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

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

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

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

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**建業實業有限公司**  
**Chinney Investments, Limited**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 216)**

**MAJOR AND CONNECTED TRANSACTION**

**DISPOSAL OF THE ENTIRE ISSUED  
SHARE CAPITAL OF VICTORY LEAP LIMITED**

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

**Nuada Limited**

*Corporate Finance Advisory*

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A letter from the Board is set out on pages 4 to 11 of this circular and a letter from the Independent Board Committee containing its recommendation in respect of the Disposal is set out on page 12 of this circular. A letter from Nuada Limited containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders in connection with the Disposal is set out on pages 13 to 17 of this circular.

A notice convening the extraordinary general meeting of the Company to be convened and held at 2308, 23/F., Wing On Centre, 111 Connaught Road Central, Hong Kong on Tuesday, 16 October 2007 at 4:00 p.m. is set out on page 30 of this circular.

Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the registered office of the Company at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjourned meeting thereof should you so wish.

25 September 2007

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## DEFINITIONS

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*Unless the context otherwise requires, the following terms shall have the meanings set out below:*

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“business day”	a day on which licensed banks in Hong Kong are generally open for business (excluding Saturday, Sunday and public holidays)
“CAG”	Chinney Alliance Group Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange (Stock Code: 385)
“CAG Group”	CAG and its subsidiaries
“CATBVI” or the “Purchaser”	Chinney Alliance Trading (BVI) Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of CAG, the purchaser under the Sale and Purchase Agreement
“China” or “PRC”	the People’s Republic of China, for the purposes of this circular, excluding Hong Kong and Macau
“Chinney Construction”	Chinney Construction (BVI) Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Victory Leap
“Chinney Construction Group”	Chinney Construction and its subsidiaries
“Chinney Contractors” or the “Vendor”	Chinney Contractors Company Limited, an investment holding company incorporated in the British Virgin Islands with limited liability, which is owned as to 86.05% by the Company and as to 13.95% by Mr. Yuen-Keung Chan, a director of CAG, respectively
“Chinney Holdings”	Chinney Holdings Limited, a company incorporated in Hong Kong with limited liability, which is the holding company of the Company holding approximately 55.67% of the issued share capital of the Company as at the Latest Practicable Date
“Company”	Chinney Investments, Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the main board of the Stock Exchange (Stock Code: 216)
“Completion”	the completion of the Disposal contemplated under the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

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## DEFINITIONS

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“Consideration”	the consideration of approximately HK\$92.865 million under the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire issued share capital of Victory Leap to CATBVI by Chinney Contractors pursuant to the Sale and Purchase Agreement
“Dr. James Wong”	Dr. James Sai-Wing Wong, the Chairman and executive director of both the Company and CAG
“EIL”	Enhancement Investments Limited, a company incorporated in the British Virgin Islands with limited liability and beneficially held by Dr. James Wong solely, which holds approximately 25.9% interest in the issued share capital of CAG
“EGM”	the extraordinary general meeting of the Company to be convened for approving the Disposal contemplated under the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Hon Kwok”	Hon Kwok Land Investment Company, Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the main board of the Stock Exchange (Stock Code: 160)
“Hon Kwok Group”	Hon Kwok and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the committee of the Board consisting of all the independent non-executive Directors, namely Dr. Clement Kwok-Hung Young, Mr. Johnny Chung-Ah Wong and Mr. Peter Man-Kong Wong, formed to advise the Independent Shareholders in respect of the Disposal
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM in approving the Disposal under the Listing Rules
“Kin Wing Chinney”	Kin Wing Chinney (BVI) Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Victory Leap
“Kin Wing Chinney Group”	Kin Wing Chinney and its subsidiaries

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## DEFINITIONS

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“Latest Practicable Date”	18 September 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lucky Year”	Lucky Year Finance Limited, a company incorporated in the British Virgin Islands with limited liability
“Macau”	the Macau Special Administrative Region of the PRC
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers
“Nuada Limited” or “Independent Financial Adviser”	Nuada Limited, a licensed corporation for type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal
“Properties”	Workshops A, B and C on the 9th Floor, 1 lorry parking space, 1 car parking space and 1 cooling tower space on the 4th Floor of Hong Kong Spinners Industrial Building Phase VI, 481-483 Castle Peak Road, Kowloon, Hong Kong
“Sale and Purchase Agreement”	the sale and purchase agreement dated 4 September 2007 entered into among Chinney Contractors (as Vendor), the Company and Mr. Yuen-Keung Chan (as Vendor’s guarantors), CATBVI (as Purchaser) and CAG (as Purchaser’s guarantor) for the sale and purchase of the entire issued share capital of Victory Leap
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.25 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Victory Leap”	Victory Leap Limited, an investment holding company incorporated in the British Virgin Islands in August 2007 with limited liability and a wholly-owned subsidiary of Chinney Contractors, which holds the entire issued share capital of Chinney Construction and Kin Wing Chinney as subsidiaries
“Victory Leap Group”	Victory Leap and its subsidiaries

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## LETTER FROM THE BOARD

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# 建業實業有限公司 Chinney Investments, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 216)

*Executive Directors:*

Dr. James Sai-Wing Wong (*Chairman*)

Mr. Herman Man-Hei Fung (*Managing Director*)

*Non-executive Directors:*

Ms. Madeline May-Lung Wong

Mr. William Chung-Yue Fan

*Independent non-executive Directors:*

Dr. Clement Kwok-Hung Young

Mr. Johnny Chung-Ah Wong

Mr. Peter Man-Kong Wong

*Registered Office:*

23rd Floor

Wing On Centre

111 Connaught Road Central

Hong Kong

25 September 2007

*To the Shareholders*

Dear Sir or Madam,

### **MAJOR AND CONNECTED TRANSACTION**

### **DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF VICTORY LEAP LIMITED**

#### **INTRODUCTION**

With reference to the Company's announcement dated 4 September 2007, Chinney Contractors (as Vendor), the Company and Mr. Yuen-Keung Chan (as Vendor's guarantors), CATBVI (as Purchaser) and CAG (as Purchaser's guarantor) entered into the Sale and Purchase Agreement on 4 September 2007, pursuant to which Chinney Contractors has conditionally agreed to dispose of and CATBVI has conditionally agreed to acquire the entire issued share capital of Victory Leap for a total Consideration of approximately HK\$92.865 million. Victory Leap currently owns the respective entire issued share capital of Chinney Construction and Kin Wing Chinney.

The Disposal constitutes a major and connected transaction for the Company under the Listing Rules. The purpose of this circular is to provide you with further details of the Disposal, the recommendation from the Independent Board Committee, the recommendation of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, a notice of the EGM and other information required by the Listing Rules.

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## LETTER FROM THE BOARD

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### THE SALE AND PURCHASE AGREEMENT

#### Date

4 September 2007

#### Parties

Vendor : Chinney Contractors, a company in which the Company and Mr. Yuen-Keung Chan (a director of CAG) have 86.05% and 13.95% interests respectively.

The Company is a substantial shareholder of CAG, which beneficially holds approximately 29.1% of the issued share capital of CAG. Chinney Contractors is therefore a connected person of CAG under the Listing Rules.

Vendor's Guarantors : The Company and Mr. Yuen-Keung Chan, a director of CAG, which severally guarantee the obligations of Chinney Contractors under the Sale and Purchase Agreement in proportion to their respective equity interests in Chinney Contractors.

Purchaser : CATBVI, a wholly-owned subsidiary of CAG.

CAG is deemed to be owned as to approximately 55.0% by Dr. James Wong, the Chairman and controlling shareholder of the Company (through the Company's 29.1% interest and EIL's 25.9% interest in CAG, respectively), and is therefore a connected person of the Company under the Listing Rules.

