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

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

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漢國置業有限公司

Hon Kwok Land Investment Company, Limited

(Incorporated in Hong Kong with limited liability)

(Stock code: 160)

CONNECTED TRANSACTIONS IN RELATION TO THE BUILDER'S WORKS AND THE M&E AND FAÇADE WORKS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent financial adviser to the Independent Board Committee and
the Independent Shareholders

VEDA | CAPITAL
智 略 資 本

Capitalised terms used in this cover page have the same meanings as those defined in this circular. To the extent that there are any inconsistencies between the English version and the Chinese version of this circular, the English version shall prevail.

A letter from the board of directors of Hon Kwok Land Investment Company, Limited is set out on pages 8 to 24 of this circular. A letter of recommendation from the Independent Board Committee containing its advice to the Independent Shareholders is set out on page 25 of this circular. A letter of advice from Veda Capital Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 26 to 53 of this circular.

A notice convening the extraordinary general meeting of Hon Kwok Land Investment Company, Limited to be held at Artyzen Club, 401A, 4/F, Shun Tak Centre (near China Merchants Tower), 200 Connaught Road Central, Hong Kong on Monday, 28 November 2022 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the respective websites of the Company at www.honkwok.com.hk and of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk. Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's share registrar in Hong Kong, Tricor Tengis Limited at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the commencement of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

Please see pages (ii) and (iii) of this circular for the precautionary measures to be implemented at the EGM to ensure the safety of the EGM attendees and to prevent the spreading of the coronavirus disease 2019 ("COVID-19") pandemic, which include without limitation:

1. mandatory wearing of surgical face masks (no mask will be provided at the EGM venue);
2. compulsory body temperature screening;
3. mandatory scanning of the "LeaveHomeSafe" venue QR code, comply with the requirements of the "Vaccine Pass Direction";
4. maintaining appropriate distancing and spacing between seats and in doing so, the Company may limit the number of the EGM attendees as may be necessary to avoid over-crowding; and
5. no distribution of corporate gifts and/or refreshments at the EGM.

Any attendee who (a) refuses to comply with the precautionary measures; (b) is subject to any prescribed quarantine by the Hong Kong government or has close contact with any person under quarantine; or (c) has a fever or any flu-like symptoms or is otherwise unwell will be denied entry into or be required to leave the EGM venue at the absolute discretion of the Company to such extent permitted under law.

Shareholders are encouraged to appoint the chairman of the EGM as their proxy and to return their proxy forms by the time specified above, instead of attending the EGM in person.

8 November 2022

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PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

The health of our shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing coronavirus disease 2019 (COVID-19) pandemic, the Company will implement the following precautionary measures at the EGM to protect attending shareholders, staff and stakeholders from the risk of infection:

1. Every attendee of the EGM will be required to wear a surgical face mask throughout the EGM within the EGM venue, please note that no face masks will be provided at the EGM venue and attendees should bring and wear their own face masks;
2. Compulsory body temperature screening will be conducted on every attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.5 degrees Celsius will not be admitted to the EGM venue;
3. Mandatory scanning of the “LeaveHomeSafe” venue QR code, comply with the requirements of the “Vaccine Pass Direction” (as defined under the Prevention and Control of Disease (Vaccine Pass) Regulation (Cap. 599L of the Laws of Hong Kong));
4. Seating at the EGM venue will be arranged so as to allow for appropriate social distancing and spacing between seats and comply with the relevant requirement;
5. No corporate gifts and/or refreshments will be distributed at the EGM; and
6. Any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Hong Kong government and/or regulatory authorities, or as considered appropriate in light of the development of the COVID-19 pandemic.

Any attendee who (a) refuses to comply with the precautionary measures; (b) is subject to any prescribed quarantine by the Hong Kong government or has close contact with any person under quarantine; or (c) has a fever or any flu-like symptoms or is otherwise unwell will be denied entry into or be required to leave the EGM venue at the absolute discretion of the Company to such extent permitted under law, to ensure the safety of the attendees at the EGM.

In addition, the Company reminds all shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolution at the EGM instead of attending the meeting in person, by completing and returning the proxy form attached to this circular.

Shareholders are requested (a) to consider carefully the risk of attending the EGM, which will be held in an enclosed environment; (b) to follow any prevailing requirements or guidelines of the Hong Kong government relating to COVID-19 in deciding whether or not to attend the EGM; and (c) not to attend the EGM if they have contracted or are suspected to have contracted COVID-19 or have been in close contact with anybody who has contracted or is suspected to have contracted COVID-19.

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

The Company will closely monitor the development of the COVID-19 pandemic and ensure that the EGM will be conducted in compliance with the laws, regulations and measures introduced by the Hong Kong government from time to time. The Company may implement further changes and precautionary measures where necessary, and may issue further announcement on such measures as and when appropriate.

Shareholders are strongly encouraged to appoint the chairman of the EGM as their proxy to vote on the resolution, instead of attending the EGM in person.

If any shareholder chooses not to attend the EGM in person but has any question about the resolution or about the Company, or has any matter for communication with the board of directors of the Company, he/she is welcome to send such question(s) or matter(s) in writing to our registered office or to our email at general@chinneyhonkwok.com. If any shareholder has any question relating to the EGM, please contact Tricor Tengis Limited, the Company's share registrar in Hong Kong as follows:

Tricor Tengis Limited

17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong

Email: is-enquiries@hk.tricorglobal.com

Tel: (852) 2980 1333

Fax: (852) 2810 8185

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

- “Architect” AGC Design Limited, an independent architect engaged by the Employer in respect of the Project
- “associates” has the meaning given to it under the Listing Rules
- “Builder’s Works” the builder’s works relating to the Project, including but not limited to:
- (i) demolition and removal from site of existing structures, canopies, partitions, finishes, fittings, furniture, etc. as necessary for the completion of the Project;
 - (ii) mock-up works of sunken trench for testing the drainage system to the satisfaction of the Architect;
 - (iii) design of windows, louvres, doors, waterproofing interfacing, transformer room cooperation, etc. and provision of shop drawings to the satisfaction of the Architect;
 - (iv) provision of walls, partitions, doors, windows, louvres, waterproofing, finishes, fittings, etc. in accordance with the specifications as set out in the Builder’s Works Contract Documents;
 - (v) provision of reinforced concrete slabs, steel beams, light weight concrete fill, structural screeds, etc. in accordance with the specifications as set out in the Builder’s Works Contract Documents;
 - (vi) all builder’s works in connection with hoarding works, mechanical and electrical works, façade works, interior fitting out works and utilities companies as necessary to enable these specialist contractors to complete their respective works notwithstanding that the same may have not been shown in the Builder’s Works Contract Documents;
 - (vii) any taking down/demolition, alteration, diversion, reinstatement and making good works as necessary for the completion of the Builder’s Works; and

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	<p>(viii) provision and subsequent removal of all protection works as necessary for the full protection of existing works to be remained and, if damaged, making good or replacement works disturbed all to the satisfaction of the Architect,</p> <p>as more particularly set out in the Builder's Works Contract Documents</p>
“Builder's Works Contract Documents”	the contract documents in respect of the Builder's Works to be entered into between the Employer and the Builder's Works Contractor in accordance with and substantially in the same form and substance as annexed to the Framework Agreement
“Builder's Works Contractor”	Chinney Construction Company, Limited (建業建築有限公司), a company incorporated under the Laws of Hong Kong with limited liability, and an indirect wholly-owned subsidiary of Chinney Alliance
“Builder's Works Tender Sum(s)”	the tender sums offered by the tenderers for the Builder's Works
“Building”	such building related to the Project, located at 119-121 Connaught Road Central, Sheung Wan, 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 main board of the Stock Exchange (Stock Code: 385)
“Chinney Alliance Board”	the board of directors of Chinney Alliance
“Chinney Alliance SGM”	the special general meeting to be convened by Chinney Alliance for the purpose of, among other things, seeking approval from the independent shareholders of Chinney Alliance in respect of the Proposed CT, the Framework Agreement and the transactions contemplated thereunder

DEFINITIONS

“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 main board of the Stock Exchange (Stock Code: 216), and is the holding company of Hon Kwok and a substantial shareholder of Chinney Alliance
“Chinney Investments Board”	the board of directors of Chinney Investments
“Chinney Investments EGM”	the extraordinary general meeting to be convened by Chinney Investments for the purpose of, among other things, seeking approval from the independent shareholders of Chinney Investments in respect of the Proposed CT, the Framework Agreement and the transactions contemplated thereunder
“Chinney Investments Group”	Chinney Investments and its subsidiaries, excluding the Hon Kwok Group and the CAG Group
“Chinney Investments IBC”	an independent committee of the board of directors of Chinney Investments comprising the three independent non-executive directors of Chinney Investments formed for the purpose of advising and giving recommendation to the independent shareholders of Chinney Investments in respect of the Proposed CT, the Framework Agreement and the transactions contemplated thereunder
“Companies”	collectively, Chinney Investments, Hon Kwok and Chinney Alliance
“connected persons”	has the meaning given to it under the Listing Rules
“Contractors”	collectively the Builder’s Works Contractor and the M&E and Façade Works Contractor
“Dr. James Sai-Wing Wong”	Dr. James Sai-Wing Wong, the chairman and executive director of each of Chinney Investments, Hon Kwok and Chinney Alliance
“EGM”	the extraordinary general meeting to be convened by Hon Kwok for the purpose of, among other things, seeking approval from the independent shareholders of Hon Kwok in respect of the Proposed CT, the Framework Agreement and the transactions contemplated thereunder

DEFINITIONS

“Employer”	Honour Well Development Limited (漢匯發展有限公司), a company incorporated under the Laws of Hong Kong with limited liability, and an indirect wholly-owned subsidiary of Hon Kwok and an indirect non wholly-owned subsidiary of Chinney Investments
“Framework Agreement”	a framework agreement dated 26 September 2022 entered into between the Contractors and the Employer in relation to the Builder’s Works and the M&E and Façade Works
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hon Kwok”/“Company”	Hon Kwok Land Investment Company, Limited (漢國置業有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (Stock Code: 160)
“Hon Kwok Board”	the board of directors of Hon Kwok
“Hon Kwok Group”/“Group”	Hon Kwok and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the board of directors of Hon Kwok comprising the three independent non-executive directors of Hon Kwok formed for the purpose of advising and giving recommendation to the independent shareholders of Hon Kwok in respect of the Proposed CT, the Framework Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Veda Capital”	Veda Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the SFO, being the independent financial adviser appointed by Chinney Investments and Hon Kwok to advise each of (i) the Independent Board Committee; (ii) Chinney Investments IBC; (iii) the Independent Shareholders; and (iv) the independent shareholders of Chinney Investments in respect of the Proposed CT, the Framework Agreement and the transactions contemplated thereunder

DEFINITIONS

“Independent Shareholders”	shareholder(s) of the Company who are entitled to vote and not required to abstain from voting on the resolution at the EGM for approving the Framework Agreement and the transactions contemplated thereunder
“Independent Third Party(ies)”	party(ies) not connected with any of the directors, chief executive, substantial shareholders of each of the Company(ies) or any of its subsidiaries or any of their respective associates
“Latest Practicable Date”	3 November 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long-Stop Date”	31 December 2022
“M&E and Façade Works”	<p>the mechanical and electrical engineering works and façade works relating to the Project, including but not limited to:</p> <ul style="list-style-type: none">(i) demolition and removal from site of existing mechanical and electrical equipment, plumbing equipment, etc. as necessary for the completion of the M&E and Façade Works;(ii) design, supply, installation, testing, commissioning and maintenance of various installations including mechanical ventilation and air-conditioning, electrical, fire services, plumbing and drainage in accordance with the specifications as set out in the M&E and Façade Works Contract Documents;

DEFINITIONS

- (iii) design, supply and installation of cladding wall system, curtain wall system, façade features, louvres, windows, external doors, finishes, etc. in accordance with the specifications as set out in the M&E and Façade Works Contract Documents;
- (iv) any taking down/demolition, alteration, diversion, reinstatement and making good works as necessary for the completion of the M&E and Façade Works; and
- (v) provision and subsequent removal of all protection works as necessary for the full protection of existing works to be remained and, if damaged, making good or replacement works disturbed all to the satisfaction of the Architect,

as more particularly set out in the M&E and Façade Works Contract Documents

“M&E and Façade Works Contract Documents”

the contract documents in respect of the M&E and Façade Works to be entered into between the Employer and the M&E and Façade Works Contractor in accordance with and substantially in the same form and substance as annexed to the Framework Agreement

“M&E and Façade Works Contractor”

Shun Cheong Building Services Limited (順昌樓宇設施有限公司), a company incorporated under the Laws of Hong Kong with limited liability, and an indirect wholly-owned subsidiary of Chinney Alliance

“M&E and Façade Works Tender Sum(s)”

the tender sums offered by the tenderers for the M&E and Façade Works

“Parties”

the Contractors and the Employer, the parties to the Framework Agreement and a “Party” shall be construed accordingly

“Project”

the revamp of the Building with the Builder’s Works and the M&E and Façade Works inclusive

“Proposed CT”

the proposed connected transactions contemplated under the Framework Agreement

DEFINITIONS

“Quantity Surveyor”	Rider Levett Bucknall Limited, an independent quantity surveyor engaged by the Employer in respect of the Project
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning given to it under the Listing Rules
“Total Contract Sum”	the aggregate of the contract sums respectively offered by the Builder’s Works Contractor and the M&E and Façade Works Contractor and the respective provisional sums under the Builder’s Works Contract Documents and the M&E and Façade Works Contract Documents, being the amount of not exceeding HK\$237,300,000 and representing the total costs in respect of the Project under the Framework Agreement
“%”	per cent

* *For identification purposes only*

LETTER FROM THE BOARD



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

(Incorporated in Hong Kong with limited liability)

(Stock code: 160)

Executive Directors:

Dr. James Sai-Wing Wong (*Chairman*)
Mr. James Sing-Wai Wong
Mr. Xiao-Ping Li
Mr. Philip Bing-Lun Lam

Registered office:

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

Independent non-executive Directors:

Ms. Janie Fong
Mr. David Tak-Wai Ma
Mr. James C. Chen

8 November 2022

To the shareholders of the Company

Dear Sir or Madam,

**CONNECTED TRANSACTIONS
IN RELATION TO THE BUILDER'S WORKS AND
THE M&E AND FAÇADE WORKS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement dated 26 September 2022 jointly issued by the Company, Chinney Investments and Chinney Alliance in relation to, amongst other things, the entering into of the Framework Agreement by the Employer with each of the Builder's Works Contractor and the M&E and Façade Works Contractor, pursuant to which the Employer conditionally agreed to engage each of the Contractors, and respectively, the Builder's Works Contractor conditionally agreed to act as the contractor to carry out the Builder's Works for the Project at the contract sum of not exceeding HK\$96,300,000, and the M&E and Façade Works Contractor conditionally agreed to act as the contractor to carry out the M&E and Façade Works for the Project at the contract sum of not exceeding HK\$141,000,000.

