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If you have sold or transferred all your shares in LeRoi Holdings Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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LEROI HOLDINGS LIMITED

利來控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 221)

**(I) Placing of new LeRoi Shares
(II) connected transaction in relation to
issue of new LeRoi Shares and
Convertible Bonds to a wholly-owned subsidiary of
Wai Yuen Tong Medicine Holdings Limited; and
(III) increase in authorized share capital**

Financial Adviser to LeRoi Holdings Limited



KINGSTON CORPORATE FINANCE LIMITED

Placing Agent



KINGSTON SECURITIES LIMITED

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

Nuada Limited

Corporate Finance Advisory

A letter from the Independent Board Committee to the Independent LeRoi Shareholders is set out on page 21 of this circular and a letter of advice from Nuada to the Independent Board Committee and the Independent LeRoi Shareholders is set out on pages 22 to 35 of this circular.

A notice convening the LeRoi EGM to be held at 41/F., Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong at 10:00 a.m. on Thursday, 13 September 2007 is set out on pages 41 to 43 of this circular.

Whether or not you are able to attend the LeRoi EGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of LeRoi in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting 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 meeting or any adjournment thereof (as the case may be) should you so wish.

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DEFINITIONS

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

“Announcement”	the joint announcement dated 7 August 2007 made by LeRoi and WYT containing, amongst other things, the details of the New Issue Placings, the Subscriptions and the increase in authorized share capital of LeRoi
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of LeRoi Directors
“Business Day”	means a day other than Saturday, Sunday or public holiday in Hong Kong
“CB Subscription”	the subscription of the Convertible Bonds by Gain Better pursuant to the Subscription Agreement
“closing price”	the closing price on the Stock Exchange on the relevant trading day of each LeRoi Share
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Conversion Price”	HK\$0.12 per Conversion Share (subject to adjustments)
“Conversion Share(s)”	new LeRoi Shares falling to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the Convertible Bonds with an aggregate principal amount of HK\$190 million to be issued by LeRoi to Gain Better pursuant to the CB Subscription
“Gain Better”	Gain Better Investments Limited, a company incorporated in the British Virgin Islands, which is an indirect wholly-owned subsidiary of WYT
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee established by the LeRoi Board to advise the Independent LeRoi Shareholders in respect of the Subscriptions

DEFINITIONS

“Independent LeRoi Shareholders”	the shareholders of LeRoi, other than WYT and its associates and those (if any) who are required to abstain from voting at the LeRoi EGM in relation to the Subscriptions under the Listing Rules
“Last Trading Day”	27 July 2007, being the last full trading day for LeRoi Shares prior to the suspension in their trading pending the issue of the Announcement
“Latest Practicable Date”	23 August 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“LeRoi” or “Company”	LeRoi Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“LeRoi Director(s)”	the directors of LeRoi, including the independent non-executive directors of LeRoi
“LeRoi Group”	LeRoi together with its subsidiaries
“LeRoi EGM”	an extraordinary general meeting of LeRoi to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the New Issue Placings, the Subscriptions and the increase in the authorized share capital of LeRoi
“LeRoi Share(s)”	the ordinary share(s) of HK\$0.01 each in the capital of LeRoi
“LeRoi Shareholder(s)”	the holder(s) of LeRoi Shares
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Issue Placings”	the Tranche I New Issue Placing and the Tranche II New Issue Placing
“New Issue Placing Agreement”	a conditional placing agreement dated 6 August 2007 entered into between LeRoi and the Placing Agent in relation to the New Issue Placings
“New Issue Placing Price”	HK\$0.10 per New Issue Placing Share

DEFINITIONS

“New Issue Placing Share(s)”	new LeRoi Shares to be issued pursuant to the New Issue Placings
“New Issue Subscription”	the subscription of the New Issue Subscription Shares by Gain Better pursuant to the terms of the Subscription Agreement
“New Issue Subscription Price”	HK\$0.10 per New Issue Subscription Share
“New Issue Subscription Share(s)”	2,100,000,000 new LeRoi Shares to be issued to Gain Better pursuant to the New Issue Subscription
“Nuada”	Nuada Limited, a corporation licensed under the SFO to carry on type 6 regulated activity and the independent financial adviser to the Independent Board Committee and the Independent LeRoi Shareholders in respect of the connected transaction for LeRoi constituted by the Subscriptions
“Placee(s)”	any individual, institutional or other professional investor(s) procured by the Placing Agent to subscribe for any of the New Issue Placing Shares pursuant to the obligations of the Placing Agent under the New Issue Placings
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in types 1, 4, 6 and 9 (dealing in securities, advising on securities and corporate finance and asset management) regulated activities under the SFO
“PRC”	the People’s Republic of China, which for the purpose of this circular shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	the CB Subscription and the New Issue Subscription
“Subscription Agreement”	a conditional subscription agreement dated 6 August 2007 entered into between LeRoi and Gain Better in relation to the Subscriptions
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Top-Up Placing”	the placing of 161,900,000 existing LeRoi Shares held by Gain Better with independent investors and the subscription by Gain Better of the same number of new LeRoi Shares pursuant to a top-up placing agreement made between LeRoi, Gain Better and the Placing Agent on 6 August 2007
“Tranche I New Issue Placing”	placing of 4,570,000,000 new LeRoi Shares, on a fully underwritten basis, by the Placing Agent pursuant to the terms of the New Issue Placing Agreement
“Tranche I New Issue Placing Share(s)”	4,570,000,000 new LeRoi Shares to be issued pursuant to the Tranche I New Issue Placing
“Tranche II New Issue Placing”	placing of up to 2,000,000,000 new LeRoi Shares, on a best efforts basis, by the Placing Agent pursuant to the terms of the New Issue Placing Agreement
“Tranche II New Issue Placing Share(s)”	up to 2,000,000,000 new LeRoi Shares to be issued pursuant to the Tranche II New Issue Placing
“WYT”	Wai Yuen Tong Medicine Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“WYT SGM”	a special general meeting of WYT to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the Subscriptions
“HK\$” and “HK cents”	Hong Kong dollar(s) and cents respectively, the lawful currency of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

LETTER FROM THE BOARD



LEROI HOLDINGS LIMITED

利來控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 221)

Executive Directors:

Mr. Hung Man Sing (*Chairman*)

Mr. Chan Chun Hong, Thomas (*Managing Director*)

Mr. Ng Cheuk Fan, Keith

Mr. Cheung Wai Kai

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:

Mr. Sin Ka Man

Mr. Yuen Kam Ho, George

Mr. Cheung Sau Wah, Joseph

*Head office and principal place
of business:*

5/F., Wai Yuen Tong

Medicine Building

9 Wang Kwong Road

Kowloon Bay

Kowloon

Hong Kong

27 August 2007

To the LeRoi Shareholders

Dear Sir or Madam,

**(I) Placing of new LeRoi Shares;
(II) connected transaction in relation to
issue of new LeRoi Shares and
Convertible Bonds to a wholly-owned subsidiary of
Wai Yuen Tong Medicine Holdings Limited; and
(III) increase in authorized share capital**

INTRODUCTION

On 6 August 2007, LeRoi respectively entered into (i) the New Issue Placing Agreement with the Placing Agent; and (ii) the Subscription Agreement with Gain Better, a wholly-owned subsidiary of WYT, as announced in the Announcement.

LETTER FROM THE BOARD

Pursuant to the New Issue Placing Agreement, LeRoi has conditionally agreed to allot and issue, and the Placing Agent has conditionally agreed to place (i) the Tranche I New Issue Placing Shares on a fully underwritten basis; and (ii) the Tranche II New Issue Placing Shares on a best efforts basis, in each case at the New Issue Placing Price of HK\$0.10 per New Issue Placing Share.