Purchaser's Guarantor : CAG

#### Guarantees given by the Vendor's guarantors and the Purchaser's guarantor

The obligations of the Vendor under the Sale and Purchase Agreement shall be guaranteed by the Company and Mr. Yuen-Keung Chan (a director of CAG) severally in proportion to their respective shareholdings of 86.05% and 13.95% on the Vendor.

The obligations of the Purchaser under the Sale and Purchase Agreement shall be guaranteed by CAG.

#### Assets to be disposed by the Company

The entire issued share capital of Victory Leap, which currently owns the respective entire issued share capital of Chinney Construction and Kin Wing Chinney.

Upon Completion, CATBVI, through Victory Leap, will have 100% interest in both Chinney Construction and Kin Wing Chinney whereas Chinney Contractors will cease to have any interest in these two companies.

The Vendor and the Purchaser agreed and acknowledged all assets, liabilities, risks and benefits associated with certain construction contracts enjoyed by the Victory Leap Group be held for the account of the Vendor with effect from 30 June 2007. The Purchaser further agreed and acknowledged with the Vendor that such assets, liabilities, risks and benefits associated with those construction contracts shall continue to be held for the account of the Vendor notwithstanding

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## LETTER FROM THE BOARD

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Completion. The construction contracts, which are at the stage of account finalisation with the clients, have an aggregate net carrying value of approximately HK\$13.78 million in the accounts of the Victory Leap Group as at 30 June 2007. After netting off against the payables of HK\$4.643 million due by the Victory Leap Group to the Vendor, the net payable due by the Vendor to the Victory Leap Group would be approximately HK\$9.137 million upon Completion.

### Consideration

The Consideration for the Sale and Purchase Agreement is approximately HK\$92.865 million. A refundable deposit of HK\$8.0 million has been paid by the Purchaser to the Vendor upon the signing of the Sale and Purchase Agreement. The balance of the Consideration of approximately HK\$84.865 million will be settled by the Purchaser upon Completion as follows: (1) approximately HK\$9.137 million to be set off against net balance estimated to be payable by the Vendor to the Victory Leap Group; (2) approximately HK\$35.728 million in cash; and (3) HK\$40.0 million by the issue to the Vendor a 5% promissory note repayable within three years from the Completion date. The promissory note of a principal amount of HK\$40.0 million is to be issued by the Purchaser and guaranteed by CAG, the Purchaser's guarantor. The promissory note will bear interest from the Completion date at a rate of 5% per annum on the principal amount of the promissory note, payable semi-annually in arrears up to the date of full settlement of the promissory note by the Purchaser.

The Consideration payable under the Sale and Purchase Agreement was arrived at after arm's length negotiations between the parties and was determined by reference to the aggregate audited net assets of the Chinney Construction Group and the Kin Wing Chinney Group of approximately HK\$76.6 million as at 31 March 2007 and adjusted for (1) surplus of approximately HK\$12.2 million arising from the independent valuation of the Properties currently held by the Chinney Construction Group as at 30 June 2007; (2) surplus of approximately HK\$12.9 million in respect of the aggregate value of certain plant and machinery currently held by the Kin Wing Chinney Group as at 30 June 2007; (3) the aggregate unaudited loss of the Chinney Construction Group and the Kin Wing Chinney Group of approximately HK\$17.0 million for the three months ended 30 June 2007; and (4) the gain of HK\$8.2 million in respect of the disposal of certain plant and machinery by the Kin Wing Chinney Group in July 2007.

The Properties are partly occupied by the Chinney Construction Group and the Kin Wing Chinney Group as office, which are stated at cost less accumulated depreciation, and partly leased out for rental income, which are stated at fair value, in the books of the Chinney Construction Group. In determining the Consideration, the Properties have been revalued to their fair value as at 30 June 2007 by an independent professional valuer. A surplus of approximately HK\$12.2 million in favour of the Vendor, representing the excess of fair value of the Properties of HK\$43.7 million over the carrying value of the Properties of approximately HK\$31.5 million as at 30 June 2007, arose as an adjustment to the net assets of the Victory Leap Group.

The carrying value of the plant and machinery in the books of Kin Wing Chinney was approximately HK\$89.6 million as at 30 June 2007, comprising cost of approximately HK\$379.5 million less accumulated depreciation of approximately HK\$289.9 million. In determining the Consideration, reference was made by the Purchaser and the Vendor to an independent valuation report, which set out the market value and forced liquidation value of certain plant and machinery of Kin Wing Chinney as at 30 June 2007 to be approximately HK\$83.5 million and approximately HK\$25.0 million, respectively. After arm's length negotiation, it was agreed that these plant and machinery be valued at approximately HK\$54.3 million, being the average of the market value and forced liquidation value. A surplus of approximately HK\$12.9 million in favour of the Vendor, representing the excess of the agreed value of approximately HK\$54.3 million over the carrying value of these plant and machinery of approximately HK\$41.4 million as at 30 June 2007, arose as an adjustment to the net assets of the Victory Leap Group.



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## LETTER FROM THE BOARD

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### Conditions precedent

Completion of the Sale and Purchase Agreement is subject to, *inter alia*, the fulfilment of the following conditions:

- (a) the passing of an ordinary resolution by the independent shareholders of CAG by poll at the special general meeting of CAG to approve the acquisition of the entire issued share capital of Victory Leap;
- (b) the passing of an ordinary resolution by the Independent Shareholders by poll at the EGM to approve the Disposal;
- (c) if applicable, the granting of all consents from banks or other third parties which are necessary in connection with the execution and performance of the Sale and Purchase Agreement and any of the transactions contemplated under the Sale and Purchase Agreement;
- (d) there having been no breach by the Vendor and the Vendor's guarantors of any obligations, undertakings, representations and warranties under the Sale and Purchase Agreement;
- (e) the Purchaser having been reasonably satisfied with the results of the due diligence review on the Victory Leap Group; and
- (f) there having been no breach by the Purchaser and the Purchaser's guarantor of any obligations, undertakings, representations and warranties under the Sale and Purchase Agreement.

If the conditions precedent have not been fulfilled or waived by the Vendor and/or the Purchaser (save for conditions (a) to (c) which cannot be waived) on or before 30 November 2007 (or any other date as agreed between the parties), the Completion cannot take place and the Sale and Purchase Agreement shall have no effect and no party shall have any claims against the other parties under the Sale and Purchase Agreement (without prejudice to the rights of any party to the Sale and Purchase Agreement in respect of antecedent breaches) and the deposit already paid to the Vendor should, depending on circumstance, be refundable in full forthwith without interest.

### Completion

The Completion will take place within seven business days from the date upon which all the conditions precedent to the Sale and Purchase Agreement have been fulfilled, being not later than 30 November 2007 (or such other date as the parties may agree in writing).

### Information on Victory Leap

Victory Leap is a wholly-owned subsidiary of Chinney Contractors, which is owned as to 86.05% by the Company and as to 13.95% by Mr. Yuen-Keung Chan, a director of CAG. Victory Leap currently owns the respective entire issued share capital of Chinney Construction and Kin Wing Chinney. Chinney Construction, through its subsidiaries, is principally engaged in superstructure construction works for both public and private sectors in Hong Kong and Macau. Kin Wing Chinney, through its subsidiaries, is principally engaged in the sub-structure and foundation piling work for both public and private sectors in Hong Kong and Macau.