LETTER FROM THE BOARD

As the entering into of the Framework Agreement constitutes a connected transaction under the Listing Rules for the Company, with the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) being more than 5% for the Company and the Total Contract Sum being more than HK\$10 million, it is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The EGM will be held for the purpose of considering and, if thought fit, approving, amongst other things, the entering into of the Framework Agreement and the transactions contemplated thereunder by the Independent Shareholders by way of a poll.

The purpose of this circular is to give you the notice of the EGM and to provide you with detailed information in respect of the resolution to be proposed at the EGM, in order to enable you to make an informed decision on whether to vote for or against such resolution to be proposed at the EGM. Such detailed information including, amongst other things, (i) further details of the Framework Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) the notice convening the EGM; and (v) other information as required to be disclosed under the Listing Rules.

THE FRAMEWORK AGREEMENT

A summary of the principal terms of the Framework Agreement is set out below:

- Date** : 26 September 2022 (after trading hours of the Stock Exchange)
- Parties** : (a) the Employer (an indirect wholly-owned subsidiary of Hon Kwok and an indirect non wholly-owned subsidiary of Chinney Investments);
- (b) the Builder's Works Contractor (an indirect wholly-owned subsidiary of Chinney Alliance); and
- (c) the M&E and Façade Works Contractor (an indirect wholly-owned subsidiary of Chinney Alliance).

Builder's Works

Pursuant to the Framework Agreement, the Employer conditionally engages the Builder's Works Contractor and the Builder's Works Contractor conditionally agrees to act as the contractor to carry out the Builder's Works for the Project at a contract sum (and subject to the provisional sums) on the terms and subject to the conditions precedent of the Framework Agreement (as set out in the paragraph under "Conditions Precedent of the Framework Agreement" below), and on the terms and conditions as contained in the Builder's Works Contract Documents. The period of the Builder's Works is estimated to be approximately 490 calendar days.

LETTER FROM THE BOARD

The Builder's Works Contractor was selected through a tendering process in which three companies had submitted tenders to the Quantity Surveyor and the Architect, for review and assessment. The contract sum for the Builder's Works represents the aggregate of (i) the amount offered by the Builder's Works Contractor under the lump sum fixed price tender, which is HK\$67,300,000; (ii) the prime cost sums for lift replacement works to be carried out by an independent lift sub-contractor, whose contract is pending on tendering procedure and is currently estimated by the Quantity Surveyor to be HK\$8,000,000; and (iii) the provisional sums for (a) certain builder's works not yet quantified at the time of the tendering; and (b) the relevant contingencies in respect of the Builder's Works, in the total amount of not exceeding HK\$21,000,000. For the other two companies which had submitted tenders for the Builder's Works, to the best of knowledge, information and belief of the Company's directors, after having made reasonable enquiries, are Independent Third Parties.

M&E and Façade Works

Pursuant to the Framework Agreement, the Employer conditionally engages the M&E and Façade Works Contractor and the M&E and Façade Works Contractor conditionally agrees to act as the contractor to carry out the M&E and Façade Works for the Project at a contract sum (and subject to the provisional sums) on the terms and subject to the conditions precedent of the Framework Agreement (as set out in the paragraph under "Conditions Precedent of the Framework Agreement" below), and on the terms and conditions as contained in the M&E and Façade Works Contract Documents. The period of the M&E and Façade Works is estimated to be approximately 490 calendar days.

The M&E and Façade Works Contractor was selected through a tendering process in which three companies had submitted tenders to the Quantity Surveyor and the Architect, for review and assessment. The contract sum for the M&E and Façade Works represents the aggregate of (i) the amount offered by the M&E and Façade Works Contractor under the lump sum fixed price tender which is HK\$132,000,000; and (ii) the provisional sums for (a) towngas installation and façade lighting works not yet quantified at the time of the tendering; and (b) the relevant contingencies in respect of the M&E and Façade Works, in the total amount of not exceeding HK\$9,000,000. For the other two companies which had submitted tenders for the M&E and Façade Works, to the best of knowledge, information and belief of the Company's directors, after having made reasonable enquiries, are Independent Third Parties.

The Total Contract Sum

The Total Contract Sum, being the total amount of not exceeding HK\$237,300,000, represents the maximum total costs to be incurred by the Employer in respect of the Project under the Framework Agreement. It is the aggregate of:

- (a) the tender sums offered by the Builder's Works Contractor and the M&E and Façade Works Contractor under their respective lump sum fixed price tenders of HK\$67,300,000 and HK\$132,000,000 respectively;
- (b) the prime cost sums for lift replacement works to be carried out by an independent lift sub-contractor (as part of the Builder's Works), whose contract is pending on tendering procedure and is currently estimated by the Quantity Surveyor to be HK\$8,000,000;

LETTER FROM THE BOARD

- (c) the provisional sums for such works not yet quantified at the time of tendering and estimated by the Quantity Surveyor in respect of the Builder's Works and the M&E and Façade Works, in the amount of not exceeding HK\$11,000,000 and HK\$4,000,000 respectively; and
- (d) the provisional sums for the relevant contingencies in respect of the Builder's Works and the M&E and Façade Works, in the amount of not exceeding HK\$10,000,000 and HK\$5,000,000 respectively.

The Project involves the revamp works of an existing building which includes, amongst others, structure strengthening, façade refurbishment, lift replacement, electrical and air conditioning systems upgrade and drainage replacement. Unlike a new building project, such additions and alterations works on the Building have to take its actual circumstances and environment into account and is therefore impractical to determine in advance the precise extent of works and amount of materials required.

Under the Builder's Works Contract Documents, the provisional sums for such works not yet quantified at the time of tendering represented (i) the gondola and its associated builder's works in an estimated amount of HK\$8,000,000; and (ii) the associated builder's works in connection with lift installation and window wall installation in an estimated amount of HK\$3,000,000. These associated builder's works mainly involve concrete rectification and structure strengthening and the extent of which could only be ascertained when such works are being carried out.

Under the M&E and Façade Works Contract Documents, the provisional sums for such works not yet quantified at the time of tendering represented (i) the façade lighting system in an estimated amount of HK\$3,000,000; and (ii) towngas installation cost in an estimated amount of HK\$1,000,000. At the time of tendering, the design for lighting and water heating system has not yet finalized and hence the relevant contract sums in respect of these two systems remain to be determined.

Nevertheless, the works not yet quantified at the time of tendering have a clearly defined scope with respect to both the Builder's Works and the M&E and Façade Works. It is out of the reasons elaborated above that each of the relevant provisional sums have to be presented by means of an estimated amount at the time of tendering. The Quantity Surveyor, based on their job nature and experiences, provided the best estimates for the Employer's reference. When estimating the provisional sums for the works not yet quantified under the Builder's Works, the Quantity Surveyor has made references to the structural report of the Building and also discussed with the structural engineering consultant to determine the possible extensiveness of concrete rectification, structural strengthening and other finishing works associated with the installations of gondola, lift and window wall. The Quantity Surveyor then applied the current market rates for the materials and manpower from their database to calculate the overall costs for the above tasks. As to the provisional sums for the façade lighting system and towngas installation, the Quantity Surveyor estimated such amounts based on similar jobs with buildings of similar size it encountered in the past.

LETTER FROM THE BOARD

Nevertheless, all the provisional sums of this kind are set out in the relevant invitation to tender for all tenderers. The actual costs for these works will be determined when they are completed after confirmation by the Architect, and verification and valuation by the Quantity Surveyor.

With respect to the contingencies relevant to both the Builder's Works and the M&E and Façade Works, such provisional sums are present in construction works, or additions and alterations works for the purpose of allowing flexibility to both the Employer and the Contractors on unforeseen or unforeseeable works as elaborated above. Those sums are determined based on a percentage of the total contract sum on the Builder's Works and the M&E and Façade Works respectively, and are considered appropriate by the Quantity Surveyor after taking into account of the scope of work under each of the Builder's Works and the M&E and Façade Works, the overall duration of the Project and also with reference to other similar projects the Quantity Surveyor engaged in the past.

In any event, any claim by any of the Contractors under this category needs to be (i) confirmed by the Architect; and (ii) verified and evaluated by the Quantity Surveyor.

In view of the above, the Hon Kwok Board considers that the Total Contract Sum, including the provisional sums for the works not yet quantified at the time of tendering and the provisional sums for the relevant contingencies, are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Payment terms of the Total Contract Sum

The Total Contract Sum shall be settled in the following manner:

(a) Payment based on work done

The Contractors shall submit payment applications on monthly basis with details of the works done and materials delivered as (i) verified and valued by the Quantity Surveyor; and (ii) certified by the Architect.

90% of such monthly certified amounts will be settled by the Employer within 28 calendar days after the submission of invoices and the Architect's certificates by the Contractors. 10% of such monthly certified amounts will be retained by the Employer as retention monies.

The retention monies retained by the Employer contemplated above are subject to a limit of 5% of the contract sums under the respective Builder's Works Contract Documents and the M&E and Façade Works Contract Documents, with the exclusion of the prime cost sums for lift replacement works to be carried out as part of the Builder's Works by an independent lift sub-contractor.

LETTER FROM THE BOARD

(b) Retention monies

50% of the retention monies shall be released to the Contractors after the Architect issues the substantial completion certificates for each of the Builder's Works and the M&E and Façade Works. The remaining 50% shall be paid by the Employer only after the expiration of the 12-months defect liability period and the issue of the defects rectification certificate by the Architect.

The payment terms of the Total Contract Sum are set out in the respective Builder's Works Contract Documents and the M&E and Façade Works Contract Documents, and such terms adopt the "Agreement & Schedule of Conditions of Building Contract for use in the Hong Kong Special Administrative Region, 2006 Edition" issued under the sanction of The Hong Kong Institute of Architects, The Hong Kong Institute of Construction Managers and The Hong Kong Institute of Surveyors. It is a standard form of building contract commonly adopted in construction industry in Hong Kong.

The payment terms as set out in the Builder's Works Contract Documents and the M&E and Façade Works Contract Documents are determined with reference to the aforementioned standard form of building contract, and it is considered a common industry practice to have monthly payments made to the Contractors to be after the completion of specific portions or percentage of works, which are to be examined, quantified and approved by independent professional parties.

The percentage figures prescribed in the above payment terms and set out in the Builder's Works Contract Documents and the M&E and Façade Works Contract Documents follow the sample percentage figures as stipulated in the aforementioned standard form of building contract and the "Practice Notes for Quantity Surveyors in relation to Valuation for Interim Payment Certificates" issued by The Hong Kong Institute of Surveyors in August 2014, for instance, amongst other things, 10% of the monthly certified amounts be retained by the Employer as retention monies subject to a limit of 5% of the contract sum and 50% of the retention money be released after the Architect issues the substantial completion certificates.

Based on the above, the Hon Kwok Board considers that the payment terms of the Total Contract Sum are in line with common industry practice, fair and reasonable and in the interests of the Company and its shareholders as a whole.

Assessment criteria for the tenders on the Builder's Works and the M&E and Façade Works

Prior to the tendering process, the Employer has discussed with the Architect and the Quantity Surveyor on the selection criteria of the potential candidates to invite them to submit tenders in respect of the Builder's Works and the M&E and Façade Works. Several criteria were considered as top priority, including (i) company size and reputation for ensuring the punctuality for completion; (ii) experiences in additions and alterations works on existing buildings; (iii) their project pipelines for ensuring sufficient manpower; (iv) knowledge in the

LETTER FROM THE BOARD

application of building-integrated photovoltaics system to the façade of a building; and (v) whether the potential candidates participated in tendering for the projects of the Hon Kwok Group prior to the Project or having indicated their interests in submitting tender for the Project.

The Employer considered that such criteria contemplated above could ensure (i) the quality of the potential candidates submitting tenders; (ii) a reasonable number of tenders could be received; and (iii) that the tendering process can be streamlined to cater for the tight completion schedule of the Project.

Based on its various projects and business relationships in the past, the Hon Kwok Group has maintained a list of contractors in the areas of superstructure, mechanical and engineering and renovation. Three contractors, including the Builder's Works Contractor and two other contractors which are Independent Third Parties, were selected from the list and invited for submission of tender for the Builder's Works while three contractors, including the M&E and Façade Works Contractor and two other contractors which are Independent Third Parties, were selected from the list and invited for submission of tender for the M&E and Façade Works based on the criteria as mentioned above. Detailed invitations to tender with specifications and drawings of the Project was prepared by the Quantity Surveyor and then sent to the above selected tenderers, who were given the same information to prepare their bids to ensure openness and fairness.

All tender documents submitted by the respective tenderers for the Builder's Works and the M&E and Façade Works were examined by the Architect and the Quantity Surveyor, while assessment reports and tender reports were prepared respectively by each of them for the Employer's consideration.

In light of the abundant experiences of the Architect and the Quantity Surveyor, and their respective responsible architect or officer for the Project stipulated below (where applicable), 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.

The Architect is experienced in providing architectural services for property development and infrastructural projects for both the public and private sectors in Hong Kong. The architect responsible for the Project is a member of The Hong Kong Institute of Architects, Registered Architect and Authorised Person (Architect) with about 10 years of experience in the design, planning and project administration of property projects.