Pursuant to the Subscription Agreement, LeRoi has conditionally agreed to allot and issue, and Gain Better has conditionally agreed to subscribe for (i) the New Issue Subscription Shares (being 2,100,000,000 new LeRoi Shares) at the New Issue Subscription Price of HK\$0.10 per New Issue Subscription Share; and (ii) the Convertible Bonds with an aggregate principal amount of HK\$190 million which can be exercised and converted into 1,583,333,333 Conversion Shares at the initial Conversion Price (subject to adjustments) of HK\$0.12 per Conversion Share.

LeRoi also proposes to increase its authorized share capital from HK\$20,000,000 to HK\$200,000,000 by the creation of an additional 18,000,000,000 LeRoi Shares.

The purpose of this circular is to provide the LeRoi Shareholders with, among other things, (i) details regarding the New Issue Placing Agreement, the Subscription Agreement and the proposed increase in authorized share capital of LeRoi; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent LeRoi Shareholders; and (iv) a notice of the LeRoi EGM.

THE NEW ISSUE PLACING AGREEMENT

Date 6 August 2007

Issuer LeRoi

Placing Agent

Kingston Securities Limited

The Placing Agent and its ultimate beneficial owners are third parties independent of LeRoi and its connected persons.

The New Issue Placings

Pursuant to the New Issue Placing Agreement, the Placing Agent has conditionally agreed to place (i) under the Tranche I New Issue Placing, 4,570,000,000 Tranche I New Issue Placing Shares on a fully underwritten basis; and (ii) under the Tranche II New Issue Placing, up to 2,000,000,000 Tranche II New Issue Placing Shares on a best efforts basis.

The Placing Agent will receive a placing commission of 2.5% on the gross proceeds of the New Issue Placings upon completion of each of the New Issue Placings, which was arrived at after arm's length negotiations between LeRoi and the Placing Agent upon normal commercial terms and with reference to the prevailing market practice.

LETTER FROM THE BOARD

New Issue Placing Price

The New Issue Placing Price of HK\$0.10 represents (i) a discount of approximately 66.10% to the closing price of HK\$0.295 on the Last Trading Day; (ii) a discount of approximately 69.79% to the average closing price of HK\$0.331 over the last 5 trading days up to and including the Last Trading Day; (iii) a discount of approximately 69.79% to the average closing price of HK\$0.331 over the last 10 trading days up to and including the Last Trading Day; (iv) a discount of approximately 88.24% to the closing price of HK\$0.85 on the Latest Practicable Date; and (v) a premium of approximately 3,603.70% over the audited net asset value per LeRoi Share (as at 31 March 2007) of approximately 0.27 HK cents per LeRoi Share.

The New Issue Placing Price was negotiated on an arm's length basis between LeRoi and the Placing Agent and was determined after taking into account (a) the previous financial results and the current financial position of LeRoi; and (b) the market risks assumed by the Placing Agent, as underwriter and placing agent of the New Issue Placings, and any Placees thereunder, on account of the fact that the New Issue Placings are subject to and cannot be completed until approval by the LeRoi Shareholders at the LeRoi EGM, which is expected to take place over one month from the date of the New Issue Placing Agreement.

Placees

The Placing Agent shall procure to place the New Issue Placing Shares with not less than six Placees and that such Placees and their respective ultimate beneficial owners are third parties independent of and not connected with LeRoi and its connected persons and are not acting in concert with the connected persons of LeRoi.

It is not expected that any individual Placee will become a substantial shareholder of LeRoi immediately after the New Issue Placings.

Tranche I New Issue Placing

Under the Tranche I New Issue Placing, LeRoi has conditionally agreed to place, through the Placing Agent on a fully underwritten basis, 4,570,000,000 Tranche I New Issue Placing Shares to independent investors at the New Issue Placing Price of HK\$0.10 per New Issue Placing Share.

The Tranche I New Issue Placing Shares to be issued and allotted under the Tranche I New Issue Placing represent (i) approximately 447.38% of the existing issued share capital of LeRoi as at the Latest Practicable Date; (ii) approximately 59.42% of the issued share capital of LeRoi as enlarged by the Tranche I New Issue Placing and the New Issue Subscription; (iii) approximately 47.16% of the issued share capital of LeRoi as enlarged by the New Issue Placings (assuming the entire 2,000,000,000 Tranche II New Issue Placing Shares are issued pursuant to the Tranche II New Issue Placing) and the New Issue Subscription; and (iv) approximately 40.53% of the issued share capital of LeRoi as enlarged by the New Issue Placings (assuming the entire 2,000,000,000 Tranche II New Issue Placing Shares are issued pursuant to the Tranche II New Issue Placing), the New Issue Subscription and the issue of the Conversion Shares (assuming full conversion of the Convertible Bonds).

LETTER FROM THE BOARD

Ranking of the Tranche I New Issue Placing Shares

The Tranche I New Issue Placing Shares will rank, upon issue, *pari passu* in all respects with the LeRoi Shares in issue on the date of allotment and issue of the Tranche I New Issue Placing Shares.

Conditions of the Tranche I New Issue Placing

Completion of the Tranche I New Issue Placing is conditional upon:

- (i) the passing of an ordinary resolution by the LeRoi Shareholders to approve the New Issue Placings at the LeRoi EGM;
- (ii) the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Tranche I New Issue Placing Shares;
- (iii) the passing of an ordinary resolution by the LeRoi Shareholders at the LeRoi EGM to approve an increase in the authorized share capital of LeRoi; and
- (iv) the Tranche I New Issue Placing not being terminated by the Placing Agent on force majeure or other grounds set out in the New Issue Placing Agreement and referred to below.

Termination and force majeure

The Placing Agent may terminate the New Issue Placing Agreement by notice in writing to LeRoi at any time up to 10:00 a.m. on the date set for the completion of the Tranche I New Issue Placing if, amongst other reasons, in its reasonable opinion, any of the following force majeure events would materially and adversely affect the success of the Tranche I New Issue Placing:

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the LeRoi Group as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not *sui generis* with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence

LETTER FROM THE BOARD

of any combination of circumstances which may, in the reasonable opinion the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the LeRoi Group as a whole or adversely prejudices the success of the Tranche I New Issue Placing or otherwise makes it inexpedient or inadvisable for LeRoi or the Placing Agent to proceed with the Tranche I New Issue Placing; or

- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Tranche I New Issue Placing (such success being the placing of the Tranche I New Issue Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for LeRoi or the Placing Agent to proceed with the Tranche I New Issue Placing.

Completion of the Tranche I New Issue Placing

The conditions for the Tranche I New Issue Placing are required to be fulfilled on or before 31 October 2007, or such later date as may be agreed by LeRoi and the Placing Agent, and the completion of the Tranche I New Issue Placing will take place within three Business Days after the Tranche I New Issue Placing has become unconditional (save for the condition as to termination by the Placing Agent).

Tranche II New Issue Placing

Under the Tranche II New Issue Placing, LeRoi has conditionally agreed to place, through the Placing Agent, on a best efforts basis, up to 2,000,000,000 Tranche II New Issue Placing Shares to independent investors at the New issue Placing Price of HK\$0.10 per New Issue Placing Share.

At any time within a three-month period commencing from the date of completion of the Tranche I New Issue Placing, the Placing Agent can call for LeRoi to issue up to 2,000,000,000 Tranche II New Issue Placing Shares to place to independent investors.