As at 31 March 2007, the aggregate audited net assets of the Chinney Construction Group and the Kin Wing Chinney Group amounted to approximately HK\$76.6 million. The aggregate audited results of the Chinney Construction Group and the Kin Wing Chinney Group, prepared in accordance with Hong Kong accounting standards, for the two financial years ended 31 March 2006 and 2007 were:

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## LETTER FROM THE BOARD

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	For the financial year ended 31 March	
	2006	2007
	HK\$'000	HK\$'000
Turnover	691,137	843,338
Net loss before tax	70,316	64,754
Net loss after tax and minority interests	65,264	70,009

### Information on the Group and the CAG Group

The Group is principally engaged in property development and investment in China and Hong Kong, superstructure construction work, foundation piling, garment manufacturing and trading and general investment.

The CAG Group is principally engaged in the trading in plastics and chemicals, industrial products and equipment as well as in building related contracting services for both public and private sectors in Hong Kong and Macau.

### Financial effects of the Disposal

The financial effects of the Disposal on the Group are expected to be (a) a decrease in non-current assets of approximately HK\$94.7 million; (b) a decrease in current assets of approximately HK\$168.5 million; (c) a decrease in current liabilities of approximately HK\$245.9 million; (d) a decrease of non-current liabilities of approximately HK\$35.1 million; and (e) an increase of minority interests of approximately HK\$3.5 million.

The Company would receive initial net proceeds, net of 13.95% minority interest in the Vendor, of approximately HK\$37.0 million upon Completion. The Board currently intends to use such proceeds as general working capital.

The gain on the Disposal to the Company is to be determined by reference to the net proceeds from the Disposal and the net assets of the Victory Leap Group as at Completion, net of 13.95% minority interest in the Vendor. The aggregate unaudited net assets of the Chinney Construction Group and Kin Wing Chinney Group as at 30 June 2007, as adjusted for the gain of HK\$8.2 million in respect of the disposal of certain plant and machinery by the Kin Wing Chinney Group in July 2007, was HK\$67.8 million. Assuming the net assets of the Victory Leap Group as at Completion remained to be HK\$67.8 million, it was estimated that there would be a gain of HK\$14.3 million, net of 13.95% minority interest, accrued to the consolidated accounts of the Company upon completion of the Disposal.

### Reasons for and benefits of the Disposal

It has been the strategy of the Board to streamline the businesses of the Group and dispose of those investments with no favorable prospects. The Construction Division has been suffering loss for three consecutive years since the financial year ended 31 March 2005. It reported an unaudited loss of approximately HK\$17 million for the three months ended 30 June 2007, which included provision for non-recoverable debts and legal claims of approximately HK\$13 million. The Board considered the prospects of the Construction Division to be uncertain in view of its persistent loss and current difficult operating environment still faced by the construction industry in Hong Kong. As a result, the Disposal is considered to be in line with the strategy of the Group.

The Directors believe that the Disposal would enable the Company (being the single largest shareholder with 29.1% interest in CAG) to consolidate all its construction business under CAG for more efficient management and to realise cash to the Group for general working capital purpose. The Disposal will further strengthen the financial position of the Group and enhance its cashflow. The proceeds from the Disposal will be used as general working capital of the Group.

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## LETTER FROM THE BOARD

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The Board considers that the Disposal under the Sale and Purchase Agreement, which was entered into with CAG on normal commercial terms after arm's length negotiation, is in the interests of the Company and the Shareholders as a whole.

### **Working Capital**

The Directors are satisfied after due and careful enquiry that following the completion of the Disposal, taking into account the financial resources available to the Group, including internal resources and present available banking facilities, and in the absence of unforeseen circumstances, the Group has sufficient working capital for the Group's present requirements, that is for at least the next twelve months from the date of publication of this circular.

### **Financial and trading prospects of the Group**

The Group is principally engaged in property development and investment through Hon Kwok, garment manufacturing and trading through J.L. Chinney (Holdings) Company Limited ("JL Chinney"), superstructure construction work and foundation piling through Victory Leap and general investment. Hon Kwok, JL Chinney and Victory Leap are all subsidiaries of the Company.

Upon Completion, Victory Leap will cease to be a subsidiary and become an associate of the Company. The Group will remain in the business of property development and investment through Hon Kwok, garment manufacturing and trading through JL Chinney, superstructure construction work and foundation piling through CAG and general investment. CAG is a 29.1% owned associate of the Company. In view of this, the Board considers that there is no change to the principal business of the Group.

Hon Kwok has shifted its property development focus from Hong Kong to China since 2004. Over the years, Hon Kwok has established itself as a niche player in the southern part of China. The recent austerity measures related to property market imposed by the Central Government will affect all real estate companies with business in China. Nonetheless, the Group remains optimistic on the prospects of Hon Kwok as the economic boom and increasing urbanization in China will drive up property demand. Based on its experience and connection, Hon Kwok will seek opportunities to enlarge its land bank in China and broaden its geographical reach to secondary cities as and when opportunities arise.

JL Chinney specializes in the manufacturing and trading of fashionable garments for brand name customers mainly in Europe. The manufacturing base is in China. Through efficient cost management and business diversification, JL Chinney maintains its profitability despite keen competition and rising production costs in China.

Looking ahead, the Group will continue to seek for potential investment opportunities and explore new market niches to enhance the value of the Company to the Shareholders.

### **Requirements of the Listing Rules**

As the applicable percentage ratios exceed 25% but less than 75%, the Disposal constitutes a major transaction for the Company under the Listing Rules and will be subject to the approval of the Shareholders at the EGM. As Dr. James Wong, the Chairman and controlling shareholder of the Company, is deemed to be interested in approximately 55.0% of the issued share capital of CAG, held through the Company's 29.1% interest in CAG and through EIL's 25.9% interest in CAG, CAG and its wholly-owned subsidiary, CATBVI, are therefore connected persons of the Company under the Listing Rules. Consequently, the Disposal constitutes a connected transaction for the Company under the Listing Rules and is therefore subject to the approval by the Independent Shareholders by poll at the EGM. Dr. James Wong and his associates shall abstain from voting with respect to the Disposal at the EGM.

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## LETTER FROM THE BOARD

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### INDEPENDENT BOARD COMMITTEE

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

Nuada Limited has been appointed as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding the same.

### EGM

The Company will convene the EGM to be held at 2308, 23/F., Wing On Centre, 111 Connaught Road Central, Hong Kong on Tuesday, 16 October 2007 at 4:00 p.m. for the purpose of considering, and if thought fit, approving the Disposal. A notice of the EGM is set out on page 30 of this circular.

Pursuant to the Listing Rules, the votes to be taken in respect of the ordinary resolution to approve the Disposal must be taken by poll. Dr. James Wong, the Chairman and controlling shareholder of the Company, and his associates will abstain from voting at the EGM in respect of the resolution to be proposed to approve the Disposal.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the registered office of the Company at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

### PROCEDURE FOR DEMANDING A POLL

Pursuant to article 75 of the articles of association of the Company, a resolution put to the vote of a general meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded or, in the case of paragraph (v) required:

- (i) by the chairman of the meeting; or
- (ii) by at least three members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by a member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring the right; or
- (v) by the relevant provisions of the Listing Rules.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

Your attention is drawn to (a) the “Letter from the Independent Board Committee” as set out on page 12 of this circular, which contains its recommendation to the Independent Shareholders; and (b) the “Letter from Nuada Limited” as set out on pages 13 to 17 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Disposal.

Having taken into account the recommendation and advice from Nuada Limited in respect of the Disposal, the Independent Board Committee are of the view that the terms of the Disposal are fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM for approving the Disposal.

For reasons set out above, the Directors concur and are of the view that the Sale and Purchase Agreement and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM for approving the Disposal.