The Quantity Surveyor has provided full quantity surveying services in a number of projects in Hong Kong. The officer responsible for preparing the tender reports is a member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a Registered Professional Surveyor (Quantity Surveying Division), a member of the China Registered Cost Engineer and a Building Information Modelling Manager certified by the Construction Industry Council with over 25 years of experience in all aspects of quantity surveying and cost management duties.

LETTER FROM THE BOARD

To the best of the knowledge, information and belief of the directors of Hon Kwok, after having made reasonable enquiries, both the Architect and the Quantity Surveyor are Independent Third Parties. Moreover, taking into account the above, the Company's directors are of the view that the Architect and the Quantity Surveyor, and their respective responsible architect or officer for the Project (as the case may be) are accomplished in the field of construction industries and its relevant tendering process, and therefore they are appropriate to conduct the tendering process with the Company, in order to ensure the Company in securing the most suitable tenderer for the Builder's Works and the M&E and Façade Works respectively.

Out of the three tenders for the Builder's Works received by the Employer, the Builder's Works Tender Sum offered by the Builder's Works Contractor represented the lowest bid when compared to those offered by the other two tenderers, which was approximately 2% lower than the second lowest bid and was approximately 16% lower than the highest bid.

Out of the three tenders for the M&E and Façade Works received by the Employer, the M&E and Façade Works Tender Sum offered by the M&E and Façade Works Contractor represented the lowest bid when compared to those offered by the other two tenderers, which was approximately 14% lower than the second lowest bid and was approximately 23% lower than the highest bid.

On top of the tender prices, other factors as follows are taken into account by the Architect and the Quantity Surveyor to assess the capability of the tenderers for the Builder's Works and the M&E and Façade Works respectively before concluding that the Builder's Works Contractor and the M&E and Façade Works Contractor are to be responsible for their respective works on the Project:

(a) *Experiences of the tenderers:*

One crucial factor which would be taken into consideration would be the past experiences by the respective tenderers for the Builder's Works and the M&E and Façade Works. In terms of experiences for works, it can be further categorised into (i) general experiences, as reflected from the number of projects each of the tenderers have completed; and (ii) specific experiences, as reflected from each of the tenderer's experiences of building contracts of similar nature.

Between the two, the Architect and the Quantity Surveyor placed greater weight to the specific experiences of the tenderers for the Builder's Works and the M&E and Façade Works as the Project is relevant to the renovation of the Building, an unique building completed more than 50 years ago, being a fusion of serviced apartment and hotel of medium size located in a central business district.

LETTER FROM THE BOARD

In both cases of the Builder's Works and the M&E and Façade Works, the tenderers submitting tender documents for the respective works have similar number of completed projects, however, each of the Builder's Works Contractor and the M&E and Façade Works Contractor is the most experienced tenderer for the Builder's Works and the M&E and Façade Works respectively in terms of experiences for building contracts of similar nature.

(b) Competences of the tenderers:

Another crucial factor which would be taken into consideration would be competences on similar projects of the respective tenderers for the Builder's Works and the M&E and Façade Works. While the project scale and complexity for past projects participated by the tenderers would reflect as to how each of the tenderers are competent in different variety of projects, this specific Project relied more on the competences of the respective tenderers' technical staff and the quality of their respectively submitted technical proposals for the Builder's Works and the M&E and Façade Works.

In terms of competences of the tenderers based on the above assessment factors, the tenderers submitting tender documents for the respective works are all of similar levels in both cases of the Builder's Works and the M&E and Façade Works. What makes each of the Builder's Works Contractor and the M&E and Façade Works Contractor stands out is their site coordination capability and knowledge in the building-integrated photovoltaics system, which is an important part for the Project.

Each tenderer was given a score by the Architect after consideration of the above factors. Based on the examination and assessment by the Architect and the Quantity Surveyor, each of the Builder's Works Contractor and the M&E and Façade Works Contractor was respectively able to attain the passing score and ranked the highest amongst the three tenderers for each of the tender under the Builder's Works and the M&E and Façade Works. Correspondingly, each of the Builder's Works Contractor and the M&E and Façade Works Contractor was recommended by the Architect and the Quantity Surveyor to be awarded with the respective tenders on the Builder's Works and the M&E and Façade Works.

The directors of the Company considered that the assessment criteria contemplated above being capable of securing the most suitable tenderer for each of the Builder's Works and the M&E and Façade Works, as they are (i) comprehensive and thorough for the renovation involved under the Project; (ii) fair and reasonable; and (iii) in the interests of the Company and its shareholders as a whole.

Conditions Precedent of the Framework Agreement

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

LETTER FROM THE BOARD

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

None of the above conditions precedent can be waived by any of the Contractors or the Employer.

The Parties shall use their reasonable endeavours to procure that the above conditions precedent of the Framework Agreement shall be fulfilled on or before the Long-Stop Date.

If any of the above conditions precedent has not 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 Parties.

As at the Latest Practicable Date, paragraph (a) of the above conditions precedent has been fulfilled. It is expected that paragraphs (b), (c) and (d) of the above conditions precedent will be fulfilled upon the passing of the relevant resolution at the EGM.

INFORMATION OF THE COMPANIES

Chinney Investments is an investment holding company incorporated in Hong Kong with limited liability. Chinney Investments Group (excluding Hon Kwok Group and CAG Group) is mainly engaged in properties investment and investment holding.

LETTER FROM THE BOARD

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

Chinney Alliance is an investment holding 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; provision of construction works; distribution and installation of aviation system and other high-tech products; and property holding and development.

INFORMATION OF THE PARTIES TO THE FRAMEWORK AGREEMENT

Honour Well Development Limited, being the Employer of the Framework Agreement and a company incorporated under the Laws of Hong Kong with limited liability, is an indirect wholly-owned subsidiary of Hon Kwok and an indirect non wholly-owned subsidiary of Chinney Investments. It is the owner of the Building and is principally engaged in property holding and letting in Hong Kong.

Chinney Construction Company, Limited, being the Builder's Works Contractor of the Framework Agreement and a company incorporated under the Laws of Hong Kong with limited liability, is an indirect wholly-owned subsidiary of Chinney Alliance. It is a general building contractor principally engaged in the provision of building construction works and services to the public and private sectors in Hong Kong.

Shun Cheong Building Services Limited, being the M&E and Façade Works Contractor of the Framework Agreement and a company incorporated under the Laws of Hong Kong with limited liability, is an indirect wholly-owned subsidiary of Chinney Alliance. It is a contractor principally engaged in multi-discipline building services, including but not limited to mechanical and electrical engineering and general building maintenance.

REASONS 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 (i) construction works of its property development projects; and (ii) additions, alterations and maintenance works for its properties held for investment or generating recurrent rental income. The Building was completed in 1970, acquired by the Group in 1998 and has been held by the Group as a serviced apartment and hotel since then. The management of Hon Kwok considers that it is in the best interest of Hon Kwok and its shareholders as a whole to refurbish and renovate the Building in order to upgrade its condition to tailor for the demand and expectation of its guests, so as to maintain the competitiveness and attractiveness of the Building (with its utilisation as a serviced apartment and hotel). The above is to be achieved by various revamp works for the Building including the Builder's Works and the M&E and Façade Works, and as for the interior fitting-out works of the Building, it will be commenced next year via a new tendering

LETTER FROM THE BOARD

procedure, and it is currently under preliminary design stage. With respect to the above, the Company has engaged technically competent contractors at a competitive price to carry out the Builder's Works and the M&E and Façade Works.

Each of the Contractors is considered an appropriate choice given (a) the awarding of the respective contracts for the Builder's Works and the M&E and Façade Works to each of the Contractors have been based on the fair and reasonable assessment criteria elaborated under the subsection "Assessment criteria for the tenders on the Builder's Works and the M&E and Façade Works" of the section headed "THE FRAMEWORK AGREEMENT" in this circular; (b) 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; (c) being same as the Employer, both of the Contractors are under the control of Dr. James Sai-Wing Wong who has the objective of achieving the well-being for all of the Companies; and (d) the long-established relationship amongst the Companies that will enhance work efficiency and effective communication.

Moreover, by means of the Builder's Works and the M&E and Façade Works, it is anticipated that those works will upgrade the overall appearance and image of the Building, providing a refreshed experience to the guests of the Building and will make it more attractive. In particular, with the aim of addressing the growing concerns on energy-saving and the advocacy for green buildings in Hong Kong, the Employer has decided to apply the building-integrated photovoltaics system to the façade of the Building, which is a solar power generating system seamlessly integrated into the curtain wall of the Building. It is expected that the Project would be able to (i) increase occupancy, rental income derived from and business value of the Building; and (ii) enhance the performance of the Chinney Investments Group and the Hon Kwok Group in terms of their efforts for environmental protection, and is therefore considered beneficial and in the interests of the Hon Kwok Group as a whole.

Furthermore, as the Chinney Investments Group and the Hon Kwok Group has principally engaged in property development and investment businesses, and the CAG Group has principally engaged in construction and building-related contracting services for many years, with the management of each of the above groups being knowledgeable and accomplished with projects similar to that of the Project, it can be anticipated that such goal of completing the Builder's Works and the M&E and Façade Works punctually, of high quality and within the approved Total Contract Sum can be achieved.

In light of the above, the Hon Kwok Board (including the independent non-executive directors of the Company, whose view is expressed in the Letter from the Independent Board Committee contained in this circular, after taking into account the advice from the Independent Financial Adviser) considers that the entry into of the Framework Agreement between the Parties, as reflected as the conditional engagement by the Employer and the conditional acceptance by the Contractors to act as the contractors to carry out the Builder's Works and the M&E and Façade Works, represents such business activities within the ordinary and usual course of business of, amongst others, the Hon Kwok Group.

LETTER FROM THE BOARD

Furthermore, the Hon Kwok Board (including the independent non-executive directors of the Company, whose view is expressed in the Letter from the Independent Board Committee contained in this circular, after taking into account the advice from the Independent Financial Adviser) considers that the terms of the Framework Agreement and the transactions contemplated thereunder are arrived at by each of the Contractors and the Employer after arm's length negotiations and are on normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Under the articles of association of Hon Kwok, a director should not vote (nor be counted in the quorum) on any resolution of the Hon Kwok 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 board resolutions of Hon Kwok 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 board resolutions voluntarily for the purpose of good corporate governance.

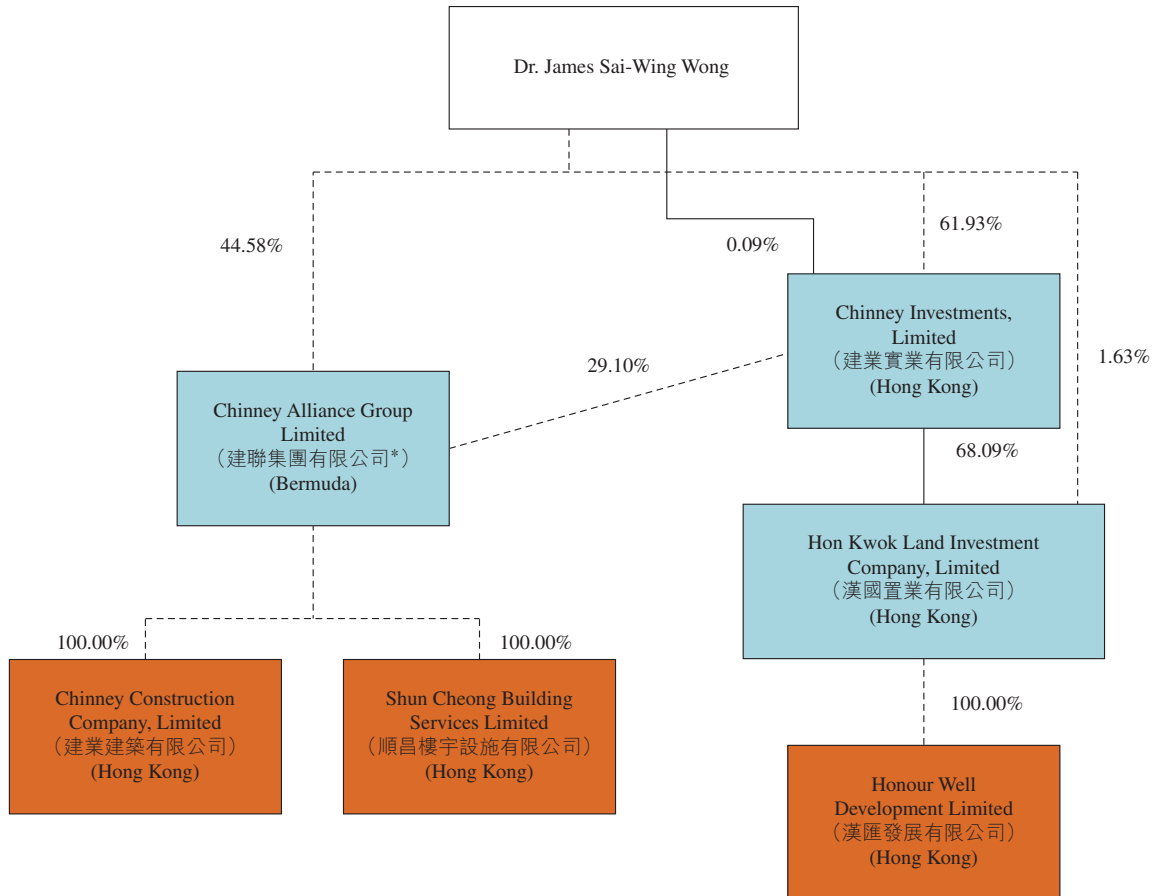
Save and except the above directors of the Company having abstained from voting on the respective board resolutions approving the Framework Agreement, to the best of the knowledge, information and belief of the directors of Hon Kwok, after having made reasonable enquiries, none of the directors of Hon Kwok has any material interest in transactions contemplated under the Framework Agreement and was required to abstain from voting (or be disregarded in the quorum) on the board resolutions approving the same.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Employer is an indirect wholly-owned subsidiary of Hon Kwok and an indirect non wholly-owned subsidiary of Chinney Investments, and each of the Builder's Works Contractor and the M&E and Façade Works 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 and the executive director of each of Chinney Investments, Hon Kwok and Chinney Alliance, and he is beneficially interested in (a) approximately 62.02% of the issued shares of Chinney Investments; (b) approximately 69.72% of the issued shares of Hon Kwok (including those interests held through Chinney Investments); and (c) approximately 73.68% of the issued shares of Chinney Alliance (including those interests held through Chinney Investments). Thus, Chinney Investments, Hon Kwok and Chinney Alliance are connected persons to one another within the meaning of the Listing Rules.

