by Chinney Holdings. By virtue of note 1, Dr. James Sai-Wing Wong is deemed to be interested in these shares.
3. These shares are beneficially held by Lucky Year. By virtue of note 1, Dr. James Sai-Wing Wong is deemed to be interested in these shares.

4. Out of the RMB185,000,000 paid-up registered capital, RMB111,000,000 is paid up by a wholly-owned subsidiary of the Company and RMB74,000,000 is paid up by a company controlled by Dr. James Sai-Wing Wong. By virtue of note 1, Dr. James Sai-Wing Wong is deemed to be interested in this company.
5. Out of the 13,000 issued shares of Chinney Trading Company Limited, 2,600 shares are held by a wholly-owned subsidiary of the Company and 7,800 shares are held by a company controlled by Dr. James Sai-Wing Wong. By virtue of note 1, Dr. James Sai-Wing Wong is deemed to be interested in this company.

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

#### Other persons' interests and short positions in shares and underlying shares of the Company

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

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

*Notes:*

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

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

Name of shareholder	Name of member of the Group in which interest held	Approximate percentage of equity interested
Sharp Billion Development Limited ( <i>Note</i> )	Guangzhou Honkwok Fuqiang Land Development Ltd.	40

*Note:*

The company is controlled by Dr. James Sai-Wing Wong.

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

### 3. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

The Company entered into a management contract with Chinney Investments for the provision of general corporate management services. The contract is for an unspecified duration and may be terminated by either party by giving the other party two months' written notice. A management fee of HK\$12,000,000.00 was paid by the Company for the year ended 31 March 2018. Dr. James Sai-Wing Wong is a director of and has beneficial interests in Chinney Investments.

As announced on 12 June 2018, the Employer and Shun Cheong Data Centre Solutions, an indirect wholly-owned subsidiary of Chinney Alliance, entered into the Consultancy Agreement, pursuant to which Shun Cheong Data Centre Solutions was appointed by the Employer as a consultant to provide consultancy services for the Project at a fixed fee of HK\$16,200,000.00. Dr. James Sai-Wing Wong is a director of and has beneficial interests in Chinney Alliance.

As at the Latest Practicable Date, the Employer is an indirect wholly-owned subsidiary of the Company and an indirect non wholly-owned subsidiary of Chinney Investments, and the Contractor is an indirect wholly-owned subsidiary of Chinney Alliance. Chinney Investments is interested in approximately 68.09% and 29.10% of the issued shares of the Company and

Chinney Alliance, respectively. Dr. James Sai-Wing Wong is the chairman and executive director of Chinney Investments, the Company and Chinney Alliance and is beneficially interested in (a) approximately 62.02% of the issued shares of Chinney Investments; (b) approximately 69.72% of the issued shares of the Company (including those interests held through Chinney Investments); and (c) approximately 73.43% of the issued shares of Chinney Alliance (including those interests held through Chinney Investments).

As far as the Directors are aware and, save as disclosed in this circular, as at the Latest Practicable Date:

- (a) none of the Directors had any material direct or indirect interest in any assets which have been, since 31 March 2018 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) none of the Directors was materially interested in any contract or arrangement subsisting which is significant in relation to the business of the Group.

#### **4. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES**

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

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

#### **5. DIRECTORS' SERVICE CONTRACTS**

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

#### **6. NO MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2018 (being the date to which the latest published audited financial statements of the Group were made up).

**7. EXPERTS AND CONSENTS**

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

<b>Name</b>	<b>Qualification</b>
Red Sun Capital	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Andrew Lee King Fun & Associates Architects Limited ("Andrew LKF & Associates")	Registered Architect
Beria Consultants Limited ("Beria Consultants")	Chartered Quantity Surveyor

- (a) As at the Latest Practicable Date, each of Red Sun Capital, Andrew LKF & Associates and Beria Consultants did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (b) As at the Latest Practicable Date, each of Red Sun Capital, Andrew LKF & Associates and Beria Consultants 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) As at the Latest Practicable Date, each of Red Sun Capital, Andrew LKF & Associates and Beria Consultants did not have any direct or indirect interest in any assets which have been, since 31 March 2018 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