### ADDITIONAL INFORMATION

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

Yours faithfully,  
By Order of the Board  
**Herman Man-Hei Fung**  
*Managing Director*

*Note:*

As Dr. James Wong is a connected person in the Disposal, Mr. Herman Man-Hei Fung, Managing Director of the Company, has been authorised to issue this letter for and on behalf of the Company.



建業實業有限公司  
Chinney Investments, Limited

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 216)

25 September 2007

*To the Independent Shareholders*

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION**

**DISPOSAL OF THE ENTIRE ISSUED  
SHARE CAPITAL OF VICTORY LEAP LIMITED**

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Disposal, details of which are set out in the letter from the Board to the circular of the Company dated 25 September 2007 (the “Circular”). Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We wish to draw your attention to the letter from Nuada Limited to the Circular containing the advice of Nuada Limited in respect of the Disposal.

**RECOMMENDATION**

Having taken into account of the principal factors taken into account by Nuada Limited in arriving at its opinion in respect of the Disposal, we concur with the views of Nuada Limited that the Sale and Purchase Agreement is entered into on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution for approving the Disposal at the EGM.

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

**Dr. Clement Kwok-Hung Young   Mr. Johnny Chung-Ah Wong   Mr. Peter Man-Kong Wong**

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## LETTER FROM NUADA LIMITED

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*The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from Nuada Limited setting out its opinion regarding the Disposal and is prepared for inclusion in this circular.*

**Nuada Limited**  
*Corporate Finance Advisory*

7th Floor, New York House  
60 Connaught Road Central  
Hong Kong

25 September 2007

*To the Independent Board Committee and  
the Independent Shareholders of  
Chinney Investments, Limited*

Dear Sirs,

### **MAJOR AND CONNECTED TRANSACTION**

#### **DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF VICTORY LEAP LIMITED**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the connected transaction in relation to the Disposal of the entire issued share capital of Victory Leap is on normal commercial terms and is fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned and whether the Independent Shareholders should vote in favour of the Disposal and the transactions contemplated thereunder. Details of the Disposal are set out in the letter from the Board (the "Board's Letter") in the circular dated 25 September 2007 (the "Circular") to the Shareholders, of which this letter forms part. Unless otherwise stated, terms used in this letter have the same meanings as those defined in the Circular.

On 4 September 2007, the Company and CAG jointly announced that Chinney Contractors (as Vendor), the Company and Mr. Yuen-Keung Chan (as Vendor's guarantors), CATBVI (as Purchaser) and CAG (as Purchaser's guarantor) entered into the Sale and Purchase Agreement, pursuant to which Chinney Contractors has conditionally agreed to dispose and CATBVI has conditionally agreed to acquire the entire issued share capital of Victory Leap for a total consideration of approximately HK\$92.865 million.

As the applicable percentage ratio exceeds 25% but less than 75%, the Disposal constitutes a major transaction for the Company under the Listing Rules. As Dr. James Wong, the Chairman and controlling shareholder of the Company, is deemed to be interested in approximately 55.0% of the issued share capital of CAG, held through the Company's 29.1% interest in CAG and through EIL's 25.9% interest in CAG, CAG and its wholly-owned subsidiary, CATBVI, are therefore connected persons of the Company under the Listing Rules. Consequently, the Disposal constitutes a connected transaction for the Company under the Listing Rules. The Disposal is therefore subject to the approval by the Independent Shareholders by poll at the EGM. Dr. James Wong and his associates shall abstain from voting with respect to the Disposal and the resolutions contemplated thereunder at the EGM.

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Disposal and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.



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## LETTER FROM NUADA LIMITED

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### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and the Directors. 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 material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company and the Directors and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true at the date hereof.

The Directors collectively and severally accept full responsibility for the accuracy of the information contained in the Circular. The Directors have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to form a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information provided, nor have we carried out any in-depth investigation into the business, affairs and prospects of the Group and Victory Leap and their respective associates or the markets in which they respectively operate.

We have not studied, investigated nor verified the validity of all legal aspects of, and procedural aspects for, the Sale and Purchase Agreement. We have further assumed that all material governmental, regulatory or other consents, rights, waivers, authorisations, licenses, clearances and approvals necessary for the effectiveness and implementation of the Sale and Purchase Agreement have been or will be obtained and will not be withdrawn without any adverse effect on the Group, the assets and liabilities of the Group or the contemplated benefits to the Group as derived from the Sale and Purchase Agreement.

Our opinion is necessarily based upon the financial, economic (including exchange rates and interest rates), market, regulatory and other conditions as they exist on, and the facts, information, representations and opinions made available to us as of the Latest Practicable Date. Our opinion does not in any manner address the Company's own decision to proceed with the Disposal. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein, which may come or be brought to our attention after the Latest Practicable Date.

### **BACKGROUND INFORMATION**

#### **The Disposal**

Pursuant to the Sale and Purchase Agreement, Chinney Contractors has conditionally agreed to dispose of and CATBVI has conditionally agreed to acquire the entire issued share capital of Victory Leap for a total consideration of approximately HK\$92.865 million. Victory Leap currently owns the respective entire issued share capital of Chinney Construction and Kin Wing Chinney. Upon Completion, CATBVI, through Victory Leap, will have 100% interest in both Chinney Construction and Kin Wing Chinney, whereas Company's equity interest in Victory Leap will decrease from 86.05% held through Chinney Contractors to 29.1% held through CAG. As such, Victory Leap will cease to be a subsidiary of the Company upon Completion.



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## LETTER FROM NUADA LIMITED

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The Vendor and the Purchaser agreed and acknowledged that all assets, liabilities, risks and benefits associated with certain construction contracts entered into by members of the Victory Leap Group be held for the account of the Vendor with effect from 30 June 2007. The Purchaser further agreed and acknowledged with the Vendor that such assets, liabilities, risks and benefits associated with those construction contracts shall continue to be held for the account of the Vendor notwithstanding Completion. The construction contracts, which are at the stage of account finalisation with the clients, have an aggregate net carrying value of approximately HK\$13.78 million in the accounts of the Victory Leap Group as at 30 June 2007. After netting off against the payables of HK\$4.643 million due by the Victory Leap Group to the Vendor, the net payable due by the Vendor to the Victory Leap Group would be approximately HK\$9.137 million upon Completion.

### **Information on Victory Leap**

Victory Leap is a wholly-owned subsidiary of Chinney Contractors, which is owned as to 86.05% by the Company and as to 13.95% by Mr. Yuen-Keung Chan, a director of CAG. Victory Leap currently owns the entire issued share capital of Chinney Construction and Kin Wing Chinney. Chinney Construction, through its subsidiaries, is principally engaged in superstructure construction works for both public and private sectors in Hong Kong and Macau. Kin Wing Chinney, through its subsidiaries, is principally engaged in the sub-structure and foundation piling work for both public and private sectors in Hong Kong and Macau. Other than the holding of the equity interests in Chinney Construction and Kin Wing Chinney, Victory Leap has not engaged in any other businesses since incorporation.

The aggregate audited financial results of the Chinney Construction Group and the Kin Wing Chinney Group, prepared in accordance with Hong Kong accounting standards, for the financial year ended 31 March 2007 showed that the turnover to be approximately HK\$843.3 million, the net loss before taxation to be approximately HK\$64.8 million and the net loss after taxation and minority interests to be approximately HK\$70.0 million. Having reviewed the audited reports of Chinney Construction and Kin Wing Chinney for the year ended 31 March 2007, we note that the operating loss was mainly attributed to the high depreciation charges and project losses relating to certain projects in Macau.