LETTER FROM THE BOARD

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



* For identification purposes only

Notes:

1. ----- represents indirect shareholding interests.
2. ————— represents direct shareholding interests.
3. Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

LETTER FROM THE BOARD

Accordingly, for each of the Companies, the entering into of the Framework Agreement constitutes a connected transaction under the Listing Rules, with the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) being more than 5% for each of the Companies and the Total Contract Sum being more than HK\$10 million. Each of the Companies is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The EGM will be convened by the Company for the Independent Shareholders to consider and, if thought fit, approve the resolution to be proposed at the EGM, amongst other things, the Proposed CT, the Framework Agreement and the transactions contemplated thereunder.

The notice convening the EGM to be held at Artyzen Club, 401A, 4/F, Shun Tak Centre (near China Merchants Tower), 200 Connaught Road Central, Hong Kong on Monday, 28 November 2022 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

Pursuant to Rule 14A.36 of the Listing Rules, any shareholder of the Company, together with his/her/its associates, who has a material interest in the Proposed CT, the Framework Agreement and the transactions contemplated thereunder, shall abstain from voting on the resolution regarding the same at the EGM.

As at the Latest Practicable Date, Dr. James Sai-Wing Wong, being the chairman and the executive director of each of Chinney Investments, Hon Kwok and Chinney Alliance, he and his associates are beneficially interested in the total number of 502,262,139 Shares, and they therefore controlled, and were entitled to exercise control, over the voting rights of approximately 69.72% of the entire issued share capital of Hon Kwok. Dr. James Sai-Wing Wong and his associates shall therefore abstain from voting on the resolution for approving the Proposed CT, the Framework Agreement and the transactions contemplated thereunder.

There is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon Dr. James Sai-Wing Wong and his associates; and (ii) no obligation or entitlement of Dr. James Sai-Wing Wong and his associates as at the Latest Practicable Date, whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his shares in Hon Kwok to a third party, either generally or on a case-by-case basis.

To the best of the knowledge, information and belief of the Company's directors, after having made all reasonable enquiries, other than Dr. James Sai-Wing Wong and his associates, no other shareholder of the Company is required to abstain from voting at the EGM on the proposed resolution regarding the Proposed CT, the Framework Agreement and the transactions contemplated thereunder as set out in this circular and the notice of the EGM.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's share registrar in Hong Kong, Tricor Tengis Limited, located at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the commencement of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

LISTING RULES REQUIREMENT ON VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules and article 75(v) of the articles of association of the Company, the proposed resolution regarding the Proposed CT, the Framework Agreement and the transactions contemplated thereunder as set out in this circular and the notice of the EGM 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 of the Company 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 the independent non-executive directors of Hon Kwok (namely Ms. Janie Fong, Mr. David Tak-Wai Ma and Mr. James C. Chen) has been established to advise the Independent Shareholders.

INDEPENDENT FINANCIAL ADVISER

Veda 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, the Framework Agreement and the transactions contemplated thereunder.

CLOSURE OF TRANSFER BOOKS AND REGISTER OF MEMBERS

The transfer books and register of members of the Company will be closed from Wednesday, 23 November 2022 to Monday, 28 November 2022 (both dates inclusive), during which period no transfer of Shares will be effected. In order to qualify for the right to attend and vote at the EGM, all transfers of Shares accompanied by the relevant Share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited, located at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 22 November 2022.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the Letter from the Independent Board Committee as set out on page 25 of this circular which contains its recommendation to the Independent Shareholders on the Proposed CT, the terms of the Framework Agreement and the transactions contemplated thereunder.

Your attention is also drawn to the letter of advice received from Veda Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as set out on pages 26 to 53 of this circular which contains, among others, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Proposed CT, the terms of the Framework Agreement and the transactions contemplated thereunder, the casting of votes for or against the resolution approving the above, as well as the principal factors and reasons considered by it in concluding its advice.

The directors of the Company (including its independent non-executive directors, whose opinions and recommendation, after considering the advice from the Independent Financial Adviser, are set out in the section headed “Letter from the Independent Board Committee” in this circular) are of the view that the Proposed CT, the terms of the Framework Agreement and the transactions contemplated thereunder are fair and reasonable, have been entered into after arm’s length negotiation between all parties thereto, are on normal commercial terms and in the ordinary and usual course of business of the Group, and are in the interests of the Company and its shareholders as a whole, and they recommend the Independent Shareholders to vote in favour of the resolution at the EGM.

ADDITIONAL INFORMATION

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

Yours faithfully,

By Order of the Board

Hon Kwok Land Investment Company, Limited

(漢國置業有限公司)

James Sai-Wing Wong

Chairman and Executive Director



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 November 2022

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTIONS
IN RELATION TO THE BUILDER'S WORKS
AND THE M&E AND FAÇADE WORKS**

We refer to the circular dated 8 November 2022 issued by the Company (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Proposed CT, the Framework Agreement and the transactions contemplated thereunder, as to the fairness and reasonableness of the aforesaid matters, whether the transactions are in the interests of the Company and its shareholders as a whole and to recommend how the Independent Shareholders should vote at the EGM. Details of the Proposed CT, the Framework Agreement and the transactions contemplated thereunder are set out in the “Letter from the Board” contained in the Circular. Veda Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board set out on pages 8 to 24 of the Circular and the letter from the Independent Financial Adviser set out on pages 26 to 53 of the Circular.

Having considered the terms of the Proposed CT, the Framework Agreement and the transactions contemplated thereunder, and taking into account the advice of the Independent Financial Adviser, we consider that the entering into of the Proposed CT, the Framework Agreement and the transactions contemplated thereunder are in the interests of the Company and its shareholders as a whole, the terms of the Proposed CT, the Framework Agreement and the transactions contemplated thereunder are on normal commercial terms, 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 ordinary resolution to be proposed at the EGM to approve, among other things, the Proposed CT, the Framework Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Independent Board Committee

Ms. Janie Fong
*Independent non-executive
Director*

Mr. David Tak-Wai Ma
*Independent non-executive
Director*

Mr. James C. Chen
*Independent non-executive
Director*

LETTER FROM VEDA CAPITAL

The following is the full text of the letter from Veda Capital setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Proposed CT, the Framework Agreement and the transactions contemplated thereunder which have been prepared for the purpose of inclusion in the Circular.

VEDA | CAPITAL
智 略 資 本

Suites 1001-1002, 10/F., 299 QRC
299 Queen's Road Central
Hong Kong

8 November 2022

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

Dear Sirs,

CONNECTED TRANSACTIONS IN RELATION TO THE BUILDER'S WORKS AND THE M&E AND FAÇADE 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 CT, the Framework Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 8 November 2022 (the “**Circular**”) issued by the Company to its shareholders (the “**Shareholder(s)**”), of which this letter forms part. Terms used herein shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 26 September 2022 (after trading hours), the Employer entered into the Framework Agreement with each of the Builder's Works Contractor and the M&E and Façade Works Contractor, pursuant to which the Employer conditionally agreed to engage each of the Contractors, and respectively, the Builder's Works Contractor conditionally agreed to act as the contractor to carry out the Builder's Works for the Project at the contract sum of not exceeding HK\$96,300,000, and the M&E and Façade Works Contractor conditionally agreed to act as the contractor to carry out the M&E and Façade Works for the Project at the contract sum of not exceeding HK\$141,000,000.

As set out in the Board Letter, as at the Latest Practicable Date, the Employer is an indirect wholly-owned subsidiary of Hon Kwok and an indirect non wholly-owned subsidiary of Chinney Investments, and each of the Builder's Works Contractor and the M&E and Façade Works 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 and the

LETTER FROM VEDA CAPITAL

executive director of each of Chinney Investments, Hon Kwok and Chinney Alliance, and he is beneficially interested in (a) approximately 62.02% of the issued shares of Chinney Investments; (b) approximately 69.72% of the issued shares of Hon Kwok (including those interests held through Chinney Investments); and (c) approximately 73.68% of the issued shares of Chinney Alliance (including those interests held through Chinney Investments). Thus, Chinney Investments, Hon Kwok 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 under the Listing Rules, with the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) being more than 5% for each of the Companies and the Total Contract Sum being more than HK\$10 million, it is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Each of the Companies is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Dr. James Sai-Wing Wong, who is an executive director and the chairman of each of Chinney Investments, Hon Kwok and Chinney Alliance, and having a material interest in the Proposed CT is required to abstain from voting on shareholders' resolution of Hon Kwok in respect of the Proposed CT, the Framework Agreement and the transactions contemplated thereunder at the EGM. Apart from Dr. James Sai-Wing Wong, Mr. James Sing-Wai Wong, being the son of Dr. James Sai-Wing Wong, has also abstained from voting voluntarily on the board resolutions of Hon Kwok on the ground of good corporate governance. Saved as disclosed above, none of the other directors of Hon Kwok has a material interest in the Framework Agreement and is required to abstain from voting on such board resolutions.

Save for Dr. James Sai-Wing Wong and his associates who have a material interest in the Proposed CT, no other shareholders of Hon Kwok has material interest in the Proposed CT, the Framework Agreement and the transactions contemplated thereunder. Therefore, no other shareholder of Hon Kwok is required to abstain from voting at the EGM.

The Independent Board Committee comprising all the independent non-executive directors of the Company, namely Ms. Janie Fong, Mr. David Tak-Wai Ma and Mr. James C. Chen, has been formed to advise the Independent Shareholders on whether the Proposed CT and the transactions contemplated thereunder are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole. We, Veda Capital, have been appointed as the Independent Financial Adviser to advise the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. Save for this appointment as the Independent Financial Adviser in respect of the Proposed CT, the Framework Agreement and the transactions contemplated thereunder, there

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were no other engagements between us and the Group in the past two years that could reasonably be regarded as relevant to our independence. Apart from normal professional fees paid or payable to us in connection with this transaction, no other arrangement exists whereby we had received or would receive any fees or benefits from the Company or any parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider ourselves independent in accordance with Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied upon the accuracy of the information and representations contained in the Circular and information provided to us by the Company, the directors of the Company (the “**Directors**”) and the management of the Company (the “**Management**”). We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry 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. 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.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no omission of other facts that would make any statements in the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. In rendering our opinion in the Circular, we have researched, analyzed and relied on (i) information in relation of the Group, including but not limited to, the published financial reports of the Company for the three financial years ended 31 March 2020, 2021 and 2022; (ii) information provided by the Company; (iii) the Circular; and (iv) market information obtained from the website of the Stock Exchange. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any omission of any material facts that would render the information provided and the representations made to us untrue, inaccurate or misleading. We consider that we have performed all reasonable steps as required under Rule 13.80 of the Listing Rules (including the notes thereto) to formulate our opinion and recommendation. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and the Management.

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This letter is issued to the Independent Board Committee and the Independent Shareholders, solely in connection for their consideration of the Proposed CT and the transactions contemplated thereunder, 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.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons. Our conclusions are based on the results of all analyses taken as a whole.

1. Information of the Parties

Hon Kwok

Hon Kwok is principally engaged in (i) the property development segment develops properties for sale; (ii) the property investment segment holds investment properties for development and the generation of rental income; and (iii) the property, carpark management and others segment comprises, among others, the sub-leasing of carparking business and the property management service business which provides management services to residential and commercial properties.

Set out below is a summary of the audited consolidated financial information of Hon Kwok for the financial years ended 31 March 2021 and 2022 as extracted from the annual reports of Hon Kwok for the financial years ended 31 March 2021 and 2022 respectively:

For the financial year ended 31 March 2022

	For the financial year ended 31 March		changes %
	2022 HK\$'000 (audited)	2021 HK\$'000 (audited)	
Revenue	1,106,278	1,276,226	(13.32)
– Property development	632,973	957,124	(33.87)
– Property investment	434,380	289,681	49.95
– Property, carpark management and others	38,925	29,421	32.30
Gross profit	593,097	637,972	(7.03)
Profit attributable to the Shareholders	91,693	121,516	(24.54)

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	As at 31 March		YOY
	2022	2021	changes
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
	<i>(audited)</i>	<i>(audited)</i>	
Non-current assets	16,416,000	16,181,988	1.45
Current Assets	4,122,520	4,211,017	(2.10)
– <i>cash and bank balances</i>	<i>1,877,175</i>	<i>1,908,888</i>	<i>(1.66)</i>
Total assets	20,538,520	20,393,005	0.71
Net asset attributable to the Shareholders	12,264,190	11,976,419	2.40

Hon Kwok recorded revenue for the financial year ended 31 March 2022 in the amount of approximately HK\$1,106.28 million, representing a decrease of approximately 13.32% as compared to that for the financial year ended 31 March 2021 in the amount of approximately HK\$1,276.23 million. As advised by the Management, the decrease in revenue of approximately HK\$169.95 million was mainly resulted from property development segment due to a decrease in property sales.

For the financial year ended 31 March 2022, Hon Kwok recorded a gross profit in the amount of approximately HK\$593.10 million, representing a decrease of approximately 7.03% as compared to that for the financial year ended 31 March 2021 in the amount of approximately HK\$637.97 million. As advised by the Management, the decrease in gross profit was mainly due to the decrease in property sales in Nanhai project despite of the increase in the income generated from other segments. Hon Kwok recorded a profit attributable to the Shareholders in the amount of approximately HK\$91.69 million, representing a decrease of approximately 24.54% as compared to that for the financial year ended 31 March 2021 in the amount of approximately HK\$121.52 million. As advised by the Management, the decrease in profit was mainly due to the increase in fair value losses of investment properties.