The maximum number of 2,000,000,000 Tranche II New Issue Placing Shares to be issued and allotted under the Tranche II New Issue Placing represent (i) approximately 195.79% of the LeRoi's existing issued share capital as at the Latest Practicable Date; (ii) approximately 26.00% of the issued share capital of LeRoi as enlarged by the Tranche I New Issue Placing and the New Issue Subscription; (iii) approximately 20.64% of the issued share capital of LeRoi as enlarged by the New Issue Placings (assuming the entire 2,000,000,000 Tranche II New Issue Placing Shares are issued pursuant to the Tranche II New Issue Placing) and the New Issue Subscription; and (iv) approximately 17.74% of the issued share capital of LeRoi as enlarged by the New Issue Placings (assuming the entire 2,000,000,000 Tranche II New Issue Placing Shares are issued pursuant to the Tranche II New Issue Placing), the New Issue Subscription and the issue of the Conversion Shares (assuming full conversion of the Convertible Bonds).

LETTER FROM THE BOARD

Ranking of the Tranche II New Issue Placing Shares

The Tranche II New Issue Placing Shares will rank, upon issue, *pari passu* in all respects with the LeRoi Shares in issue on the date of allotment and issue of the Tranche II New Issue Placing Shares.

Conditions of the Tranche II New Issue Placing

Completion of the Tranche II New Issue Placing is conditional upon:

- (i) the passing of an ordinary resolution by the LeRoi Shareholders to approve the New Issue Placings at the LeRoi EGM;
- (ii) the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Tranche II New Issue Placing Shares;
- (iii) the passing of an ordinary resolution by the LeRoi Shareholders at the LeRoi EGM to approve an increase in the authorized share capital of LeRoi; and
- (iv) completion of the Tranche I New Issue Placing.

Further announcement will be made by LeRoi upon completion of the Tranche II New Issue Placing.

THE SUBSCRIPTION AGREEMENT

Date 6 August 2007

Issuer LeRoi

Subscriber Gain Better

New Issue Subscription

Pursuant to the Subscription Agreement, Gain Better has conditionally agreed to subscribe for the New Issue Subscription Shares (being 2,100,000,000 new LeRoi Shares) at the New Issue Subscription price of HK\$0.10 per New Issue Subscription Share.

LETTER FROM THE BOARD

The issue of the New Issue Subscription Shares to Gain Better will increase the shareholding of Gain Better and parties acting in concert with it in LeRoi to (i) approximately 29.97% of the issued share capital of LeRoi as enlarged by the Tranche I New Issue Placing and the New Issue Subscription; and (ii) approximately 23.78% of the issued share capital of LeRoi as enlarged by the New Issue Placings (assuming the entire 2,000,000,000 Tranche II New Issue Placing Shares are issued pursuant to the Tranche II New Issue Placing) and the New Issue Subscription.

The New Issue Subscription Price of HK\$0.10 per New Issue Subscription Share represents (i) a discount of approximately 66.10% to the closing price of HK\$0.295 on the Last Trading Day; (ii) a discount of approximately 69.79% to the average closing price of HK\$0.331 over the last 5 trading days up to and including the Last Trading Day; (iii) a discount of approximately 69.79% to the average closing price of HK\$0.331 over the last 10 trading days up to and including the Last Trading Day; (iv) a discount of approximately 88.24% to the closing price of HK\$0.85 on the Latest Practicable Date; and (v) a premium of approximately 3,603.70% over the audited net asset value per LeRoi Share (as at 31 March 2007) of approximately HK0.27 cents per LeRoi Share.

The New Issue Subscription Price, which is the same as the New Issue Placing Price, was negotiated on an arm's length basis between LeRoi and Gain Better and was determined after taking into account (a) the previous financial results and the current financial position of LeRoi; and (b) the market risks assumed by Gain Better on account of the fact that the New Issue Subscription is subject to and cannot be completed until approval by the Independent LeRoi Shareholders at the LeRoi EGM, which is expected to take place over one month from the date of the Subscription Agreement.

CB Subscription

Pursuant to the Subscription Agreement, Gain Better has conditionally agreed to subscribe for the Convertible Bonds with a principal amount of HK\$190 million which can be exercised and converted into 1,583,333,333 Conversion Shares at an initial Conversion Price (subject to adjustments) of HK\$0.12 per Conversion Share.

The issue of the New Issue Subscription Shares and the Conversion Shares (assuming full conversion of the Convertible Bonds) will increase the shareholding of Gain Better and parties acting in concert with it in LeRoi to approximately 34.49% of the issued share capital of LeRoi as enlarged by the New Issue Placings (assuming the entire 2,000,000,000 New Issue Placing Shares are issued pursuant to the Tranche II New Issue Placing), the New Issue Subscription and the issue of the Conversion Shares (assuming full conversion of the Convertible Bonds).

Principal Terms of the Convertible Bonds

Principal amount	HK\$190 million
Coupon rate	3% per annum
Maturity	fifth anniversary of the issue of the Convertible Bonds upon completion of the CB Subscription

LETTER FROM THE BOARD

Early Redemption

LeRoi shall be entitled at its discretion, by giving not less than 30 days notice to the holders of the Convertible Bonds, to redeem all (but not some only) outstanding Convertible Bonds at an amount equal to 100 per cent. of the outstanding principal amount at any time after the issue of the Convertible Bonds together with interest accrued to the date fixed for redemption.

Conversion

The holder of the Convertible Bonds will have the right to convert the Convertible Bonds into LeRoi Shares at the Conversion Price. Any conversion shall be made in an amount of a whole multiple of HK\$500,000 on each conversion save that if at any time the aggregate outstanding principal amount of any Convertible Bond is less than HK\$500,000, the whole (but not part only) of the outstanding principal amount of the Convertible Bond may be converted.

Conversion Price

HK\$0.12 per Conversion Share, representing:

- (i) a discount of approximately 59.32% to the closing price of HK\$0.295 on the Last Trading Day;
- (ii) a discount of approximately 63.75% to the average closing price of HK\$0.331 over the last 5 trading days prior to the Last Trading Day;
- (iii) a discount of approximately 63.75% to the average closing price of HK\$0.331 over the last 10 trading days prior to the Last Trading Day;
- (iv) a discount of 85.88% to the closing price of HK\$0.85 on the Latest Practicable Date;
- (v) a premium of 20.0% over the New Issue Subscription Price; and
- (vi) a premium of approximately 4,344.44% over the audited net asset value per LeRoi Share (as at 31 March 2007) of approximately HK0.27 cents per LeRoi Share.

The Conversion Price of HK\$0.12 per Conversion Share was negotiated on an arm's length basis between LeRoi and Gain Better and was determined with reference to (a) the previous financial results and the current financial position of LeRoi; and (b) the New Issue Subscription Price. The initial Conversion Price is subject to standard anti-dilution adjustment provisions applicable in the

LETTER FROM THE BOARD

event of share consolidation, share subdivision, capitalization issue, capital distribution, rights issue (of shares, options or warrants) or issue of convertible securities or new shares in certain circumstances.

Voting	A holder of Convertible Bonds will not be entitled to receive notice of, attend or vote at any general meeting of LeRoi by reason only of it being a holder of the Convertible Bonds.
Listing	No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. An application has been made by LeRoi to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Bonds.
Ranking	The Conversion Shares will rank, upon issue, <i>pari passu</i> in all respects with the LeRoi Shares in issue on the date of allotment and issue of the Conversion Shares.
Transferability	<p>Save with the consent of the Stock Exchange, none of the Convertible Bonds shall be transferable to any connected person of LeRoi.</p> <p>Subject to all applicable laws and regulations, the Convertible Bonds may be transferable to any person in whole multiples of HK\$500,000 (or such lesser amount as may represent the entire principal amount thereof).</p>

Conditions of the Subscriptions

The Subscriptions are conditional upon:–

- (i) the passing by the Independent LeRoi Shareholders by way of a poll at the LeRoi EGM of an ordinary resolution to approve the Subscriptions and the issue of the Conversion Shares upon the exercise of any Convertible Bonds;
- (ii) the passing by the shareholders of WYT at the WYT SGM of an ordinary resolution to approve the Subscriptions;
- (iii) completion of the Tranche I New Issue Placing;
- (iv) the passing of an ordinary resolution by the LeRoi Shareholders at the LeRoi EGM to approve an increase in the authorized share capital of LeRoi; and

LETTER FROM THE BOARD

- (v) the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the New Issue Subscription Shares and the Conversion Shares.