As at 31 March 2007, the aggregate audited net asset value of the Chinney Construction Group and Kin Wing Chinney Group amounted to approximately HK\$76.6 million. The aggregate unaudited net asset value of the Chinney Construction Group and Kin Wing Chinney Group as at 30 June 2007, as adjusted for the gain of HK\$8.2 million in respect of the disposal of certain plant and machinery by the Kin Wing Chinney Group in July 2007, was approximately HK\$67.8 million.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement, we have considered the following principal factors and reasons:

#### **I. Reasons for the Disposal**

The Group is principally engaged in property development and investment in China and Hong Kong, garment manufacturing and trading, superstructure construction work, foundation piling and general investment. Upon Completion, the Group will focus on the business of property development and investment, garment manufacturing and trading and general investment, and participate in superstructure construction work and foundation piling business through CAG.

The CAG Group is engaged in the trading in plastics and chemicals, industrial products and equipment, and building related contracting services for both public and private sectors in Hong Kong and Macau, with primary focus on design and installation of building and electrical systems, electrical and mechanical systems, heating ventilation as well as air-conditioning systems for both public and private sectors in Hong Kong and Macau.

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As mentioned in the Board's Letter, it has been the strategy of the Board to streamline the businesses of the Group and dispose of those investments with no favorable prospect. The Disposal would enable the Company to allocate resources and focus on its remaining businesses whereas to consolidate all its construction business under CAG for more efficient management and to realise cash for its general working capital purpose. The Board considers that the Disposal under the Sale and Purchase Agreement was entered into with CAG on normal commercial terms after arm's length negotiation and is in the interests of the Company and the Shareholders taken as a whole.

As mentioned above, the aggregate audited net asset value of the Chinney Construction Group and Kin Wing Chinney Group as at 31 March 2007 amounted to approximately HK\$76.6 million. The aggregate unaudited net asset value of the Chinney Construction Group and Kin Wing Chinney Group as at 30 June 2007, as adjusted for the gain of HK\$8.2 million in respect of the disposal of certain plant and machinery by the Kin Wing Chinney Group in July 2007, was approximately HK\$67.8 million. It was estimated that there would be a gain of approximately HK\$14.3 million, net of 13.95% minority interest, accrued to the consolidated accounts of CIL upon Completion, assuming the net asset value of the Victory Leap Group remains to be approximately HK\$67.8 million.

Given the aggregate net operating losses of the Chinney Construction Group and the Kin Wing Chinney Group recorded in the past two financial years as shown in the Board's Letter, we concur with the view of the Directors that the Disposal provide a good opportunity for the Group to streamline its business, particularly (1) to allocate resources and focus on its remaining businesses; (2) to consolidate all its construction business under CAG for more efficient management; and (3) to realise cash by disposing the loss making investments and to attain a gain on disposal upon Completion, thus in the interests of the Company and the Shareholders as a whole.

## II. Key terms of the Disposal

### *Consideration and payment terms*

The Consideration for the Disposal is approximately HK\$92.865 million. A refundable deposit of HK\$8.0 million was paid by the Purchaser to the Vendor upon the signing of the Sale and Purchase Agreement. The balance of the Consideration of approximately HK\$84.865 million will be settled by the Purchaser upon Completion as to (1) approximately HK\$9.137 million to be set off against net balance estimated to be payable by the Vendor to Victory Leap Group; (2) approximately HK\$35.728 million in cash; and (3) HK\$40.0 million by the issue to the Vendor of a 5% promissory note repayable within three years from the date of Completion. The promissory note of a principal amount of HK\$40.0 million is to be issued by the Purchaser and guaranteed by CAG, the Purchaser's guarantor. The promissory note will bear interest from the date of Completion at a rate of 5% per annum on the principal amount of the promissory note, payable semi-annually in arrears up to the date of full settlement of the promissory note by the Purchaser. As stated in the Board's Letter, the Company will receive initial net proceeds, net of 13.95% minority interest in the Vendor, of approximately HK\$37.0 million in cash upon Completion (the "Initial Net Proceeds"), thus improving the liquidity of the Group with immediately available funds for its general working capital. In addition, the promissory note is expected to generate interest income to the Group and the repayment of principal amount of the promissory note would further improve the liquidity of the Group.

The Consideration payable under the Sale and Purchase Agreement was arrived at after arm's length negotiations between the parties and was determined by reference to the aggregate audited net assets of the Chinney Construction Group and the Kin Wing Chinney Group of approximately HK\$76.6 million as at 31 March 2007 and adjusted for (1) surplus of approximately HK\$12.2 million arising from the independent valuation of the Properties currently held by the Chinney Construction Group as at 30 June 2007; (2) surplus of approximately HK\$12.9 million in respect of the aggregate value of certain plant and machinery currently held by the Kin Wing Chinney Group as at 30 June 2007; (3) the

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aggregate unaudited loss of the Chinney Construction Group and the Kin Wing Chinney Group of approximately HK\$17.0 million for the three months ended 30 June 2007; and (4) the gain of HK\$8.2 million in respect of the disposal of certain plant and machinery by the Kin Wing Chinney Group in July 2007 (the “Adjusted NAV”).

As the Chinney Construction Group and the Kin Wing Chinney Group incurred losses in the past two financial years, we consider that the price to earnings approach is not appropriate in assessing the fairness and reasonableness of the Consideration.

Given the calculation of the Adjusted NAV stated above, the Consideration of approximately HK\$92.865 million reflects the Adjusted NAV on a dollar-to-dollar basis, and accordingly, we consider that the Consideration is on normal commercial terms and is fair and reasonable so far as the interest of the Independent Shareholders are concerned. And taking into account the Disposal would enable the Group to improve its liquidity with the receipt of the Initial Net Proceeds, the interest income anticipated from the promissory note and the repayment of the principal amount of the promissory note, we consider that the Disposal is in the interests of the Company and the Shareholders as a whole.

### *Terms of the promissory note*

As part of the Consideration will be satisfied by the issue of the promissory note at a principal amount of HK\$40 million by the Purchaser to the Vendor repayable within three years, we have considered the applicable interest rates of the bank loans of the Group in order to assess the fairness and reasonableness of the interest rate under the promissory note. According to the annual report 2006/2007 of the Company, the secured and the unsecured bank loans of the Group bear effective interest rates ranging from 4.7% to 6.3% and 4.6% to 5.8% per annum respectively with a maturity period from 2 to 5 years. Upon comparison, we note that the interest rate of 5% per annum to be charged by the Company under the promissory note falls within the range of the applicable interest rates of the bank loans of the Group. Based on the above, we consider that the interest rate of 5% per annum under the promissory note is fair and reasonable.

## RECOMMENDATION

Having considered the background information and the principal factors and reasons mentioned above, we consider that the Disposal is on normal commercial and in the interests of the Company and the Shareholders as a whole, and the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Nuada Limited**

**Alvin So**  
*Responsible Officer &  
Head of Strategic Investments*

**Po Chan**  
*Responsible Officer &  
Executive Director*

*The following is the text of a letter and valuation certificate prepared for the purpose of inclusion in this circular from DTZ Debenham Tie Leung Limited, an independent valuer, in connection with their opinion of value of the Properties as at 30 June 2007.*



25 September 2007

The Directors  
Chinney Investments, Limited  
23rd Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

Dear Sirs,

In accordance with your instruction for us to value a property which is held by the subsidiaries of Chinney Investments, Limited (together referred to as the "Group"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of such property as at 30 June 2007 (the "date of valuation").