As at 31 March 2022, Hon Kwok had current assets of approximately HK\$4,122.52 million, which consisted cash and bank balances of approximately HK\$1,877.18 million. Han Kwok's audited total assets as at 31 March 2022 amounted to approximately HK\$20,538.52 million. Hon Kwok's audited net asset value attributable to the Shareholders amounted to approximately HK\$12,264.19 million as at 31 March 2022, representing an increase of approximately 2.40% as compared to that of approximately HK\$11,976.42 million as at 31 March 2021.

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Set out below is a summary of the audited consolidated financial information of Hon Kwok for the two financial years ended 31 March 2020 and 2021 respectively which were extracted from the annual reports of Hon Kwok for the financial years ended 31 March 2020 and 2021 respectively:

For the financial year ended 31 March 2021

	For the financial year ended 31 March		
	2021	2020	changes
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
	<i>(audited)</i>	<i>(audited)</i>	
Revenue	1,276,226	638,477	99.89
– <i>Property development</i>	957,124	325,561	193.99
– <i>Property investment</i>	289,681	281,060	3.07
– <i>Property, carpark management and others</i>	29,421	31,856	(7.64)
Gross profit	637,972	375,183	70.04
Profit/(loss) attributable to the Shareholders	121,516	(35,946)	Turnaround from loss to profit
	As at 31 March		YOY
	2021	2020	changes
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
	<i>(audited)</i>	<i>(audited)</i>	
Non-current assets	16,181,988	15,379,423	5.22
Current Assets	4,211,017	4,481,495	(6.04)
– <i>cash and bank balances</i>	1,908,888	2,168,054	(11.95)
Total assets	20,393,005	19,860,918	2.68
Net asset attributable to the Shareholders	11,976,419	11,311,379	5.88

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Hon Kwok recorded revenue for the financial year ended 31 March 2021 in the amount of approximately HK\$1,276.23 million, representing an increase of approximately 99.89% as compared to that for the financial year ended 31 March 2020 in the amount of approximately HK\$638.48 million. As advised by the Management, the increase in revenue of approximately HK\$637.75 million was mainly generated from property development segment due to the increased property sales.

For the financial year ended 31 March 2021, Hon Kwok recorded a gross profit in the amount of approximately HK\$637.97 million, representing an increase of approximately 70.04% as compared to that for the financial year ended 31 March 2020 in the amount of approximately HK\$375.18 million. As advised by the Management, the increase in gross profit was mainly due to the significant increase in property sales in Nanhai project and partially off-set by the increase in cost of sales. Hon Kwok recorded a profit attributable to the Shareholders for the financial year ended 31 March 2021 in the amount of approximately HK\$121.52 million, as compared to a loss attributable to the Shareholders for the financial year ended 31 March 2020 in the amount of approximately HK\$35.95 million. As advised by the Management, the turnaround from loss to profit was mainly due to the increase in revenue and partly due to the lower fair value losses recorded upon reappraisals of the investment properties.

As at 31 March 2021, Hon Kwok had current assets of approximately HK\$4,211.02 million, which consisted cash and bank balances of approximately HK\$1,908.89 million. Hon Kwok's audited total assets as at 31 March 2021 amounted to approximately HK\$20,393.01 million. Hon Kwok's audited net asset value attributable to the Shareholders amounted to approximately HK\$11,976.42 million as at 31 March 2021, representing an increase of approximately 5.88% as compared to that of approximately HK\$11,311.38 million as at 31 March 2020.

Chinney Investments

Chinney Investments is principally engaged in (i) the property development segment develops properties for sale; (ii) the property investment segment holds investment properties for development and the generation of rental income; and (iii) the property, carpark management and others segment comprise, among others, the sub-leasing of carparking business and the property management service business which provides management services to residential and commercial properties.

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Set out below is a summary of the audited consolidated financial information of Chinney Investments for the financial years ended 31 March 2021 and 2022 as extracted from the annual reports of Chinney Investments for the financial years ended 31 March 2021 and 2022 respectively:

For the financial year ended 31 March 2022

	For the financial year		
	ended 31 March		
	2022	2021	changes
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
	<i>(audited)</i>	<i>(audited)</i>	
Revenue	1,112,501	1,277,982	(12.95)
– <i>Property development</i>	632,973	957,124	(33.87)
– <i>Property investment</i>	440,603	291,437	51.18
– <i>Property, carpark management and others</i>	38,925	29,421	32.30
Gross profit	597,669	639,239	(6.50)
Profit attributable to the shareholders of Chinney Investments	55,704	77,876	(28.47)
	As at 31 March		YOY
	2022	2021	changes
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
	<i>(audited)</i>	<i>(audited)</i>	
Non-current assets	17,580,387	16,788,699	4.72
Current Assets	4,264,743	4,505,204	(5.34)
– <i>cash and bank balances</i>	2,000,408	2,000,264	0.01
Total assets	21,845,130	21,293,903	2.59
Net asset attributable to the shareholders of Chinney Investments	8,448,366	8,234,269	2.60

Chinney Investments recorded revenue for the financial year ended 31 March 2022 in the amount of approximately HK\$1,112.50 million, representing a decrease of approximately 12.95% as compared to that for the financial year ended 31 March 2021 in the amount of approximately HK\$1,277.98 million. We were given to understand that the decrease in revenue was mainly due to the decrease in property sales.

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For the financial year ended 31 March 2022, Chinney Investments recorded a gross profit in the amount of approximately HK\$597.67 million, representing a decrease of approximately 6.50% as compared to that for the financial year ended 31 March 2021 in the amount of approximately HK\$639.24 million. As advised by the management of Chinney Investments, the decrease in gross profit was mainly due to the decrease in property sales in Nanhai project. Chinney Investments recorded a profit attributable to the shareholders in the amount of approximately HK\$55.70 million, representing a decrease of approximately 28.47% as compared to that for the financial year ended 31 March 2021 in the amount of approximately HK\$77.88 million. We were given to understand that the decrease in profit was mainly due to the increase in the fair value losses on investment properties.

As at 31 March 2022, Chinney Investments had current assets of approximately HK\$4,264.74 million, which consisted cash and bank balances of approximately HK\$2,000.41 million. Chinney Investments' audited total assets as at 31 March 2022 amounted to approximately HK\$21,845.13 million. Chinney Investments' audited net asset value attributable to the shareholders amounted to approximately HK\$8,448.37 million as at 31 March 2022, representing an increase of approximately 2.60% as compared to that of approximately HK\$8,234.27 million as at 31 March 2021.

Set out below is a summary of the audited consolidated financial information of Chinney Investments for the two financial years ended 31 March 2020 and 2021 respectively which were extracted from the annual reports of Chinney Investments for the financial years ended 31 March 2020 and 2021 respectively:

For the financial year ended 31 March 2021

	For the financial year		
	ended 31 March		
	2021	2020	changes
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
	<i>(audited)</i>	<i>(audited)</i>	
Revenue	1,277,982	639,442	99.86
– <i>Property development</i>	957,124	325,561	193.99
– <i>Property investment</i>	291,437	282,025	3.34
– <i>Property, carpark management and others</i>	29,421	31,856	(7.64)
Gross profit	639,239	375,744	70.13
Profit/(loss) attributable to the shareholders of Chinney Investments	77,876	(45,423)	Turnaround from loss to profit

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	As at 31 March		YOY
	2021	2020	changes
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
	<i>(audited)</i>	<i>(audited)</i>	
Non-current assets	16,788,699	15,999,658	4.93
Current Assets	4,505,204	4,567,251	(1.36)
– cash and bank balances	2,000,264	2,235,741	(10.53)
Total assets	21,293,903	20,566,909	3.53
Net asset attributable to the shareholders of Chinney Investments	8,234,269	7,722,330	6.63

Chinney Investments recorded revenue for the financial year ended 31 March 2021 in the amount of approximately HK\$1,277.98 million, representing an increase of approximately 99.86% as compared to that for the financial year ended 31 March 2020 in the amount of approximately HK\$639.44 million. As advised by the management of Chinney Investments, the increase in revenue was mainly due to the increased in properties sales from the development projects of Chinney Investments' subsidiaries.

For the financial year ended 31 March 2021, Chinney Investments recorded a gross profit in the amount of approximately HK\$639.24 million, representing an increase of approximately 70.13% as compared to that for the financial year ended 31 March 2020 in the amount of approximately HK\$375.74 million. As advised by the management of Chinney Investments, the increase in gross profit was mainly due to the significant increase in properties sales and partially off-set by the increase in cost of sales. Chinney Investments recorded a profit attributable to the shareholders for the financial year ended 31 March 2021 in the amount of approximately HK\$77.88 million, as compared to a loss attributable to the shareholders for the financial year ended 31 March 2020 in the amount of approximately HK\$45.42 million. As advised by the management of Chinney Investments, the turnaround from loss to profit was mainly due to the increase in revenue and partly due to the lower fair value losses recorded upon reappraisals of the investment properties of its subsidiaries.

As at 31 March 2021, Chinney Investments had current assets of approximately HK\$4,505.20 million, which consisted cash and bank balances of approximately HK\$2,000.26 million. Chinney Investments' audited total assets as at 31 March 2021 amounted to approximately HK\$21,293.90 million. Chinney Investments' audited net asset value attributable to the shareholders amounted to approximately HK\$8,234.27 million as at 31 March 2021, representing an increase of approximately 6.63% as compared to that of approximately HK\$7,722.33 million as at 31 March 2020.

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Chinney Alliance

Chinney Alliance is principally engaged in (i) the plastic and chemical products segment consists of importing, marketing and distributing plastic and chemical products; (ii) the building related contracting services segment consists of the provision of contracting services for both public and private sectors, including engineering contracting services in the air-conditioning industry and the provision of maintenance services; (iii) the foundation piling and ground investigation segment consists of the foundation piling and substructure construction works for both public and private sectors; (iv) the building construction segment consists of superstructure construction works for both public and private sectors; (v) the aviation segment consists of the distribution and installation of aviation system and other hi-tech products; and (vi) the others segment consists of property holding and development and investment holding.

Set out below is a summary of the unaudited consolidated financial information of Chinney Alliance for the six months ended 30 June 2021 and 2022 as extracted from the interim report of Chinney Alliance for the six months ended 30 June 2022:

For the six months ended 30 June 2022

	For the six months ended		
	30 June		
	2022	2021	changes
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	
Revenue	2,854,620	3,004,020	(4.97)
Gross profit	305,122	295,189	3.36
Profit attributable to the shareholders of Chinney Alliance	5,407	8,529	(36.60)
	As at 30 June		
	2022		
	2021	YOY	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>changes</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>%</i>
Non-current assets	1,302,892	1,245,152	4.64
Current Assets	3,383,528	3,181,205	6.36
– <i>cash and cash equivalents</i>	596,578	564,534	5.68
Total assets	4,686,420	4,426,357	5.88
Net asset attributable to the shareholders of Chinney Alliance	2,106,327	1,989,924	5.85

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Chinney Alliance recorded revenue for the six months ended 30 June 2022 in the amount of approximately HK\$2,854.62 million, representing a decrease of approximately 4.97% as compared to that for the six months ended 30 June 2021 in the amount of approximately HK\$3,004.02 million.

For the six months ended 30 June 2022, Chinney Alliance recorded a gross profit in the amount of approximately HK\$305.12 million, representing an increase of approximately 3.36% as compared to that for the six months ended 30 June 2021 in the amount of approximately HK\$295.19 million. We noted from the interim report of Chinney Alliance for the six months ended 30 June 2022, the increase in gross profit was mainly due to the decrease in cost of sales and services provided. Chinney Alliance recorded a profit attributable to the shareholders in the amount of approximately HK\$5.41 million, representing a decrease of approximately 36.60% as compared to that for the six months ended 30 June 2021 in the amount of approximately HK\$8.53 million.

As at 30 June 2022, Chinney Alliance had current assets of approximately HK\$3,383.53 million, which consisted cash and cash equivalents of approximately HK\$596.58 million. Chinney Alliance's unaudited total assets as at 30 June 2022 amounted to approximately HK\$4,686.42 million. Chinney Alliance's unaudited net asset value attributable to the shareholders amounted to approximately HK\$2,106.33 million as at 30 June 2022, representing an increase of approximately 5.85% as compared to that of approximately HK\$1,989.92 million as at 30 June 2021.

Set out below is a summary of the audited consolidated financial information of Chinney Alliance for the two financial years ended 31 December 2020 and 2021 respectively which were extracted from the annual reports of Chinney Alliance for the financial years ended 31 December 2020 and 2021 respectively:

For the financial year ended 31 December 2021

	For the financial year ended 31 December		changes
	2021	2020	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
	<i>(audited)</i>	<i>(audited)</i>	
Revenue	6,799,821	4,941,712	37.60
Gross profit	646,559	559,760	15.51
Profit attributable to the shareholders of Chinney Alliance	77,379	124,084	(37.64)

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	As at 31 December		YOY
	2021	2020	changes
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
	<i>(audited)</i>	<i>(audited)</i>	
Non-current assets	1,333,108	1,238,407	7.65
Current Assets	3,602,388	3,041,930	18.42
– <i>cash and cash equivalents</i>	<i>648,837</i>	<i>417,874</i>	<i>55.27</i>
Total assets	4,935,496	4,280,337	15.31
Net asset attributable to the shareholders of Chinney Alliance	2,120,685	2,002,116	5.92

Chinney Alliance recorded revenue for the financial year ended 31 December 2021 in the amount of approximately HK\$6,799.82 million, representing an increase of approximately 37.60% as compared to that for the financial year ended 31 December 2020 in the amount of approximately HK\$4,941.71 million.

For the financial year ended 31 December 2021, Chinney Alliance recorded a gross profit in the amount of approximately HK\$646.56 million, representing an increase of approximately 15.51% as compared to that for the financial year ended 31 December 2020 in the amount of approximately HK\$559.76 million. We noted that from the annual report of Chinney Alliance for the financial year ended 31 December 2021, the increase in gross profit was mainly due to the increase in sales of goods and construction services and partially off-set by the increase in cost of sales. Chinney Alliance recorded a profit attributable to the shareholders in the amount of approximately HK\$77.38 million, representing a decrease of approximately 37.64% as compared to that for the financial year ended 31 December 2020 in the amount of approximately HK\$124.08 million.