Ranking of the New Issue Subscription Shares and the Conversion Shares

The New Issue Subscription Shares and the Conversion Shares will rank, upon issue, *pari passu* in all respects with the LeRoi Shares in issue on the respective dates of allotment and issue of the New Issue Subscription Shares and of the Conversion Shares.

Completion of the Subscriptions

Subject to the fulfillment of the conditions set out above which apply to both the New Issue Subscription and the CB Subscription, each of the Subscriptions will be completed at the same time as the other.

USE OF PROCEEDS

The gross proceeds from the Tranche I New Issue Placing and the Subscriptions will be approximately HK\$857 million and the net proceeds will be approximately HK\$845 million. The net proceeds from the Tranche I New Issue Placing and the Subscriptions (and the net proceeds of approximately HK\$37.8 million of the Top-up Placing) are intended to be used as to (i) up to approximately HK\$400 million for the LeRoi Group's possible investment in the property development projects in Vietnam and/or the PRC described under the section entitled "Reasons for the New Issue Placings and the Subscriptions" below (on the basis that negotiations in this regard can be concluded to the satisfaction of the LeRoi Board and definitive agreements will be entered into); (ii) approximately HK\$200 million, plus any unutilized balance of the approximately HK\$400 million referred to above, for investment in other potential investment targets; (iii) approximately HK\$24 million for the repayment of an amount due to Gain Better; and (iv) the balance as general working capital of the LeRoi Group.

The maximum gross proceeds from the Tranche II New Issue Placing will be approximately HK\$200 million (assuming the entire 2,000,000,000 Tranche II New Issue Placing Shares are issued pursuant to the Tranche II New Issue Placing) and the maximum net proceeds will be approximately HK\$194.5 million. The net proceeds from the Tranche II New Issue Placing are intended to be used for investments in other potential investment targets.

FUND RAISING ACTIVITIES OF LEROI IN THE PAST 12 MONTHS

LeRoi has issued a 3-year 6.5% coupon convertible notes (the "Convertible Notes") with an aggregate principal amount of HK\$10 million to Gain Better during 2007. LeRoi intends to use the aggregate proceeds from the issue of the Convertible Notes of HK\$10 million for general working capital purpose. As at the Latest Practicable Date, approximately HK\$6 million of the proceeds has been utilized as general working capital, and the remaining balance of approximately HK\$4 million remains unutilized.

LETTER FROM THE BOARD

LeRoi has on 6 August 2007 entered into a top-up placing agreement with Gain Better and the Placing Agent to place 161,900,000 existing LeRoi Shares to independent investors and to issue the same number of new LeRoi Shares to Gain Better under the Top-Up Placing. Details were set out in the Announcement. The gross proceeds from such placing is approximately HK\$42.9 million. The net proceeds of approximately HK\$37.8 million have not yet been utilized and are intended to be applied as general working capital of the LeRoi Group.

Save as the above, LeRoi had no fund raising activities in the past 12 months from the Latest Practicable Date.

REASONS FOR THE NEW ISSUE PLACINGS AND THE SUBSCRIPTIONS

Drastic changes have occurred in Vietnam's economic structure as a result of Vietnam gaining membership in the World Trade Organization (WTO). For the first six months of 2007, the GDP growth rate of Vietnam hit 7.87%, a record high for the first six months of any given year since 2002. The amount of investment capital flowing into Vietnam has increased rapidly. For the first seven months period ended July 2007, Vietnam has attracted an influx of nearly US\$7.5 billion of foreign investment capital, representing a 49.7% year-on-year increase. Given the continued influx of foreign investments, Vietnam is in the process of rapid urbanization, and currently the local demand for both residential real estate and offices space in the main population centres and areas of employment is outstripping supply. Accordingly, the LeRoi Directors are of the view that the future prospects of the property market of Vietnam are promising and investment in such projects may offer good financial return.

Currently, the LeRoi Group is in negotiations regarding several residential and commercial property development projects in Long An Province and Binh Phuoc Province, Vietnam. In the meantime, the LeRoi Group is also exploring other possible business opportunities, including property developments in the PRC. If these negotiations can be concluded to the satisfaction of the Board and definitive agreements can be entered into, LeRoi currently intends to use up to approximately HK\$400 million of the net proceeds raised under the Top-Up Placing, the Tranche I New Issue Placing and the Subscription for investment in these residential and commercial property development projects in Vietnam and/or the PRC. Negotiations in connection with such business opportunities are ongoing at this stage and no formal agreement has been entered into as at the Latest Practicable Date. As no definitive agreement has yet been entered into in relation to any of the potential investment opportunities mentioned above, there is no assurance at this stage that any such investment will be proceeded with. LeRoi Shareholders and potential investors in LeRoi are advised to exercise caution when dealing in LeRoi Shares. LeRoi will make further announcement, if necessary, in relation to the aforesaid matters in accordance with the requirements of the Listing Rules as and when appropriate.

While the shareholding interest of the existing LeRoi Shareholders will be substantially diluted upon completion of the New Issue Placings and the Subscriptions, these series of fund raising exercises will (i) increase the net asset value of LeRoi; (ii) decrease the gearing ratio; and (iii) provide the LeRoi Group with the capital needed for the potential investments, including the investments in property development projects in Vietnam and/or the PRC, which the LeRoi Directors believe will offer good financial return to the LeRoi Shareholders. Accordingly, the LeRoi Directors are of the view that the dilution is justified.

LETTER FROM THE BOARD

The LeRoi Directors (including the independent non-executive LeRoi Directors) consider that the terms of the New Issue Placing Agreement and the Subscription Agreement (including the commission rate and the basis of determination of the New Issue Placing Price, the New Issue Subscription Price and the Conversion Price as detailed above) are on normal commercial terms following arm's length negotiation between LeRoi, the Placing Agent and/or Gain Better and are fair and reasonable and in the interests of LeRoi and the LeRoi Shareholders as a whole.

SHAREHOLDING STRUCTURE OF LEROI

The table below sets out the changes to the shareholding structure of LeRoi as a result of the completion of the New Issue Placings, the New Issue Subscription and conversion of the Convertible Bonds in full under different scenarios:

	As at the Latest Practicable Date		Immediately after completion of the Tranche I New Issue Placing and the New Issue Subscription	
WYT and its associates	205,000,000	20.07%	2,305,000,000	29.97%
<i>Public:</i>				
Placees under:	0	0.00%	4,570,000,000	59.42%
Tranche I New Issue Placing (<i>Note</i>)	0	0.00%	4,570,000,000	59.42%
Tranche II New Issue Placing (<i>Note</i>)	0	0.00%	0	0.00%
Other public LeRoi Shareholders	<u>816,500,000</u>	<u>79.93%</u>	<u>816,500,000</u>	<u>10.61%</u>
Total	<u><u>1,021,500,000</u></u>	<u><u>100.00%</u></u>	<u><u>7,691,500,000</u></u>	<u><u>100.00%</u></u>

Note: LeRoi Shares to be issued and allotted under the New Issue Placings.