Our valuation of the property represents its market value which in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Our valuation of the property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

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

We have valued the property by direct comparison approach assuming sale of the property in its existing state with the benefit of immediate vacant possession by making reference to comparable sales transactions as available in the relevant market.

We have relied to a very considerable extent on the information given by you and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, identification of property, particulars of occupancy, floor areas and all other relevant matters. Dimensions and measurements are based on the copies of documents or other information provided to us by you and are therefore only approximations. No on-site measurement has been carried out.

In valuing the property the Government Lease of which expired before 30 June 1997, we have taken into account the provisions contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the Question of Hong Kong as well as in the New Territories Leases (Extension) Ordinance under which such lease has been extended without premium until 30 June 2047 and that Government rents of three per cent. of the rateable value are charged per annum from the date of extension.

We have not been provided with copies of the title documents relating to the property but have caused searches to be made at the Land Registry. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

We have inspected the exterior of the property. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the property is free of rot, infestation or any other structural defects. No test was carried out on any of the services.

We enclose herewith our valuation certificate.

Yours faithfully,  
For and on behalf of  
**DTZ Debenham Tie Leung Limited**  
**K. B. Wong**  
*Registered Professional Surveyor*  
*(General Practice Division)*  
*M.R.I.C.S., M.H.K.I.S.*  
*Director*

*Note:* Mr. K. B. Wong is a registered professional surveyor who has 23 years of experience in the valuation of properties in Hong Kong.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007
Workshops A, B and C on 9th Floor, Car Parking Space Nos. L4 and P15 on 4th Floor, and Cooling Tower Space No.4 on 4th Floor, Hong Kong Spinners Industrial Building Phase VI, 481-483 Castle Peak Road, Kowloon	The property comprises all 3 industrial units on the 9th floor, 1 lorry parking space, 1 car parking space and 1 cooling tower space on the 4th floor of a 11-storey industrial building with parking facilities located on the 4th floor. The property was completed in 1980.	The property is currently partly owner occupied and partly let to a related company of the Group at a monthly rental of HK\$75,000 exclusive of management and rates due to expire on 9 December 2007.	HK\$43,700,000
769/11133th shares of and in Section C of New Kowloon Inland Lot No. 3516	The property (excluding parking spaces and cooling tower space) has a gross floor area of approximately 2,434 sq.m. (26,200 sq.ft.).		
	The property is held from the Government for a term of 75 years renewable for 24 years less 3 days. The terms have been statutorily extended until 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.		

*Notes:*

- (1) The registered owner of Workshops A and B on 9th Floor, Car Parking Space No. P15 on 4th Floor and Cooling Tower Space No.4 on 4th Floor is Chinney Construction Company, Limited.
- (2) The registered owner of Workshop C on 9th Floor, Car Parking Space No. L4 on 4th Floor is Jackson Mercantile Trading Company Limited.
- (3) Workshops A and B on 9th Floor, Car Parking Space No. P15 on 4th Floor and Cooling Tower Space No.4 on 4th Floor are subject to a Mortgage in favour of DBS Bank (Hong Kong) Limited dated 4 January 2007 vide Memorial No. 0702020220175.
- (4) Workshop C on 9th Floor, Car Parking Space No. L4 on 4th Floor are subject to a Mortgage in favour of DBS Bank (Hong Kong) Limited dated 4 January 2007 vide Memorial No. 07020202220199.
- (5) The property is currently zoned for "Other Specified Uses (Business)" purpose under Draft Cheung Sha Wan Outline Zoning Plan No. S/K5/30.

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

### 2.1 Directors' interests and short positions in the shares and underlying shares of the Company

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

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

Name of Director	Note	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding
James Sai-Wing Wong	1	Corporate	306,959,324	55.67
Madeline May-Lung Wong	1	Corporate	306,959,324	55.67
William Chung-Yue Fan		Personal	1,882,285	0.34

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

Name of Director	Notes	Name of associated corporation	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding
James Sai-Wing Wong	2	Hon Kwok	Corporate	252,726,553	52.62
	3	CAG	Corporate	218,138,283	55.00
	4	Chinney Holdings	Corporate	9,900,000	99.00
		Chinney Holdings	Personal	100,000	1.00
		Lucky Year	Personal	10,000	50.00
Madeline May-Lung Wong	2	Hon Kwok	Corporate	252,726,553	52.62
	2	CAG	Corporate	115,395,797	29.10
	4	Chinney Holdings	Corporate	9,900,000	99.00
		Lucky Year	Personal	10,000	50.00
William Chung-Yue Fan	5	Wise Pacific Investment Limited	Corporate	2,000	20.00

(c) *Interests in the underlying shares of associated corporation of the Company*

Pursuant to the share option scheme of CAG, Mr. Herman Man-Hei Fung has options to subscribe for 800,000 shares in CAG at an exercise price of HK\$0.70 per share, subject to adjustment. The options were granted on 13 July 1999 and can be exercised up to 12 July 2009.

*Notes:*

1. *These shares are beneficially held by Chinney Holdings which is a subsidiary of Lucky Year. Dr. James Wong and Madam Madeline May-Lung Wong are directors and beneficially own more than one third of the equity capital of Lucky Year.*
2. *These shares are beneficially held by the Company or its wholly-owned subsidiary. By virtue of note 1, Dr. James Wong and Madam Madeline May-Lung Wong are deemed to be interested in these shares.*
3. *Out of the 218,138,283 shares, 115,395,797 shares are held by a wholly-owned subsidiary of the Company and the remaining 102,742,486 shares are held by EIL. By virtue of note 1 and the interest in EIL, Dr. James Wong is deemed to be interested in these shares.*
4. *These shares are beneficially held by Lucky Year. By virtue of note 1, Dr. James Wong and Madam Madeline May-Lung Wong are deemed to be interested in these shares.*
5. *These shares are held by Gold Sound Enterprises Limited, of which Mr. William Chung-Yue Fan is both a director and shareholder.*

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



## 2.2 Other persons' interests and short positions in shares and underlying shares of the Company and other members of the Group

As at the Latest Practicable Date and so far as is known to the Directors, the following persons (not being the Directors) had or were deemed or taken to have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<b>Name of Shareholder</b>	<b>Number of ordinary shares held</b>	<b>Approximate percentage of shareholding</b>
Chinney Holdings	306,959,324	55.67
Lucky Year	306,959,324	55.67

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

As at the Latest Practicable Date and so far as is known to the Directors, the following persons (not being the Directors) who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

<b>Name of Shareholder</b>	<b>Name of member of the Group in which interest held</b>	<b>Approximate percentage of equity interest</b>
Yuen-Keung Chan	Chinney Contractors	13.95
Shenzhen Yujianye Development Co., Ltd.	Guangzhou Honkwok Fuqiang Land Development Limited	30
Sharp Billion Development Limited	Guangzhou Honkwok Fuqiang Land Development Limited	10
Guangzhou Hengsheng Group Co., Ltd.	Guangzhou Honkwok Hengsheng Land Development Limited	25
Gold Sound Enterprises Limited	Wise Pacific Investment Limited	20
Lee Nam	Wise Pacific Investment Limited	20

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

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

The Hon Kwok Group has obtained bank loan facilities of HK\$150 million under cash collateral from Lucky Year. In consideration of Lucky Year's provision of the cash security, Hon Kwok Group agreed to indemnify and pay Lucky Year a commission of 1.75% per annum on the average principal amount of the cash security outstanding during the term of the bank loans. Unless prepaid or extended, the bank loans will mature in January 2009. Dr. James Wong and Madam Madeline May-Lung Wong are directors and shareholders of Lucky Year. Mr. Herman Man-Hei Fung is also a director of Lucky Year. A commission of HK\$2,625,000 was paid by the Hon Kwok Group to Lucky Year for the year ended 31 March 2007.