Chinney Alliance's audited total assets as at 31 December 2021 amounted to approximately HK\$4,935.50 million, which comprises current assets of approximately HK\$3,602.39 million and cash and cash equivalents of approximately HK\$648.84 million. Chinney Alliance's audited net asset value attributable to the shareholders amounted to approximately HK\$2,120.69 million as at 31 December 2021, which comprises net current assets of approximately HK\$1,128.04 million.

In view of the above, we concur with the Management's view that the Contractors, being indirect wholly-owned subsidiaries of the Chinney Alliance, has sufficient financial resources to carry out the Builder's Works and the M&E and Façade Works.

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Background of the Contractors

Chinney Construction Company, Limited, being the Builder's Works Contractor of the Framework Agreement and a company incorporated under the Laws of Hong Kong with limited liability, is an indirect wholly-owned subsidiary of Chinney Alliance. It is a general building contractor principally engaged in the provision of building construction works and services to the public and private sectors in Hong Kong.

Shun Cheong Building Services Limited, being the M&E and Façade Works Contractor of the Framework Agreement and a company incorporated under the Laws of Hong Kong with limited liability, is an indirect wholly-owned subsidiary of Chinney Alliance. It is a contractor principally engaged in multi-discipline building services, including but not limited to mechanical and electrical engineering and general building maintenance.

Background of the Employer

As set out in the Board Letter, the Employer is a company incorporated under the Laws of Hong Kong with limited liability, is an indirect wholly-owned subsidiary of Hon Kwok and an indirect non wholly-owned subsidiary of Chinney Investments. It is the owner of the Building and is principally engaged in property holding and letting in Hong Kong.

2. Reasons for and benefits of the Proposed CT

As mentioned in the Board Letter, the principal activities of Hon Kwok Group are property development and investment. From time to time, Hon Kwok Group engages contractors for (i) construction works of its property development projects; and (ii) additions, alterations and maintenance works for its properties held for investment or generating recurrent rental income.

The Building was completed in 1970, acquired by Hon Kwok Group in 1998 and has been held by Hon Kwok Group as a serviced apartment and hotel since then. Given that the revenue of the Group is mainly derived from property development and investment, we concur with the Management's view that it is in the best interest of the Company and the Shareholders as a whole to refurbish and renovate the Building in order to upgrade its condition to tailor for the demand and expectation of its guests, so as to maintain the competitiveness and attractiveness of the Building (with its utilisation as a serviced apartment and hotel). The above is to be achieved by various revamp works for the Building including the Builder's Works and the M&E and Façade Works, and as for the interior fitting-out works of the Building, it will be commenced next year via a new tendering procedure, and it is currently under preliminary design stage. With respect to the above, the Company has engaged technically competent contractors at a competitive price to carry out the Builder's Works and the M&E and Façade Works.

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Moreover, by means of the Builder's Works and the M&E and Façade Works, it is anticipated that those works will upgrade the overall appearance and image of the Building, providing a refreshed experience to the guests of the Building and will make it more attractive. In particular, with the aim of addressing the growing concerns on energy-saving and the advocacy for green buildings in Hong Kong, the Employer has decided to apply the building-integrated photovoltaics system to the façade of the Building, which is a solar power generating system seamlessly integrated into the curtain wall of the Building. It is expected that the Project would be able to (i) increase occupancy, rental income derived from and business value of the Building; and (ii) enhanced the performance of the Chinney Investments Group and the Hon Kwok Group in terms of their efforts for environmental protection, and is therefore considered beneficial and in the interests of the Chinney Investments Group, the Hon Kwok Group and the shareholders of each of Chinney Investments and Hon Kwok as a whole.

Each of the Contractors is considered an appropriate choice given (a) the awarding of the respective contracts for the Builder's Works and the M&E and Façade Works to each of the Contractors have been based on the fair and reasonable assessment criteria elaborated under the subsection "Assessment criteria for the tenders on the Builder's Works and the M&E and Façade Works" of the section headed "THE FRAMEWORK AGREEMENT" in the Board Letter; (b) 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; (c) being same as the Employer, both of the Contractors are under the control of Dr. James Sai-Wing Wong who has the objective of achieving the well-being for all of the Companies; and (d) the long-established relationship amongst the Companies that will enhance work efficiency and effective communication.

As advised by the Company, the relationship among Hon Kwok, Chinney Investments and Chinney Alliance 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 People's Republic of China. 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. Furthermore, as the Chinney Investments Group and the Hon Kwok Group has principally engaged in property development and investment businesses, and the CAG Group has principally engaged in construction and building-related contracting services for many years, with the management of each of the above groups being knowledgeable and accomplished with projects similar to that of the Project, it can be anticipated that such goal of completing the Builder's Works and the M&E and Façade Works punctually, of high quality and within the approved Total Contract Sum can be achieved.

We have obtained the project list of the Builder's Works Contractor included in the tender documents, the Builder's Works Contractor had completed over 50 projects of similar nature in Hong Kong for the past 10 years, and its customers included, among others, property developers, construction companies, universities in Hong Kong, charity organisations as well as their respective main contractors. Having reviewed the project description in the project list of all completed projects for the past 10 years, we noted that the Builder's Works Contractor

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has undertaken the role of main contractors and subcontractors in the past. The nature of the above-mentioned projects including 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, which are similar to the Builder's Works. The size of the above-mentioned projects ranges from approximately HK\$1.5 million to approximately HK\$575 million.

Besides, we have also obtained the project list of the M&E and Façade Works Contractor included in the tender document, the M&E and Façade Works Contractor had completed over 20 projects of similar nature in Hong Kong, and its customers included, among others, property developers, construction companies, universities in Hong Kong, hospital authority. Having reviewed the project description in the project list of all completed projects for the past 10 years, we noted that the M&E and Façade Works Contractor has undertaken the role of main contractors and subcontractors in the past. The nature of the above-mentioned projects including but not limited to, the mechanical and electrical engineering systems installation, renovation and building work, which are similar to the M&E and Façade Works. The size of the above-mentioned projects ranges from approximately HK\$1 million to approximately over HK\$200 million.

Based on our discussion with the Management, we noted that the Management also considered that (i) the engagement of the Contractors 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.

We were given to understand that as the Builder's Works and the M&E and Façade Works would require specialised expertise and capabilities, it is beneficial and more cost effective to engage capable, reliable and reputable contractors whom are familiar with. Taking into consideration that (i) the Contractors have had past experience in the provision of similar works and services under the Framework Agreement; (ii) the Contractors have had capabilities to take the project under the Framework Agreement given the size of projects previously conducted; (iii) the engagement of the Contractors would enable Hon Kwok to capitalise on the experience and expertise of CAG Group in the Hong Kong construction industry; (iv) the long-established relationship between the two groups will enhance work efficiency and effective communication; and (v) the joint effort of the Parties would provide a more comprehensive and coordinated service in the common interest of the Parties and the Companies, we concur with the Management's view that the Contractors are appropriate candidates for the Proposed CT.

We were given to understand from the Company that the conditional engagement by the Employer and the conditional acceptance by the Contractors to carry out the Builder's Works and the M&E and Façade Works represented activities within the ordinary and usual course of business of the Group. In respect of the Builder's Works, the Builder's Works Contractor was selected through a tender process by invitation conducted by the Architect and the Quantity Surveyor engaged by the Employer, of which the Builder's Works Contractor along with two

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independent third parties were invited to submit tenders. A total of three tenders, including the one submitted by the Builder's Works Contractor, were received by the Architect and the Quantity Surveyor. Among the three tenders received, the tender price set out in the tender submitted by the Builder's Works Contractor was the lowest bid.

Besides, in respect of the M&E and Façade Works, the M&E and Façade Works Contractor was selected through a tender process by invitation conducted by the Architect and the Quantity Surveyor engaged by the Employer, of which the M&E and Façade Works Contractor along with two independent third parties were invited to submit tenders. A total of three tenders, including the one submitted by the M&E and Façade Works Contractor, were received by the Architect and the Quantity Surveyor. Among the three tenders received, the tender price set out in the tender submitted by the M&E and Façade Works Contractor was the lowest bid.

In light of the above, 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.

3. Principal terms of the Framework Agreement

- Date:** 26 September 2022 (after trading hours)
- Parties:**
- (a) the Employer (an indirect wholly-owned subsidiary of Hon Kwok and an indirect non wholly-owned subsidiary of Chinney Investments);
 - (b) the Builder's Works Contractor (an indirect wholly-owned subsidiary of Chinney Alliance); and
 - (c) the M&E and Façade Works Contractor (an indirect wholly-owned subsidiary of Chinney Alliance).

Builder's Works

The Employer conditionally engages the Builder's Works Contractor and the Builder's Works Contractor conditionally agrees to act as the contractor to carry out the Builder's Works for the Project at a contract sum (and subject to the provisional sums) on the terms and subject to the conditions precedent of the Framework Agreement (as set out in the paragraph under "Conditions Precedent of the Framework Agreement" below), and on the terms and conditions as contained in the Builder's Works Contract Documents. The period of the Builder's Works is estimated to be approximately 490 calendar days.

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The contract sum for the Builder's Works represents the aggregate of (i) the amount offered by the Builder's Works Contractor under the lump sum fixed price tender, which is HK\$67,300,000; (ii) the prime cost sums for lift replacement works to be carried out by an independent lift sub-contractor, whose contract is pending on tendering procedure and is currently estimated by the Quantity Surveyor to be HK\$8,000,000; and (iii) the provisional sums for (a) certain builder's works not yet quantified at the time of the tendering; and (b) the relevant contingencies in respect of the Builder's Works, in the total amount of not exceeding HK\$21,000,000.

M&E and Façade Works

The Employer conditionally engages the M&E and Façade Works Contractor and the M&E and Façade Works Contractor conditionally agrees to act as the contractor to carry out the M&E and Façade Works for the Project at a contract sum (and subject to the provisional sums) on the terms and subject to the conditions precedent of the Framework Agreement (as set out in the paragraph under "Conditions Precedent of the Framework Agreement" below), and on the terms and conditions as contained in the M&E and Façade Works Contract Documents. The period of the M&E and Façade Works is estimated to be approximately 490 calendar days.

The contract sum for the M&E and Façade Works represents the aggregate of (i) the amount offered by the M&E and Façade Works Contractor under the lump sum fixed price tender which is HK\$132,000,000; and (ii) the provisional sums for (a) town-gas installation and façade lighting works not yet quantified at the time of the tendering; and (b) the relevant contingencies in respect of the M&E and Façade Works, in the total amount of not exceeding HK\$9,000,000.

The Total Contract Sum

The Total Contract Sum, being the total amount of not exceeding HK\$237,300,000, represents the maximum total costs to be incurred by the Employer in respect of the Project under the Framework Agreement. It is the aggregate of:

- (a) the tender sums offered by the Builder's Works Contractor and the M&E and Façade Works Contractor under their respective lump sum fixed price tenders of HK\$67,300,000 and HK\$132,000,000 respectively;
- (b) the prime cost sums for lift replacement works to be carried out by an independent lift subcontractor (as part of the Builder's Works), whose contract is pending on tendering procedure and is currently estimated by the Quantity Surveyor to be HK\$8,000,000;
- (c) the provisional sums for such works not yet quantified at the time of tendering and estimated by the Quantity Surveyor in respect of the Builder's Works and the M&E and Façade Works, in the amount of not exceeding HK\$11,000,000 and HK\$4,000,000 respectively; and
- (d) the provisional sums for the relevant contingencies in respect of the Builder's Works and the M&E and Façade Works, in the amount of not exceeding HK\$10,000,000 and HK\$5,000,000 respectively.

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The Project involves the revamp works of an existing building which includes, amongst others, structure strengthening, façade refurbishment, lift replacement, electrical and air conditioning systems upgrade and drainage replacement. Unlike a new building project, such additions and alterations works on the Building have to take its actual circumstances and environment into account and is therefore impractical to determine in advance the precise extent of works and amount of materials required.

Under the Builder's Works Contract Documents, the provisional sums for such works not yet quantified at the time of tendering represented (i) the gondola and its associated builder's works in an estimated amount of HK\$8,000,000; and (ii) the associated builder's works in connection with lift installation and window wall installation in an estimated amount of HK\$3,000,000. These associated builder's works mainly involve concrete rectification and structure strengthening and the extent of which could only be determined when such works are being carried out.

Under the M&E and Façade Works Contract Documents, the provisional sums for such works not yet quantified at the time of tendering represented (i) the façade lighting system in an estimated amount of HK\$3,000,000; and (ii) towngas installation cost in an estimated amount of HK\$1,000,000. At the time of tendering, the design for lighting and water heating system has not yet finalized and hence the relevant contract sums in respect of these two systems remain to be determined.

Nevertheless, the works not yet quantified at the time of tendering have a clearly defined scope with respect to both the Builder's Works and the M&E and Façade Works. It is out of the reasons elaborated above that each of the relevant provisional sums have to be presented by means of an estimated amount at the time of tendering. The Quantity Surveyor, based on their job nature and experiences, provided the best estimates for the Employer's reference. When estimating the provisional sums for the works not yet quantified under the Builder's Works, the Quantity Surveyor has made references to the structural report of the Building and also discussed with the structural engineering consultant to determine the possible extensiveness of concrete rectification, structural strengthening and other finishing works associated with the installations of gondola, lift and window wall. The Quantity Surveyor then applied the current market rates for the materials and manpower from their database to calculate the overall costs for the above tasks. As to the provisional sums for the façade lighting system and towngas installation, the Quantity Surveyor estimated such amounts based on similar jobs with buildings of similar size it encountered in the past.

Nevertheless, all the provisional sums of this kind are set out in the relevant invitation for tender to all tenderers. The actual costs for these works will be determined when they are completed after confirmation by the Architect, and verification and valuation by the Quantity Surveyor.