LETTER FROM THE BOARD

	Immediately after completion of the New Issue Placings (assuming 2,000,000,000 New Issue Placing Shares are issued pursuant to the Tranche II New Issue Placing) and New Issue Subscription		Immediately after completion of the New Issue Placings (assuming 2,000,000,000 Tranche II New Issue Placing Shares are issued pursuant to the Tranche II New Issue Subscription, and the issue of the Conversion Shares (assuming full conversion of the Convertible Bonds)		Immediately after completion of the Tranche I New Issue Placing (but assuming none of the Tranche II New Issue Placing Shares are issued pursuant to the Tranche II New Issue Placing), New Issue Subscription and the issue of the Conversion Shares (assuming full conversion of the Convertible Bonds)	
WYT and its associates	2,305,000,000	23.78%	3,888,333,333	34.49%	3,888,333,333	41.92%
<i>Public:</i>						
Placees under:	6,570,000,000	67.80%	6,570,000,000	58.27%	4,570,000,000	49.27%
Tranche I New Issue Placing (<i>Note</i>)	4,570,000,000	47.16%	4,570,000,000	40.53%	4,570,000,000	49.27%
Tranche II New Issue Placing (<i>Note</i>)	2,000,000,000	20.64%	2,000,000,000	17.74%	0	0.00%
Other public LeRoi Shareholders	816,500,000	8.42%	816,500,000	7.24%	816,500,000	8.81%
Total	9,691,500,000	100.00%	11,274,833,333	100.00%	9,274,833,333	100.00%

Note: LeRoi Shares to be issued and allotted under the New Issue Placings.

WYT will comply with any mandatory offer obligation it may incur under the Hong Kong Code on Takeovers and Mergers arising out of any increase in its shareholding interest in LeRoi as a result of the exercise of any Convertible Bonds.

INCREASE IN AUTHORIZED SHARE CAPITAL

The current authorized share capital of LeRoi is HK\$20,000,000 comprised of 2,000,000,000 LeRoi Shares, of which 1,021,500,000 LeRoi Shares are in issue following the completion of the Top-Up Placing. To accommodate the issue of new LeRoi Shares pursuant to the New Issue Placings and the New Issue Subscription and the issue of Conversion Shares upon any exercise of the conversion rights attached to the Convertible Bonds, the LeRoi Directors propose to seek the approval of the LeRoi Shareholders by way of an ordinary resolution to be passed at the LeRoi EGM in respect of an increase in the authorized share capital of LeRoi from HK\$20,000,000 to HK\$200,000,000 by the creation of an additional 18,000,000,000 LeRoi Shares.

LETTER FROM THE BOARD

INFORMATION ON LEROI

LeRoi is principally engaged in the trading of fashion apparel to the PRC market, the sale of fresh pork meat and related products and property holding.

Set out below is the audited consolidated financial information on LeRoi as extracted from the annual report of LeRoi for the year ended 31 March 2007:–

	For the year ended 31 March 2007 HK\$'000	For the year ended 31 March 2006 HK\$'000
Revenue	32,769	78,833
Net loss before taxation	44,569	39,378
Net loss after taxation	44,575	39,410
Net assets	2,167	44,862

LISTING RULES IMPLICATIONS

As WYT is a substantial shareholder of LeRoi, WYT is a connected person of LeRoi. Accordingly, the Subscriptions constitute connected transaction of LeRoi under Chapter 14A of the Listing Rules and are subject to the Independent LeRoi Shareholders' approval at the LeRoi EGM by way of a poll. WYT and its associates will abstain from voting in respect of the resolution to approve the Subscriptions.

THE LEROI EGM

There is set out on pages 41 to 43 of this circular a notice convening the LeRoi EGM to be held at 41/F., Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong on Thursday, 13 September at 10:00 a.m., at which resolutions will be proposed to the LeRoi Shareholders or Independent LeRoi Shareholders (as the case may be) to approve, among other things, the New Issue Placings, the Subscriptions and increase in authorized share capital.

WYT and its associates in aggregate interested in 20.07% of the issued LeRoi Shares as at the Latest Practicable Date will be required to abstain from voting on the resolution in relation to the Subscriptions. Only the Independent LeRoi Shareholders will be permitted to vote by way of poll on the resolution in relation to the Subscriptions.

Whether or not the LeRoi Shareholders are able to attend the LeRoi EGM in person, they are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to LeRoi's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time for holding of the LeRoi EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude the LeRoi Shareholders from attending and voting in person at the LeRoi EGM or any adjournment thereof (as the case may be) should they so wish.

LETTER FROM THE BOARD

POLL PROCEDURE

According to article 66 of LeRoi's articles of association, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of such meeting; or
- (b) at least three LeRoi Shareholders present in person or in the case of a LeRoi Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a LeRoi Shareholder or LeRoi Shareholders present in person or in the case of a LeRoi Shareholder 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 LeRoi Shareholders having the right to vote at the meeting; or
- (d) by a LeRoi Shareholder or LeRoi Shareholders present in person or in the case of a LeRoi Shareholder being a corporation by its duly authorised representative or by proxy and holding LeRoi Shares in LeRoi conferring a right to vote at the meeting being LeRoi Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on the LeRoi Shares conferring that right.

GENERAL

WYT is principally engaged in (i) the manufacturing, processing and retailing of traditional Chinese medicine which includes Chinese medicinal products sold under the brand name of "Wai Yuen Tong" and a range of products manufactured by selected medicinal materials with traditional prescription, mainly in the PRC and Hong Kong; and (ii) the processing and retailing of western pharmaceutical products under the brandname of "Madame Pearl's". Gain Better is an investment holding company indirectly wholly owned by WYT.

An application has been made by LeRoi to the Listing Committee for the grant of the listing of, and permission to deal in, the New Issue Placing Shares, the New Issue Subscription Shares and the Conversion Shares.

The Tranche I New Issue Placing is subject to termination on the occurrence of, amongst other things, any event of force majeure (which includes events set out in detail above) at any time up to 10:00 a.m. on the date set for completion of the Tranche I New Issue Placing. The Tranche II New Issue Placing is on a best efforts basis and may or may not proceed. LeRoi Shareholders and potential investors in LeRoi are advised to exercise caution when dealing in LeRoi Shares.

LETTER FROM THE BOARD

RECOMMENDATIONS

The independent non-executive LeRoi Directors, after taking into account the advice of Nuada, consider the terms of the Subscription Agreement are fair and reasonable and in the interest of the LeRoi Shareholders as a whole. The LeRoi Directors (including the independent non-executive LeRoi Directors) consider that the New Issue Placing Agreement and Subscription Agreement are on normal commercial terms and in the ordinary and usual course of business of LeRoi, the terms of these agreements are fair and reasonable so far as LeRoi and the LeRoi Shareholders are concerned and they are in the interests of LeRoi and the LeRoi Shareholders as a whole. The LeRoi Directors (including the independent non-executive LeRoi Directors) also consider that the increase in authorized share capital is in the interest of LeRoi and the LeRoi Shareholders as a whole. Accordingly, the LeRoi Directors (including the independent non-executive LeRoi Directors) recommend the LeRoi Shareholders or the Independent LeRoi Shareholders (as the case may be) to vote in favour of the respective resolutions to be proposed at the LeRoi EGM.

Your attention is drawn to the letter from the Independent Board Committee set out on page 21 of this circular. Your attention is also drawn to the letter of advice from Nuada which contains, among other things, their advice to the Independent Board Committee and the Independent LeRoi Shareholders in respect of the Subscriptions, and the principal factors and reasons considered by them in arriving at such advice. The text of the letter from Nuada is set out on pages 22 to 35 of this circular. Your attention is also drawn to the additional information set out in the appendix to this circular and the notice convening the LeRoi EGM.