The Company has entered into a management contract with Hon Kwok for the provision of general corporate management services. The contract is for an unspecified duration and may be terminated by either party by giving two months' written notice. A management fee of HK\$6,000,000 was received from Hon Kwok for the year ended 31 March 2007. Dr. James Wong and Madam Madeline May-Lung Wong are directors of and have beneficial interests in Hon Kwok through their interests in the Company. Mr. Herman Man-Hei Fung is also a director of Hon Kwok.

The Company, through providing administration and general services, received a management fee of HK\$2,000,000 from CAG for the year ended 31 March 2007. Dr. James Wong and Mr. Herman Man-Hei Fung are directors of CAG. Dr. James Wong and Madam Madeline May-Lung Wong have beneficial interests in CAG.

Mr. William Chung-Yue Fan is the consultant of Messrs. Fan & Fan which provides legal and professional services to the Group and receive normal professional fees for such services. Total fees paid by the Group during the year ended 31 March 2007 was approximately HK\$135,000.

Chinney Construction Company, Limited and Chinney Contractors, subsidiaries of the Company, entered into an agreement dated 22 May 2007 with Shun Cheong Investments Limited and CAG for the disposal of the entire issued share capital of Apex Curtain Wall and Windows Company Limited at a consideration of HK\$298,356. Dr. James Wong is a director of and has beneficial interests in CAG. The transaction constituted a connected transaction to the Company, but was exempted from independent shareholders' approval. The transaction was completed on 1 June 2007.

A subsidiary of Hon Kwok entered into (i) an agreement dated 11 May 2007 with EIL and others for the acquisition of the entire issued share capital of Unity Wise International Limited and the assignment of related shareholders' loan at an aggregate consideration of HK\$90,000,000; and (ii) an agreement dated 11 May 2007 with EIL for the acquisition of 50% of the issued share capital of Ample Joy International Limited and the assignment of related shareholder's loan at an aggregate consideration of HK\$12,000,000. Dr. James Wong is a director of and beneficially owns the entire issued share capital of EIL. These two transactions constituted connected and discloseable transactions to the Company and had been approved by the independent shareholders of the Company on 27 June 2007. These two transactions were completed on 4 July 2007.

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

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

- (a) none of the Directors or their associates had any direct or indirect interest in any assets which have been, since 31 March 2007 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (b) none of the Directors or their associates was materially interested in any contract or arrangement entered into by any member of the Group and subsisting at the date of this circular which was significant in relation to the business of the Group; and
- (c) none of the Directors or their associates have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

#### 4. MATERIAL CONTRACTS

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

- (a) The Sale and Purchase Agreement.
- (b) Deed of assignment dated 4 July 2007 entered into between Cheerworld Group Limited, EIL, Galantine Management Limited, Sharp-View Group Inc. and Unity Wise International Limited in relation to the assignment of the shareholders' loans owing by Unity Wise International Limited.
- (c) Deed of assignment dated 4 July 2007 entered into between Cheerworld Group Limited, EIL and Ample Joy International Limited in relation to the assignment of the shareholder's loan owing by Ample Joy International Limited.
- (d) Sale and purchase agreement dated 22 May 2007 entered into between Chinney Construction Company, Limited, Chinney Contractors, Shun Cheong Investments Limited and CAG in relation to the disposal of the entire issued share capital of Apex Curtain Wall and Windows Company Limited at a consideration of HK\$298,356.
- (e) Sale and purchase agreement dated 11 May 2007 entered into between Cheerworld Group Limited, EIL, Galantine Management Limited and Sharp-View Group Inc. in relation to the acquisition of the entire issued share capital of Unity Wise International Limited and the assignment of related shareholders' loan at an aggregate consideration of HK\$90,000,000.
- (f) Sale and purchase agreement dated 11 May 2007 entered into between Cheerworld Group Limited and EIL in relation to the acquisition of 50% of the issued share capital of Ample Joy International Limited and the assignment of related shareholder's loan at an aggregate consideration of HK\$12,000,000.
- (g) Termination letter dated 27 March 2007 entered into between High Able Group Limited, SGM Golem Investment Limited and Hon Kwok Land Investment (China) Limited in relation to the termination of the proposed disposal of 50% of the issued share capital of Join Ally Limited and the assignment of related shareholder's loan.

- (h) Placing, underwriting and subscription agreement dated 15 November 2006 entered into between the Company, Hon Kwok and The Hongkong and Shanghai Banking Corporation Limited in relation to the placing and subscription of 80,047,700 shares of Hon Kwok.
- (i) Deed of assignment dated 24 October 2006, entered into between the Company, Grow Ahead Enterprises Limited and Gateway Group Holdings Limited in relation to the assignment of the shareholder's loan owing by Gateway Group Holdings Limited.
- (j) Sale and purchase agreement dated 30 September 2006 entered into between High Able Group Limited, SGM Golem Investment Limited and Hon Kwok Land Investment (China) Limited in relation to the disposal of 50% of the issued share capital of Join Ally Limited and the assignment of related shareholder's loan at an aggregate consideration of RMB245,215,100.
- (k) Agreement dated 24 July 2006 entered into between the Company and Grow Ahead Enterprises Limited in relation to the disposal of the entire issued share capital in Gateway Group Holdings Limited and Royal Treasure Limited and the assignment of the related shareholder's loan for a cash consideration of HK\$8,600,000.
- (l) Trust deed dated 27 June 2006 entered into between Hon Kwok, Hon Kwok Land Treasury IV Limited and J.P. Morgan Corporate Trustee Services Limited in connection with the issue of HK\$280,000,000 3.5% convertible bonds.
- (m) Paying, conversion and transfer agency agreement dated 27 June 2006 entered into between Hon Kwok, Hon Kwok Land Treasury IV Limited and various parties in connection with the issue of HK\$280,000,000 3.5% convertible bonds.
- (n) Subscription agreement dated 19 June 2006 entered into between Hon Kwok, Hon Kwok Land Treasury IV Limited and various purchasers in connection with the issue of HK\$280,000,000 3.5% convertible bonds.
- (o) Sale and purchase agreement dated 12 June 2006 entered into between Spark Eagle Development Limited and Capitol Hotel Sdn. Bhd. in relation to the sale of Plaza Ampang for a cash consideration of RM70,000,000.
- (p) Agreement dated 16 March 2006 entered into between Hopmate International Development Limited and Neimenggu Huaye Property Co., Ltd. in relation to the acquisition of the remaining 20% equity interest in Shenzhen Honkwok Huaye Development Co., Ltd. for a cash consideration of RMB10,000,000.
- (q) Deed of assignment dated 28 February 2006 entered into between High Able Group Limited, MSR Asia Acquisitions VII, Inc. and Floralmist Holdings Ltd. in relation to the assignment of the shareholder's loan owing by Floralmist Holdings Ltd.
- (r) Agreement dated 24 January 2006 entered into between Orient States Limited and Shenzhen Yujianye Development Co., Ltd. in relation to the acquisition of the remaining 20% equity interest in Foshan Nanhai XinDa Land Development Ltd. for a cash consideration of RMB53,568,000.
- (s) Shareholders' agreement dated 17 December 2005 entered into between High Able Group Limited, MSR Asia Acquisitions VII, Inc. and Floralmist Holdings Ltd. in relation to the joint development of the landed property through Floralmist Holdings Ltd.
- (t) Sale and purchase agreement dated 17 December 2005 entered into between High Able Group Limited, Hon Kwok Land Investment (China) Limited and MSR Asia Acquisitions VII, Inc. in relation to the disposal of 50% of the issued share capital of Floralmist Holdings Ltd. and the assignment of related shareholder's loan at an aggregate consideration of RMB133,920,000.