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With respect to the contingencies relevant to both the Builder's Works and the M&E and Façade Works, such provisional sums are present in construction works, or additions and alterations works for the purpose of allowing flexibility to both the Employer and the Contractors on unforeseen or unforeseeable works as elaborated above. Those sums are determined based on a percentage of the total contract sum on the Builder's Works and the M&E and Façade Works respectively, and are considered appropriate by the Quantity Surveyor after taking into account of the scope of work under each of the Builder's Works and the M&E and Façade Works, the overall duration of the Project and also with reference to similar projects the Quantity Surveyor engaged in the past.

In any event, any claim by any of the Contractors under this category needs to be (i) confirmed by the Architect; and (ii) verified and evaluated by the Quantity Surveyor.

Payment terms of the Total Contract Sum

The Total Contract Sum shall be settled in the following manner:

(a) Payment based on work done

The Contractors shall submit payment applications on monthly basis with details of the works done and materials delivered as (i) verified and valued by the Quantity Surveyor; and (ii) certified by the Architect.

90% of such monthly certified amounts will be settled by the Employer within 28 calendar days after the submission of invoices and the Architect's certificates by the Contractors. 10% of such monthly certified amounts will be retained by the Employer as retention monies.

The retention monies retained by the Employer contemplated above are subject to a limit of 5% of the contract sums under the respective Builder's Works Contract Documents and the M&E and Façade Works Contract Documents, with the exclusion of the prime cost sums for lift replacement works to be carried out as part of the Builder's Works by an independent lift sub-contractor.

(b) Retention monies

50% of the retention monies shall be released to the Contractors after the Architect issues the substantial completion certificates for each of the Builder's Works and the M&E and Façade Works. The remaining 50% shall be paid by the Employer only after the expiration of the 12-months defect liability period and the issue of the defects rectification certificate by the Architect.

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The payment terms of the Total Contract Sum are set out in the respective Builder's Works Contract Documents and the M&E and Façade Works Contract Documents, such terms adopt the "Agreement & Schedule of Conditions of Building Contract for use in the Hong Kong Special Administrative Region, 2006 Edition" issued under the sanction of The Hong Kong Institute of Architects, The Hong Kong Institute of Construction Managers and The Hong Kong Institute of Surveyors. It is a standard form of building contract commonly adopted in construction industry in Hong Kong.

As the payment terms as set out in the Builder's Works Contract Documents and the M&E and Façade Works Contract Documents are determined with reference to the aforementioned standard form of building contract, it is common industry practice to have monthly payments made to the Contractors to be after the completion of specific portions or percentage of works, which are to be examined, quantified and approved by independent professional parties.

The percentage figures prescribed in the above payment terms and set out in the Builder's Works Contract Documents and the M&E and Façade Works Contract Documents follow the sample percentage figures as stipulated in the aforementioned standard form of building contract and the "Practice Notes for Quantity Surveyors in relation to Valuation for Interim Payment Certificates" issued by The Hong Kong Institute of Surveyors in August 2014, for instance, amongst other things, 10% of the monthly certified amounts be retained by the Employer as retention monies subject to a limit of 5% of the contract sum and 50% of the retention money be released after the Architect issues the substantial completion certificates.

Conditions Precedent of the Framework Agreement

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

- (a) the respective approval and authorisation of each of the Chinney Investments Board, the Hon Kwok Board and the Chinney Alliance Board regarding the entering into, the execution, delivery and performance of the Proposed CT, the Framework Agreement, all the transactions contemplated thereunder and any agreement ancillary thereto;
- (b) the passing by the independent shareholders of each of the Companies in their respective special general meeting(s) or extraordinary general meeting(s) (as the case may be) by way of poll on the resolution approving and authorising, amongst other things, the execution, delivery and performance of all the transactions contemplated under the Proposed CT, the Framework Agreement and any agreement ancillary thereto;

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- (c) all requirements imposed by the Stock Exchange under the Listing Rules or otherwise, any relevant laws and regulations in connection with all the transactions contemplated by the Framework Agreement having been fully complied with; and
- (d) all waivers, consents, approvals or confirmations (as the case may be) of the Stock Exchange and any governing body for the transactions contemplated under the Framework Agreement, which are required or appropriate or in relation thereto, and all relevant waivers, consents, approvals or confirmations (as the case may be) required for the purposes of the Parties for the entry into and the implementation of the Framework Agreement having been obtained.

None of the above conditions precedent can be waived by any of the Contractors or the Employer.

The Parties shall use their reasonable endeavours to procure that above conditions precedent of the Framework Agreement shall be fulfilled on or before the Long-Stop Date.

If any of the above conditions precedent has not 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 Parties.

As at the Latest Practicable Date, paragraph (a) of the above conditions precedent has been fulfilled. It is expected that paragraphs (b), (c) and (d) of the above conditions precedent will be fulfilled upon the passing of the relevant resolution at the EGM.

4. Our analysis and work performed

As set out in the Board Letter, the Builder's Works Contractor and the M&E and Façade Works Contractor were selected through their respective tendering process, in which for each tendering process, three companies had submitted tenders to the Architect and the Quantity Surveyor, both being Independent Third Parties, for review and assessment.

The contract sums for the Builder's Works and the M&E and Façade Works will be in the total amount of not exceeding HK\$96,300,000 and HK\$141,000,000 respectively. The Total Contract Sum representing the contract sum of the Builder's Works plus the contract sum of the M&E and Façade Works under the Framework Agreement will not be exceeding HK\$237,300,000. Having discussed with the Quantity Surveyor, we noted that the Quantity Surveyor was responsible for the assessment in respect of cost and contractual issues. In particular, we are given to understand that all tenderers have stated out their unit rates of all relevant materials and labors required for completing the works in their tender submissions, and the Quantity Surveyor has then examined the reasonableness of such unit rates, such that

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the lump sum tendering amounts offered by each of the tenderers are derived on a reasonable basis. Furthermore, the Quantity Surveyor, based on their industry knowledge and experiences, provided the best estimates for the Employer's reference in relation to the provisional sums for the works not yet quantified under the Framework Agreement. For example, when estimating the provisional sums for the works not yet quantified under the Builder's Works, they have made references to the structural report of the Building and also discussed with the structural engineering consultant to determine the possible extensiveness of concrete rectification, structural strengthening and other finishing works associated with the installations of gondola, lift and window wall. As to the provisional sums for the façade lighting system and towngas installation, the Quantity Surveyor estimated such amounts based on similar jobs in similar size of building they have encountered in the past.

We have further reviewed the invitation documents, the tendering documents in respect of the Builder's Works and the M&E and Façade Works, job references and qualifications of the Quantity Surveyor and have carried an interview with the responsible officer of the Quantity Surveyor for the Project. Based on our review and discussion with the Quantity Surveyor, we noted that (i) the works required in the documents has no material difference to the three contractors of each tender; (ii) tendering documents proposed by the tenderers for each tender were assessed by the Quantity Surveyor such that the tendering documents were fully compliant with the requirement of the tenders; (iii) the Quantity Surveyor were experienced in similar jobs in similar size of the Project such that the provisional sums are the best estimates for each tender; and (iv) the Contractors offered the lowest tender sums, we are of the view that the Total Contract Sum is appropriate, fair and reasonable.

As advised by the Company, the "Agreement & Schedule of Conditions of Building Contract for use in the Hong Kong Special Administrative Region, 2006 Edition" issued under the sanction of The Hong Kong Institute of Architects, The Hong Kong Institute of Construction Managers and The Hong Kong Institute of Surveyors is a guidance in construction industry in Hong Kong. Based on our discussion with the Company, we noted that payment terms of the Total Contract Sum is a standard form of building contract commonly adopted in construction industry in Hong Kong, and the payment will follow common industry practice which is to be affected in stages based on the progress of the Builder's Works and the M&E and Façade Works properly executed by each of the Builder's Works Contractor and the M&E and Façade Works Contractor, and the materials and goods delivered, as examined, quantified, approved and certified by the Architect in the Architect's certificates to be delivered to the Employer from time to time. Furthermore, having reviewed the "Practice Notes for Quantity Surveyors in relation to Valuation for Interim Payment Certificates" issued by The Hong Kong Institute of Surveyors in August 2014 (the "**Practice Notes**") from the website of The Hong Kong Institute of Surveyors, we noted that the percentage figures prescribed in the payment terms follow the sample percentage figures as stipulated in the aforementioned, which is also a common industry practice. Having considered that (i) the payment terms of the Total Contract Sum is a standard form and common industry practice; (ii) the percentage figures prescribed in the payment terms follow the sample percentage figures as stipulated in the Practice Notes; and (iii) the monthly payments made to the Contractors to be after the

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completion of specific portions or percentage of works which should be examined, qualified and approved by independent professional parties, which is favorable to the Company's interests, we are of the view that the payment terms of the Total Contract Sum are fair and reasonable.

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 concluding the Builder's Works Contractor and the M&E and Façade Works Contractor to be responsible for their respective work regarding the Project, the Architect and the Quantity Surveyor have considered, including but not limited to, on top of the tender prices and other factors relating to the tenderers such as the number of projects they have completed, their experiences of building contracts of similar nature, project scale and complexity for past projects, the competences of their technical staff and the quality of their technical proposals submitted. Each tenderer was given a score by the Architect after consideration of the above factors. Based on the examination and assessment by the Architect and the Quantity Surveyor, each of the Builder's Works Contractor and the M&E and Façade Works Contractor respectively scored the highest amongst the three tenderers for each of the tender and the Quantity Surveyor recommended to award the respective tenders to the Builder's Works Contractor and the M&E and Façade Works Contractor.

Tender procedures for the selection of contractors

As advised by the Management, for its property development projects in Hong Kong, due to their larger contract sums, the Company will typically invite not less than three construction contractors to submit tender or quotation and will engage external professional parties to assess and examine the suitability of each candidate. For other alternation and addition works, fitting out works or maintenance works to existing buildings, depending on the contract sums which may vary case by case, the Company will invite less contractors to submit tenders or quotations and under certain circumstances such as tight working schedule, lack of market interest or in the absence of available suitable contractors, the Company may even consider approaching just one contractor to submit quotation and assess it internally or with other professional consultants if required.

For the Project, however, the Company considers it to be a major refurbishment and renovation project of a valuable property held by it in Hong Kong, the Management decided to go through tendering process for both of the Builder's Works and M&E and Façade Works and engage the Architect and the Quantity Surveyor to prepare technical assessment reports and tender reports respectively prior to awarding the contracts.

As advised by the Management, we noted that prior to the tendering process, the Employer has discussed with the Architect and the Quantity Surveyor on the selection criteria of the potential candidates to invite them to submit tenders in respect of the Builder's Works and the M&E and Façade Works. Several criteria were considered as top priority, including (i) company size and reputation for ensuring the punctuality for

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completion; (ii) experiences in additions and alterations works on existing buildings; (iii) project pipelines for ensuring sufficient manpower; (iv) knowledge in the application of building-integrated photovoltaics system to the façade of a building; and (v) whether the potential candidates participated in tendering for the projects of the Hon Kwok Group prior to the Project or having indicated their interests in submitting tender for the Project.

Having reviewed the tendering documents, we noted that the Builder's Works and the M&E and Façade Works such as mock-up works of sunken trench for testing the drainage system to the satisfaction of assessment of the Architect would require specialised expertise and capabilities and the Project has a tight schedule. Considering that (i) the selection criteria as mentioned above could ensure the quality of the potential candidates; and (ii) tendering process can be streamlined for the Company to engage appropriate contractors, we are of the view that such selection criteria are fair and reasonable.

Given that (i) the Covid-19 pandemic has impacted the delivery schedule of construction materials and has made it difficult to maintain sufficient manpower which may incur extra cost on potential contractors and affect the interests of the contractors to participate in the tenders; (ii) the Company intended to engage in business cooperation with capable, reliable and reputable contractors who are familiar with the works required under the Framework Agreement; (iii) only three contractors has indicated their interests in participating in each tender; and (iv) the Architect, the Quantity Surveyor and the Company are of the view that three tenderers are sufficient to participate in each tender after assessment, we are of the view that it is fair and reasonable to invited three contractors during the tendering process.

We have reviewed (i) the detailed invitations to tenders with specifications and drawings of the Project which were prepared by the Quantity Surveyor and assessed by the Company; and (ii) communication records relating to the above-selected tenderers, we noted that all the information given to each of the selected tenderers were the same for the preparation of their respective bids.

Having considered that (i) all the contractors were selected based on the same selection criteria to fulfill the requirement of the works under the Framework Agreement; (ii) the impact of the Covid-19 pandemic affected the interests of the contractors to participate in the tenders; (iii) three tenders are sufficient to participate in each tender after assessment by the Architect and the Quantity Surveyor; (iv) the information given to the selected tenderers were the same for the preparation of their respective bids; and (v) the detailed and complete tendering procedures could ensure the quality of the Contractors, we are of the view that the tendering procedures are fair and reasonable.

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Technical Assessment Reports and Tender Reports

In formulating their recommendation, the Quantity Surveyor had, amongst other matters, (i) reviewed the technical assessment report for the Builder's Works and the technical assessment report for the M&E and Façade Works prepared by the Architect (the "**Technical Assessment Reports**"), which set out the assessment made by the Architect primarily focusing on the technical aspects of the submitted tenders received by the Employer in connection with the Builder's Works and the M&E and Façade Works; and (ii) the contractual matters of the total six tenders (including three tenders for the Builder's Works and three tenders for the M&E and Façade Works).

In this connection, we have discussed and reviewed the (i) methodology, basis and key assumptions adopted in the Technical Assessment Reports prepared by the Architect, the tender report for the Builder's Works and the tender report for the M&E and Façade Works prepared the Quantity Surveyor (the "**Tender Reports**"), respectively; and (ii) the relevant documents submitted by the each of the 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 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 all tenderers as set out in the Technical Assessment Reports, the evaluation conducted by the Quantity Surveyor based on the information as set out in the Technical Assessment Reports as well as the tender price submitted by the tenderers, the Quantity Surveyor has made its recommendation to the Group. They also considered the proposed contracts sum and terms of all tenders regarding the Builder's Works and the M&E and Façade Works submitted by the tenderers. The Contractors with the highest overall score out of the total 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.