Yours faithfully,
For and on behalf of the Board
LeRoi Holdings Limited
利來控股有限公司
Chan Chun Hong, Thomas
Managing Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



LEROI HOLDINGS LIMITED

利來控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 221)

27 August 2007

To the Independent LeRoi Shareholders

Dear Sir or Madam,

We have been appointed as the Independent Board Committee to advise you in connection with the Subscriptions, details of which are set out in the letter from the Board contained in the circular to the LeRoi Shareholders dated 27 August 2007 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the terms of Subscription Agreement and the advice of Nuada in relation thereto as set out on pages 22 to 35 of the Circular, we are of the view that the Subscriptions are fair and reasonable and are in the interest of LeRoi and the LeRoi Shareholders as a whole.

Accordingly, we recommend the Independent LeRoi Shareholders to vote in favour of the resolution to be proposed at the LeRoi EGM to approve the Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the Independent Board Committee

Sin Ka Man

*Independent non-executive
LeRoi Director*

Yuen Kam Ho, George

*Independent non-executive
LeRoi Director*

Cheung Sau Wah, Joseph

*Independent non-executive
LeRoi Director*

LETTER FROM NUADA

The following is the text of a letter of advice from Nuada Limited to the Independent Board Committee and the Independent LeRoi Shareholders for the purpose of inclusion in the Circular.

Nuada Limited

Corporate Finance Advisory

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

27 August 2007

*To the Independent Board Committee
and Independent Shareholders of
LeRoi Holdings Limited*

Dear Sirs,

**Connected transaction in relation to
issue of new LeRoi Shares and Convertible Bonds to
a wholly-owned subsidiary of
Wai Yuen Tong Medicine Holdings Limited**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent LeRoi Shareholders with respect to the Subscriptions, details of which, amongst other things, are set out in the letter from the Board (the “Board Letter”) contained in the circular dated 27 August 2007 issued by LeRoi (the “Circular”), of which this letter forms part. Unless the context otherwise requires, capitalized terms used in this letter shall have the same meanings as ascribed to them under the section headed “Definitions” in the Circular.

On 6 August 2007, LeRoi entered into the Subscription Agreement with Gain Better, a wholly-owned subsidiary of WYT, pursuant to which Gain Better has conditionally agreed to subscribe for (i) the New Issue Subscription Shares (being 2,100,000,000 new Shares) at the New Issue Subscription Price of HK\$0.10 per New Issue Subscription Share; and (ii) the Convertible Bonds with an aggregate principal amount of HK\$190,000,000 which can be exercised and converted into 1,583,333,333 Conversion Shares at an initial conversion price (subject to adjustment) of HK\$0.12 per Conversion Share. As Gain Better, a wholly-owned subsidiary of WYT, is a substantial shareholder of LeRoi, both Gain Better and WYT are connected persons of LeRoi. Accordingly, the Subscriptions constitute connected transactions of LeRoi under Chapter 14A of the Listing Rules and are subject to the Independent LeRoi Shareholders’ approval at the LeRoi EGM by way of a poll. WYT, Gain Better and their associates will abstain from voting in respect of the resolution to approve the Subscriptions at the LeRoi EGM.

LETTER FROM NUADA

The Independent Board Committee has been formed to advise the Independent LeRoi Shareholders on whether the Subscriptions are in the interests of LeRoi and the LeRoi Shareholders as a whole and the terms of the Subscription Agreement are fair and reasonable. We are appointed as independent financial adviser to advise the Independent Board Committee and the Independent LeRoi Shareholders in those regards.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the accuracy of the information, opinions and representations contained or referred to in the Circular provided to us by LeRoi, the LeRoi Directors and the management of LeRoi. We have assumed that all information, opinions and representations contained or referred to in the Circular was true and accurate at the time when they were made and continued to be true and accurate at the date hereof, and will continue to be true and accurate at the date of the LeRoi EGM. We have also assumed that all statements of belief, opinion and intention made by the LeRoi Directors in the Circular was reasonably made after due enquiries and considerations. We have no reason to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading.

We consider that we have reviewed sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular to provide a reasonable basis for our opinions and recommendations. Having made all reasonable enquires, the LeRoi Directors have confirmed that, to the best of their knowledge, there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by LeRoi, the LeRoi Directors, the management of LeRoi and Gain Better and its associates, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the LeRoi Group and/or the Gain Better and its associates. 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.

PRINCIPAL FACTORS AND REASONS CONSIDERED

The principal factors and reasons we have taken into consideration in assessing the Subscriptions and arriving at our opinion are set out below:

Background of and reasons for the Subscriptions

Apart from the entering into of the Subscription Agreement, LeRoi entered into the Top-up Placing Agreement with Gain Better and the Placing Agent and the New Issue Placing Agreement with the Placing Agent on 6 August 2007. For details of the Top-up Placing Agreement and the New Issue Placing Agreement, please refer to the Announcement and the Board Letter. As stated in the Board Letter, the net proceeds of approximately HK\$37.8 million from the Top-up Placing Agreement is intended to be applied as general working capital of the LeRoi Group. Pursuant to the New Issue Placing Agreement, the LeRoi Group has conditionally agreed to

allot and issue, and the Placing Agent has conditionally agreed to place (i) the Tranche I New Issue Placing Shares on a fully-underwritten basis; and (ii) the Tranche II New Issue Placing Shares on a best efforts basis. As stated in the Board Letter, the net proceeds of approximately HK\$845 million from Tranche I New Issue Placing and the Subscriptions are intended to be used as (i) up to approximately HK\$400 million for the LeRoi Group's possible investment in certain property development projects in Vietnam and/or the PRC (on the basis that negotiations in this regard can be concluded to the satisfaction of the Board and definitive agreement will be entered into); (ii) approximately HK\$200 million, plus any unutilized balance of the approximately HK\$400 million referred to above, for investment into other potential investment targets; and (iii) approximately HK\$24 million for the repayment of an amount due to Gain Better; and (iv) the balance as general working capital of the LeRoi Group. As stated in the Board Letter, the net proceeds from the Tranche II New Issue Placing are intended to be used for investment in other potential investment targets, including property development projects in Vietnam and/or the PRC.

It is stated in the Board Letter that drastic changes have occurred in Vietnam's economic structure as a result of Vietnam gaining membership in the World Trade Organization (WTO). For the first six months of 2007, the GDP growth rate of Vietnam hit 7.87%, a record high for the first six months of any given year since 2002. The amount of investment capital flowing into Vietnam has increased rapidly. For the first seven months period ended July 2007, Vietnam has attracted an influx of nearly US\$7.5 billion of foreign investment capital, representing a 49.7% year-on-year increase. Given the continued influx of foreign investments, Vietnam is in the process of rapid urbanization, and currently the local demand for both residential real estate and offices space in the main population centres and areas of employment is outstripping supply. Accordingly, the Board is of the view that the future prospects of the property market of Vietnam are promising and investment in such projects may offer good financial return.

The LeRoi Group is currently in negotiations regarding several residential and commercial property development projects in Long An Province and the Binh Phuoc Province, Vietnam. In the meantime, the LeRoi Group is also exploring other possible business opportunities, including property developments in the PRC. If these negotiations can be concluded to the satisfaction of the Board, the LeRoi Group currently intends to use up to HK\$400 million of the net proceeds raised under the Subscriptions and the Tranche I New Issue Placing for investment in these residential and commercial property development projects in Vietnam and/or the PRC. As such, the LeRoi Directors consider the series of fund raising exercises contemplated under the Top-Up Placing, the Top-up Subscription, the New Issue Placings and the Subscriptions will provide capital needed for the potential investments, including the investments in property development projects in Vietnam and/or the PRC.