**8. MISCELLANEOUS**

- (a) The company secretary of the Company is Ms. Ka-Yee Wan, an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (b) The share registrar of the Company is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours on a business day in Hong Kong at the registered office of the Company at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong, for a period of 14 days from the date of this circular:

- (a) the Framework Agreement;
- (b) the Consultancy Agreement;
- (c) the articles of association of the Company;
- (d) the letter from the Board, the text of which is set out on pages 7 to 18 of this circular;
- (e) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 19 of this circular;
- (f) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 20 to 31 of this circular;
- (g) the written consents as referred to under the section headed “Experts and Consents” in this appendix; and
- (h) 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)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Hon Kwok Land Investment Company, Limited (the “Company”) will be held at Full Moon Shanghai Restaurant, Macau Jockey Club, 3rd Floor, East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Friday, 24 August 2018 at 3:00 p.m. (the “EGM”) for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as ordinary resolution of the Company:

**ORDINARY RESOLUTION**

**“THAT:**

- (a) the framework agreement dated 12 July 2018 (the “Framework Agreement”) entered into between Chinney Construction Company, Limited (建業建築有限公司) (the “Contractor”) and Gold Famous Development Limited (金譽發展有限公司) (the “Employer”) in relation to the construction of the data centre and the provision of ancillary building services (the “Construction Works”) in a parcel of land situated at and known as K.C.T.L. No. 495, Kin Chuen Street, Kwai Chung, New Territories, Hong Kong, as more particularly set out in the contract documents in respect of the Construction Works to be entered into between the Employer and the Contractor in accordance with and substantially in the same form and substance as annexed to the Framework Agreement and all the transactions contemplated under the Framework Agreement, and a copy of the Framework Agreement marked “A” is tabled before the meeting and signed for identification purpose by the Chairman of the meeting, as more particularly described in the circular to the shareholders of the Company dated 8 August 2018 of which this notice forms part, be approved, ratified and confirmed; and

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## NOTICE OF EGM

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- (b) the directors of the Company be and are hereby authorised to exercise all the powers of the Company and take all steps as might in their absolute discretion consider necessary, desirable or expedient to give effect to or in connection with the Framework Agreement including, without limitation to:
- (i) the execution, amendment, supplement, delivery, submission and implementation of any further documents or agreements with any other parties in connection with or incidental to the Framework Agreement; and
- (ii) the taking of all necessary actions to implement the transactions contemplated under the Framework Agreement.”

By Order of the Board  
**Ka-Yee Wan**  
*Company Secretary*

Hong Kong, 8 August 2018

*Notes:*

1. Any member entitled to attend and vote at the EGM 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. The register of members will be closed from Tuesday, 21 August 2018 to Friday, 24 August 2018 (both days inclusive), during which period no share transfers will be registered. In order to qualify to attend and vote at the EGM, all transfer forms accompanied by relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 20 August 2018.
3. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be completed and deposited with the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event no later than 3:00 p.m. on Wednesday, 22 August 2018, being not less than 48 hours before the time appointed for holding the meeting (and any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.
4. In the case of joint holders of a share, any one of such holders may vote at the EGM, 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.
5. Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and article 75(v) of the articles of association of the Company, the resolution proposed at the EGM will be voted on by way of poll. According to article 81(A) of the articles of association of the Company, on a poll, subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, every Shareholder present in person (or being a corporation, is present by a representative duly authorised), or by proxy shall have one vote for every share of which he is the holder which is fully paid up or credited as fully paid (but so that no amount paid up or credited as paid up on a share in advance of calls or instalments shall be treated for the purpose of the articles of association as paid up on the share). An announcement will be made by the Company following the conclusion of the EGM to inform the results of the EGM.
6. At the date hereof, the board of Directors comprises seven Directors, of which four are executive Directors, namely Dr. James Sai-Wing Wong (Chairman), Mr. James Sing-Wai Wong, Mr. Xiao-Ping Li and Mr. Peter Chi-Chung Luk; and three are independent non-executive Directors, namely Dr. Daniel Chi-Wai Tse, Mr. Zuo Xiang and Mr. William Kwan-Lim Chu.