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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 letter of the Architect and the Quantity Surveyor (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 Reports);
- (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.

Given that (i) the Architect is experienced in providing architectural services for property development and infrastructural projects for both the public and private sectors in Hong Kong; (ii) the officer responsible of the Architect for the Project is a member of The Hong Kong Institute of Architects, Registered Architect and Authorised Person (Architect) with about 10 years of experience in the design, planning and project administration of property projects; (iii) the Quantity Surveyor is experienced in a full range of services including estimating, cost planning, documentation and post-contract services, especially in providing full quantity surveying services in a number of projects which are similar to the Project in Hong Kong; and (iv) the officer responsible of the Quantity Surveyor for preparing the tender reports is a member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a Registered Professional Surveyor (Quantity Surveying Division), a member of the China Registered Cost Engineer and a Construction Industry Council Certified Building Information Modelling Manager with over 25 years of experience in all aspects of quantity surveying and cost management duties, we are of the view that the Architect and the Quantity Surveyor, and their respective responsible architect or officer for the Project (as the case may be) are accomplished in the field of construction industries and its relevant tendering process, and the Technical Assessment Reports, the Tender Reports and assessments in relation to the Project provided by the Architect and the Quantity Surveyor are reliable.

Having considered (i) our analysis and work performed as set out under paragraph headed “Technical Assessment Reports and Tender Reports” in this letter above; (ii) the tender price submitted by the Builder’s Works Contractor, being the lowest bid among the three tenders received, was in line with the respective tender price submitted by the other two independent tenderers; (iii) the tender price submitted by the M&E and Façade Works Contractor, being the lowest bid among the three tenders received, was in line with the respective tender price submitted by the other two independent tenderers; (iv) the fact that all tenderers, including the Contractors, had gone through the same internal tender procedure adopted by the Employer; (v) the relevant qualifications and experiences of the

LETTER FROM VEDA CAPITAL

Architect and the Quantity Surveyor; (vi) the information as set out under the Technical Assessment Reports prepared by the Architect; (vii) the information as set out under the Tender Reports prepared by the Quantity Surveyor; and (viii) the recommendation by the Quantity Surveyor, details of which are set out above and in the Board Letter, we are of the view that the terms of the Proposed CT and the Framework Agreement, which was awarded to the Contractors via tender, are fair and reasonable.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that the Proposed CT and the transactions thereunder is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Proposed CT, the Framework Agreement and the transactions thereunder.

Yours Faithfully,
For and on behalf of
Veda Capital Limited
Julisa Fong
Managing Director

Ms. Julisa Fong is a licensed person registered with the SFC and a responsible officer of Veda Capital Limited which is licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activity and has over 26 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Company's 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 Company's 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

(A) Directors' and chief executives' interests and short positions in Shares and underlying Shares of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Company's directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) 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 were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

(i) Long positions in Shares

Name of Director	Capacity in which Shares were held	Number of Shares	Approximate percentage of the Company's issued Shares ^(Note 1)
Dr. James Sai-Wing Wong	Interest in a controlled corporation	502,262,139 ^(Note 2)	69.72%

(ii) Long positions in underlying Shares of the Company

Name of Director	Capacity in which Shares were held	Description of equity derivatives	Number of underlying Shares	Approximate percentage of the Company's total issued Shares
Nil				

(iii) Long positions in the ordinary shares/paid-up registered capital of associated corporations

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	3	Chinney Investments	Interest in a controlled corporation	341,439,324	61.93%
	4	Chinney Investments	Beneficial owner	480,000	0.09%
		Chinney Holdings Limited ("Chinney Holdings")	Interest in a controlled corporation	9,900,000	99.00%
		Chinney Holdings	Beneficial owner	100,000	1.00%
		Lucky Year Finance Limited ("Lucky Year")	Beneficial owner	20,000	100.00%
	5	Guangzhou Honkwok Fuqiang Land Development Ltd.	Interest in a controlled corporation	Renminbi ("RMB") 185,000,000	100.00%
6	Chinney Trading Company Limited ("Chinney Trading")	Interest in a controlled corporation	7,150	55.00%	

Notes:

- The percentage figure is calculated based on 720,429,301 Shares in issue as at the Latest Practicable Date.
- Out of the 502,262,139 Shares deemed to be interested by Dr. James Sai-Wing Wong, 490,506,139 Shares are beneficially held by Chinney Investments, a subsidiary of Chinney Holdings which is a company incorporated in Hong Kong, an investment holding company and is owned as to 99% by Lucky Year and 1% by Dr. James Sai-Wing Wong, and Lucky Year is in turn wholly and beneficially owned by Dr. James Sai-Wing Wong. Furthermore, Dr. James Sai-Wing Wong is deemed to be interested in the remaining 11,756,000 Shares as the same is held by Chinney Capital Limited of which Dr. James Sai-Wing Wong is a director and has beneficial interests therein.
- These shares are beneficially held by Chinney Holdings. By virtue of note 2, Dr. James Sai-Wing Wong is deemed to be interested in these shares.
- These shares are beneficially held by Lucky Year. By virtue of note 2, Dr. James Sai-Wing Wong is deemed to be interested in these shares.
- 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 2, Dr. James Sai-Wing Wong is deemed to be interested in this company.
- Out of the 13,000 issued shares of Chinney Trading, 2,600 shares are held by a wholly-owned subsidiary of the Company and 4,550 shares are held by a company controlled by Dr. James Sai-Wing Wong. By virtue of note 2, Dr. James Sai-Wing Wong is deemed to be interested in this company.

Save as disclosed above, as at the Latest Practicable Date, none of the Company's directors and the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) 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 were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(B) Substantial Shareholders' interests and persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as is known to the Company's directors and its chief executive, as at the Latest Practicable Date, the following persons (not being director or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares 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 were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

(i) Long positions in Shares

Name of Shareholder	Capacity in which Shares were held	Number of Shares	Approximate percentage of the Company's issued Shares ^(Note 1)
Chinney Investments	Beneficial owner	490,506,139 ^(Note 2)	68.09%
Chinney Holdings	Interest in a controlled corporation	490,506,139 ^(Note 2)	68.09%
Lucky Year	Interest in a controlled corporation	490,506,139 ^(Note 2)	68.09%

Notes:

- The percentage figures are calculated based on 720,429,301 Shares in issue as at the Latest Practicable Date.
- Chinney Investments, Chinney Holdings and Lucky Year are deemed to be interested in the same parcel of 490,506,139 Shares by virtue of Section 316 of the SFO.

(ii) Long positions in equity interest of the member(s) of the Group

Name of owner in equity interest	Types of interest	Name of such member of the Group in which interest is held	Equity Interest hold	Approximate percentage of shareholding in such member of the Group
Sharp Billion Development Limited ^(Note 1)	Beneficial Owner	Guangzhou Honkwok Fuqiang Land Development Ltd.	RMB74,000,000	40.00%
CS Catering Sakeh Limited ^(Note 2)	Beneficial Owner	Success Creation Corporation Limited	999,000 ordinary shares	33.30%

Notes:

1. Sharp Billion Development Limited is controlled by Dr. James Sai-Wing Wong.
2. CS Catering Sakeh Limited is controlled by Mr. Lau Chun Ho, Kevin and Mr. Ng Siu Kai.

Save as disclosed above, as at the Latest Practicable Date, the Company's directors were not aware of any other person (other than the Company's directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), 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 expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Except that Dr. James Sai-Wing Wong and Mr. James Sing-Wai Wong, both being the Company's directors, are also directors of Chinney Investments, Chinney Holdings and Lucky Year, as at the Latest Practicable Date, so far as known to the Company's directors, none of the Company's directors is a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, Dr. James Sai-Wing Wong, the chairman of the Company, is interested or deemed to be interested in such shares, and holds directorships in such companies (including but not limited to Chinney Investments and Chinney Alliance) principally engaged in property investment, building construction and provision of building related contracting services. In this respect, Dr. James Sai-Wing Wong is regarded as being interested in business which might compete with the Hon Kwok Group.

The Hon Kwok Board is independent of the boards of directors of the Company's holding companies and/or its subsidiaries and associates. With the presence of appropriate portion of independent non-executive directors in the Hon Kwok Board, the Hon Kwok Group is capable of carrying on its business independently of, and at arm's length from, the businesses of the Chinney Investments Group and/or those companies aforementioned.

Save as disclosed above, as at the Latest Practicable Date, none of the Company's directors, proposed directors or their respective close associates (as if each of them was treated as a controlling shareholder under Rule 8.10 of the Listing Rules) have interests in businesses apart from the Group's businesses which compete, or are likely to compete, either directly or indirectly, with the businesses of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Company's directors had any existing or proposed services contracts with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

The Company's directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since 31 March 2022 (the date to which the latest published audited consolidated financial statements of the Group were made up).

6. DIRECTORS' INTERESTS IN CONTRACTS, ASSETS AND ARRANGEMENT OF SIGNIFICANCE

The Company paid a management fee of HK\$13,746,000 to Chinney Investments for the provision of administration and general services for the year ended 31 March 2022 (the date to which the latest published audited consolidated financial statements of the Group were made up). Dr. James Sai-Wing Wong, a director of the Company, is also the director of and has beneficial interests in Chinney Investments. Furthermore, Mr. James Sing-Wai Wong, a director of the Company, is a director of Chinney Investments as well.

As far as the Company's directors are aware and, save as disclosed in this circular, as at the Latest Practicable Date:

- (a) none of the Company's directors had any material direct or indirect interest in any assets which have been, since 31 March 2022 (being the date to which the latest published audited consolidated 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 Company's directors was materially interested in any contract or arrangement subsisting which is significant in relation to the business of the Group as a whole.

7. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given opinion or advice which is contained or referred to in this circular:

Veda Capital Limited	a licensed corporation permitted to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed CT, the Framework Agreement and the transactions contemplated thereunder
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AGC Design Limited	Registered Architect
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Rider Levett Bucknall Limited	Chartered Quantity Surveyor
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- (a) As at the Latest Practicable Date, none of the above experts has any shareholding in any member of the Group or the 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 the above experts has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its letter, advice and opinion and references to its name in the form and context in which it appeared.
- (c) As at the Latest Practicable Date, the above experts did not have any interest in any assets which have been, since 31 March 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claims of material importance known to the Company's directors to be pending or threatened by or against any member of the Group.

9. MISCELLANEOUS

- (a) The registered office of the Company is at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.
- (b) The share registrar of the Company in Hong Kong is Tricor Tengis Limited at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong.
- (c) The company secretary of the Company is Ms. Ka-Yee Wan ("**Ms. Wan**"). Ms. Wan is an associate member of both The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators).
- (d) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text in case of inconsistency.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.honkwok.com.hk) from the date of this circular up to and including the date of the EGM:

- (a) the Framework Agreement;
- (b) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 25 of this circular;
- (c) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 26 to 53 of this circular;
- (d) the written consents referred to in the paragraph headed "Experts and consents" in this appendix; and
- (e) this circular.

NOTICE OF EGM

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



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 (the “**EGM**”) of Hon Kwok Land Investment Company, Limited (the “**Company**”) will be held at Artyzen Club, 401A, 4/F, Shun Tak Centre (near China Merchants Tower), 200 Connaught Road Central, Hong Kong on Monday, 28 November 2022 at 11:00 a.m., for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as the ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the framework agreement dated 26 September 2022 (the “**Framework Agreement**”) entered into between Chinney Construction Company, Limited (建業建築有限公司) (the “**Builder’s Works Contractor**”), Shun Cheong Building Services Limited (順昌樓宇設施有限公司) (the “**M&E and Façade Works Contractor**”) and Honour Well Development Limited (漢匯發展有限公司) (the “**Employer**”) in relation to the builder’s works (the “**Builder’s Works**”) and the mechanical and electrical engineering works and façade works (the “**M&E and Façade Works**”) relating to the revamp of the building located at 119-121 Connaught Road Central, Sheung Wan, Hong Kong, as more particularly set out in the contract documents in respect of the Builder’s Works and the M&E and Façade Works to be entered into between the Employer, the Builder’s Works Contractor and the M&E and Façade Works Contractor in accordance with and substantially in the same form and substance as annexed to 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 November 2022 of which this notice forms part, be approved, ratified and confirmed; and

NOTICE OF EGM

- (b) any one or more of the director of the Company be and is hereby authorised to exercise all the powers of the Company and take all steps as might in his/her/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
Hon Kwok Land
Investment Company, Limited
(漢國置業有限公司)
Ka-Yee Wan
Company Secretary

Hong Kong, 8 November 2022

Registered Office:

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

Notes:

1. A form of proxy for use at the EGM or any adjournment thereof is enclosed. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
2. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxies are so appointed, the appointment shall specify the number and class of shares of the Company (the “**Share(s)**”) in respect of which each such proxy is so appointed.
3. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, at the share registrar of the Company in Hong Kong, Tricor Tengis Limited, located at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.

NOTICE OF EGM

4. For the purpose of determining the shareholders of the Company who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 23 November 2022 to Monday, 28 November 2022 (both dates inclusive), during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the EGM, all transfer documents together with the relevant Share certificates must be lodged for registration with the share registrar of the Company in Hong Kong, Tricor Tengis Limited, located at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong not later than 4:30 p.m. (Hong Kong time) on Tuesday, 22 November 2022.
5. In the case of joint holders of Share(s), any one of such holders may vote at the EGM, either personally or by proxy, in respect of such Share(s) as if he was solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Share(s) shall alone be entitled to vote in respect thereof.
6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
7. Pursuant to Rule 13.39(4) of the Listing Rules, the resolution set out in this notice will be decided by poll at the above meeting.

At the date of this notice, the directors of the Company are Dr. James Sai-Wing Wong (Chairman), Mr. James Sing-Wai Wong, Mr. Xiao-Ping Li and Mr. Philip Bing-Lun Lam as executive directors; and Ms. Janie Fong, Mr. David Tak-Wai Ma and Mr. James C. Chen as independent non-executive directors.