Financial performance and position of the LeRoi Group

The LeRoi Group is principally engaged in trading of fashion apparel to the markets in the PRC, the sale of fresh pork meat and related products and property holding. As stated in the annual report 2006/2007 of the Company, the LeRoi Board considers that after completion of the acquisitions of certain business and a number of properties in March 2007, details of

LETTER FROM NUADA

which are set out in the joint announcement issued by, amongst others, LeRoi dated 2 February 2007 and the circular dated 5 March 2007 issued by LeRoi, the LeRoi Group has diversified its businesses to wet market retailing and property investment.

Set out below is a financial summary of the LeRoi Group for the financial periods as indicated below:

	For the financial year ended 31 March		
	2007	2006	2005
	(HK\$'000)	(HK\$'000)	(HK\$'000)
	(Audited)	(Audited)	(Audited)
Turnover	32,769	78,833	111,031
Gross profit	11,062	20,256	32,165
Net profit/(Loss)	(44,575)	(39,410)	(3,640)

	As at 31 March		
	2007	2006	2005
	(HK\$'000)	(HK\$'000)	(HK\$'000)
	(Audited)	(Audited)	(Audited)
Net asset	2,167	44,862	83,101
Net current asset	18,365	32,939	69,927

Note: As the new business of in wet market retailing and property investment was acquired in March 2007, only negligible contribution was reflected in the financial results of the LeRoi Group for the financial year ended 31 March 2007.

According to the 2006/2007 annual report of LeRoi, the LeRoi Group recorded a turnover of approximately HK\$32.8 million, representing a decrease of approximately 58.4% as compared to the financial year ended 31 March 2006 and approximately 70.5% as compared to the financial year ended 31 March 2005. The Group recorded a gross profit of approximately HK\$11.1 million, representing a decrease of approximately 45.4% as compared to the financial year ended 31 March 2006 and approximately 65.6% as compared to the financial year ended 31 March 2005. As advised by LeRoi, the decrease in turnover was mainly attributed to the decrease in sale of fashion apparel in the PRC market.

The LeRoi Group recorded a net loss of approximately HK\$44.6 million for the financial year ended 31 March 2007, representing an increase of approximately 13.1% as compared to the financial year ended 31 March 2006 and approximately 1,124.6% as compared to the financial year ended 31 March 2005. As stated in the 2006/2007 annual report of LeRoi, the loss was mainly due to provisions of approximately HK\$10.4 million and HK\$18.8 million for impairment of trade receivables and obsolete inventories respectively. Moreover, the LeRoi Group also had to provide for impairment of goodwill of approximately HK\$1.5 million and impairment of property, plant and equipment of approximately HK\$0.7 million.

LETTER FROM NUADA

As at 31 March 2007, the net assets of the LeRoi Group decreased substantially to approximately HK\$2.2 million, representing a decrease of approximately 95.2% from approximately HK\$44.9 million as at 31 March 2006 and approximately 97.4% from approximately HK\$83.2 million as at 31 March 2005. The net current assets of the LeRoi Group also decreased to approximately HK\$18.4 million as at 31 March 2007, representing a decrease of approximately 44.1% from approximately HK\$32.9 million as at 31 March 2006 and approximately 73.7% from approximately HK\$69.9 million as at 31 March 2005. In view of the financial obligation of the LeRoi Group, it is noted that the LeRoi Group had interest-bearing shareholders' loans of approximately HK\$36.9 million as at 31 March 2007 (the "Shareholders' Loans"). The shareholders' loans comprise a loan with a principal amount of HK\$20,000,000 from Gain Better and a loan with principal amount of HK\$18,750,000 from Taco Holdings Limited. As advised by the Company, such Shareholders' Loans have been used up for acquisition, general working capital and future business development as at the Latest Practicable Date. The Subscriptions would enable the Company to raise gross proceeds of HK\$400 million, as to HK\$210 million from the New Issue Subscription and as to HK\$190 million from the issue of the Convertible Bonds.

Taking into account (i) the continuous and heightening losses of the LeRoi Group for the three financial years ended 31 March 2007; (ii) the deteriorating financial position of the LeRoi Group, in particular, in view of the decrease of net assets and current net assets of the LeRoi Group as at 31 March 2007; and (iii) the possible funding requirements of the LeRoi Group for its intended property investments in Vietnam and/or PRC as detailed in the section headed "Background of and reasons for the Subscriptions" above, we consider that it is reasonable for the LeRoi Group to explore new business opportunities, including the possible investment in the residential and commercial property development projects in Vietnam and/or the PRC and the proceeds of HK\$400 million (before deduction of expenses) from the Subscriptions would provide the LeRoi Group with immediate available funds to improve its liquidity for its business operations and development. As such, we consider that the Subscriptions are in the interests of LeRoi and the LeRoi Shareholders as a whole.

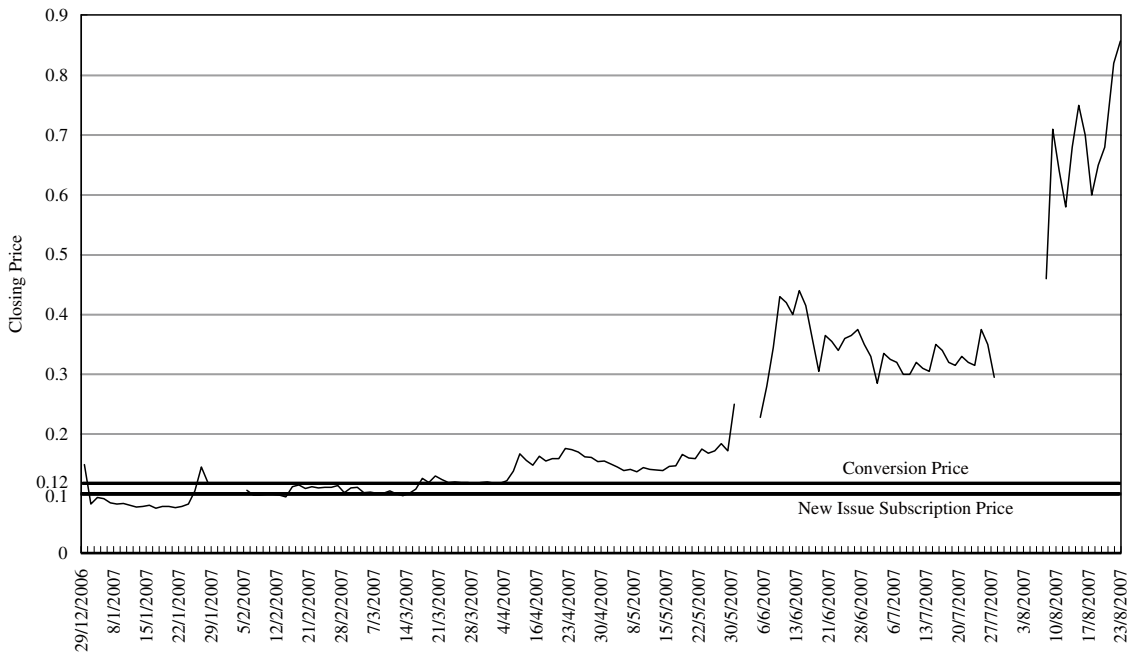
Terms of the New Issue Subscription

Pursuant to the Subscription Agreement, Gain Better has conditionally agreed to subscribe for 2,100,000,000 New Issue Subscription Shares at the New Issue Subscription Price of HK\$0.10 per New Issue Subscription Share. The New Issue Subscription Price of HK\$0.10 per New Issue Subscription Share represents (i) a discount of approximately 66.10% to the closing price of HK\$0.295 per LeRoi Share on the Last Trading Day; (ii) a discount of approximately 69.79% to the average closing price of HK\$0.331 per LeRoi Share for the 5 trading days up to and including the Last Trading Day; (iii) a discount of approximately 69.79% to the average closing price of HK\$0.331 per LeRoi Share for the 10 trading days up to and including the Last Trading Day; and (iv) a premium of approximately 3,900% over the audited net asset value per LeRoi Share as at 31 March 2007 of approximately HK\$0.25 cents per LeRoi Share based on the total number of LeRoi Shares in issue as at the date of the Announcement.