- (u) Deed of assignment dated 28 October 2005 entered into between Hon Kwok Land Investment (China) Limited, Gateway China Fund I and Rich Central Limited in relation to the assignment of the shareholder's loan owing by Rich Central Limited.
- (v) Agreement for sale and purchase dated 26 October 2005 entered into between Best Treasure Limited, Chinney Construction (a 86.05% owned subsidiary of the Company) and CAG in relation to the acquisition of the entire issued share capital of Jackson Mercantile Trading Company Limited at an aggregate consideration of HK\$7,800,000.
- (w) Joint venture agreement dated 21 October 2005 entered into between Hon Kwok Land Investment (China) Limited and Gateway China Fund I in relation to the joint development of the landed property through Rich Central Limited.
- (x) Sale and purchase agreement dated 21 October 2005 entered into between Hon Kwok Land Investment (China) Limited and Gateway China Fund I in relation to the disposal of 50% of the issued share capital of Rich Central Limited and the assignment of related shareholder's loan at an aggregate consideration of HK\$45,658,619.46.

## 5. SERVICE CONTRACTS

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

## 6. LITIGATION

Certain subsidiaries of Chinney Contractors (a 86.05% owned subsidiary of the Company) were involved in legal proceedings or claims against them in the ordinary course of their respective business activities. The aggregate amount of claims, including estimated legal costs, resulting from such contingent liabilities was approximately HK\$31,004,000 as at the Latest Practicable Date. The Directors consider that, after taking into account of the legal advices obtained, these proceedings and claims were made without valid grounds and accordingly, no provision for any potential liabilities is considered necessary.

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

## 7. EXPERTS AND CONSENTS

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

<b>Name</b>	<b>Qualification</b>
Nuada Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO
DTZ Debenham Tie Leung Limited	a property valuer

- (a) As at the Latest Practicable Date, neither Nuada Limited nor DTZ Debenham Tie Leung Limited has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

- (b) Each of Nuada Limited and DTZ Debenham Tie Leung Limited has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its letter or references to its name in the form and context in which they are included.
- (c) Neither Nuada Limited nor DTZ Debenham Tie Leung Limited has any direct or indirect interest in any assets which have been, since 31 March 2007 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

## 8. INDEBTEDNESS

At the close of business on 31 July 2007, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$2,470 million comprising:

- (a) secured bank loans of approximately HK\$1,851 million;
- (b) unsecured bank loans of approximately HK\$309 million;
- (c) obligations under finance leases of approximately HK\$4 million;
- (d) unsecured amount due to a minority shareholder of a subsidiary of approximately HK\$21 million;
- (e) unsecured loans from minority interests of approximately HK\$8 million;
- (f) unsecured amount due to a related company of HK\$10 million; and
- (g) the amortised cost of the liability component of the convertible bonds as recorded in the Group's books and records as at 31 July 2007 was approximately HK\$267 million. The principal outstanding amount of the convertible bonds as at 31 July 2007 was approximately HK\$292 million.

The Group's secured bank borrowings are secured by shares in an associate and subsidiaries; charges on certain bank balances; fixed charges on certain leasehold properties, plant and machineries, properties under development, investment properties and property held for sale; and assignment of rental income from leases of the Group's properties.

As at 31 July 2007, the Company issued guarantees to the extent of HK\$23.4 million for banking facilities granted to Apex Curtain Wall and Windows Company Limited, a former subsidiary of the Group and was disposed of in June 2007. The facilities were utilised to the extent of approximately HK\$11.6 million as at 31 July 2007.

Pursuant to the sale and purchase agreement for the disposal of Apex Curtain Wall and Windows Company Limited, the purchaser undertook to procure the release of the guarantees provided by the Group within six months after the date of completion of disposal.

A subsidiary of the Group was involved in a legal proceedings with amount of claims and legal cost of approximately HK\$31,004,000. The directors considered that no provision for potential liability is necessary. (Please refer to the section headed "Litigation" in this appendix for details).

Save as aforesaid and apart from intra-group liabilities, the Group did not have any mortgages, charges, debentures, loan capital, debt securities, bank loans and overdrafts or other similar indebtedness, finance leases, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding as at the close of business on 31 July 2007.

For the purpose of this indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate exchange rates prevailing as at 31 July 2007.

**9. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2007, being the date to which the latest published audited financial statements of the Group were made up.

**10. GENERAL**

- (a) The registered office of the Company is at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.
- (b) The Company's share registrar is Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (c) The company secretary of the Company is Ms. Wendy Yuk-Ying Chan. She is a fellow of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (d) The qualified accountant of the Company is Ms. Louisa Kai-Nor Siu. She is a fellow of The Association of Chartered Certified Accountants and The Hong Kong Institute of Certified Public Accountants.
- (e) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the Sale and Purchase Agreement;
- (b) the memorandum and articles of association of the Company;
- (c) the published audited consolidated financial statements of the Company and its subsidiaries for each of the two financial years ended 31 March 2006 and 2007;
- (d) the letter from the Independent Board Committee as set out on page 12 of this circular;
- (e) the letter of advice from Nuada Limited as set out on pages 13 to 17 of this circular;
- (f) the valuation report from DTZ Debenham Tie Leung Limited on the properties as set out in Appendix I to this circular;
- (g) the written consent referred to under the section headed "Experts and Consents" in this appendix;
- (h) each of the material contracts referred to under the section headed "Material Contracts" in this appendix;
- (i) the circular of the Company dated 11 June 2007 in relation to the acquisition of (i) the entire issued share capital of Unity Wise International Limited and the assignment of related shareholders' loan; and (ii) 50% of the issued share capital of Ample Joy International Limited and the assignment of related shareholder's loan; and
- (j) this circular.



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## NOTICE OF EGM

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# 建業實業有限公司 Chinney Investments, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 216)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “Meeting”) of Chinney Investments, Limited (the “Company”) will be held at 2308, 23/F., Wing On Centre, 111 Connaught Road Central, Hong Kong on Tuesday, 16 October 2007 at 4:00 p.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

### ORDINARY RESOLUTION

“**THAT** (i) the sale and purchase agreement dated 4 September 2007 (the “Agreement”) entered into among Chinney Contractors Company Limited as vendor, the Company and Mr. Yuen-Keung Chan as vendor’s guarantors, Chinney Alliance Trading (BVI) Limited as purchaser and Chinney Alliance Group Limited as purchaser’s guarantor for the disposal of the entire issued share capital of Victory Leap Limited to Chinney Alliance Trading (BVI) Limited at a consideration of approximately HK\$92,865,000 (a copy of which has been produced to the Meeting and marked “A” and signed by the chairman of the Meeting for the purpose of identification) be and are hereby approved, ratified and confirmed; and (ii) any director of the Company be and is hereby authorised for and on behalf of the Company to execute (whether under the seal or under hand) all such other documents, instruments and agreements and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated therein or relating to the Agreement and completion thereof as he may consider necessary, desirable or expedient to give effect to the Agreement and the transactions contemplated thereunder.”

By order of the Board  
**Wendy Yuk-Ying Chan**  
Company Secretary

Hong Kong, 25 September 2007

Notes:

1. Any member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of such member in accordance with the articles of association of the Company. A proxy need not be a member of the Company.
2. A form of proxy for use at the Meeting is enclosed.
3. To be valid, a proxy form, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be completed and deposited at the registered office of the Company at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. In the case of joint holders of a share, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders be present at the above Meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.