Historical share price performance

The following chart illustrates the historical closing prices of the LeRoi Shares for the period from 29 December 2006 (being the first trading day after the suspension of trading in the LeRoi Shares since 27 February 2004) to the Latest Practicable Date (the "Review Period").

LETTER FROM NUADA



Data source: Website of the Stock Exchange (www.hkex.com.hk)

Note: Trading of the LeRoi Shares was suspended during the periods from 29 January 2007 to 2 February 2007, 31 May 2007 to 4 June 2007 and 30 July 2007 to 7 August 2007.

During the Review Period, the closing price of the LeRoi Shares, according to the records of the Stock Exchange, ranged from the lowest of HK\$0.076 per LeRoi Share (recorded on 16 January 2007) to the highest of HK\$0.850 per LeRoi Share (recorded on 23 August 2007). We note that the closing price of the LeRoi Shares had been traded above the New Issue Subscription Price since 14 March 2007 during the Review Period. We also note that the New Issue Subscription Price represents a discount of approximately 55.56% to the daily average closing price of the LeRoi Shares of approximately HK\$0.225 per LeRoi Share during the Review Period. The closing price of the LeRoi Shares soared after the release of the Announcement, and the New Issue Subscription Price represents a discount of 88.24% to the closing price of the LeRoi Shares of HK\$0.850 per LeRoi Share on the Latest Practicable Date.

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Liquidity of the LeRoi Shares

The average daily trading volume of the LeRoi Shares, its percentage to the total number of issued LeRoi Shares as at the Latest Practicable Date (the “Total Issued Shares”) and its percentage to the total number of LeRoi Shares held by the Independent LeRoi Shareholders as at the Latest Practicable Date (the “Total Independent Shares”) respectively during the Review Period are set out below:

	Average daily trading volume (Shares)	Percentage to the Total Issued Shares (%) (Note 1)	Percentage to the Total Independent Shares (%) (Note 2)
2006			
29 December	21,076,000	2.063	2.581
2007			
January	22,527,368	2.205	2.759
February	10,418,000	1.020	1.276
March	16,184,364	1.584	1.982
April	25,855,111	2.531	3.167
May	37,041,900	3.626	4.537
June	103,948,667	10.176	12.731
July	27,068,105	2.650	3.315
August (up to the Latest Practicable Date)	204,015,500	19.972	24.987

Data source: Website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Based on 1,021,500,000 LeRoi Shares in issue as at the Latest Practicable Date.
2. Based on 816,500,000 issued LeRoi Shares held by the Independent LeRoi Shareholders as at the Latest Practicable Date.
3. Trading of the LeRoi Shares was suspended during the periods from 29 January 2007 to 2 February 2007, 31 May 2007 to 4 June 2007 and 30 July 2007 to 7 August 2007.

As illustrated in the table above, during the Review Period and before the release of the Announcement, the highest daily average trading volume amounted to 103,948,667 LeRoi Shares as recorded in June 2007, representing approximately 10.176% of the Total Issued Shares and approximately 12.731% of the Total Independent Shares, while lowest daily average trading volumes amounted to 10,418,000 LeRoi Shares as recorded in February 2007, representing approximately 1.020% of the Total Issued Shares and approximately 1.276% to the Total Independent Shares. We note that during the Review Period and before the release of the

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Announcement, the average daily trading volume recorded in June 2007 was relatively higher than that recorded in the other months. As advised by the Company, other than the disposal of LeRoi Shares by a then substantial LeRoi Shareholder as announced on 4 June 2007, the Company was not aware of any reasons for the increase in trading volume in June 2007. The average daily trading volume of LeRoi Shares in August 2007 up to the Latest Practicable Date amounted to approximately 204,015,500 LeRoi Shares, representing approximately 19.972% of the Total Issued Shares and approximately 24.987% of the Total Independent Shares respectively. The trading volume of the LeRoi Shares on the Latest Practicable Date was 94,116,000 LeRoi Shares, representing approximately 9.214% of the Total Issued Shares and 11.527% of the Total Independent Shares. Based on the above, we consider that the liquidity of the LeRoi Shares was for most of the time relatively low during the Review Period in that LeRoi Shareholders who would like to dispose of their interest in the LeRoi Shares, in particular in substantial amount, may not be able to do so and that the market price of the LeRoi Shares may not truly reflect the value of the Company, in particular given the loss-making record and the deteriorating financial position of the LeRoi Group.

Comparison with recent placements/subscriptions of shares by other listed companies

In order to assess the fairness and reasonableness of the New Issue Subscription Price, we have also made reference to the placements/subscriptions of shares for cash of other companies listed on the Stock Exchange announced since 1 July 2007 up to the date of the Announcement, excluding those with market capitalization more than HK\$1 billion, audited profits for their respective latest financial years and net liabilities as at their respective latest financial year ends for closer comparables, (the “New Issue Subscription Comparables”), details of which are summarized as follows:

Date of announcement	Company (Stock code)	Issue price HK\$	Closing price on the last trading day prior to the relevant announcement (the “Closing Price I”) HK\$	Premium/ (discount) represented by issue price over/to the Closing Price I %	Net asset value per share (“NAV per Share I”) (Note)	Premium/ (Discount) represented by issue price over/to NAV per Share I
7-Aug-07	China Fair Land Holdings Limited (169)	0.58	0.7	(17.14)	0.8687	(33.23)
3-Aug-07	Radford Capital Investment Limited (901 & 2950)	0.5	0.475	5.26	0.3481	43.63
31-Jul-07	Medical China Limited (8186)	0.188	0.86	(78.14)	0.1131	66.26
25-Jul-07	Riche Multi-media Holdings Limited (764)	0.83	0.8	3.75	0.3542	134.32
25-Jul-07	Yu Ming Investments Limited (666)	0.66	0.71	(7.04)	0.4330	52.41
23-Jul-07	Sun Innovation Holdings Limited (547)	1.45	1.8	(19.44)	1.1836	22.51

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Date of announcement	Company (Stock code)	Issue price HK\$	Closing price on the last trading day prior to the relevant announcement (the “Closing Price I”) HK\$	Premium/ (discount) represented by issue price over/to the Closing Price I %	Net asset value per share (“NAV per Share I”) (Note)	Premium/ (Discount) represented by issue price over/to NAV per Share I
20-Jul-07	Aurora Global Investment Holdings Limited (353)	0.5	0.85	(41.18)	0.0771	548.80
18-Jul-07	Sunny Global Holdings Limited (1094)	0.235	0.285	(17.54)	0.0294	698.29
17-Jul-07	Hua Lien International (Holding) Company Limited (969)	0.262	0.325	(19.38)	0.9389	(72.09)
16-Jul-07	Sau San Tong Holdings Limited (8200)	0.18	0.213	(15.49)	0.0113	1,487.10
12-Jul-07	Golding Soft Limited (8190)	0.105	0.17	(38.24)	0.0149	606.78
6-Jul-07	Interchina Holdings Company Limited (202)	0.1	0.149	(32.89)	0.1171	(14.57)
5-Jul-07	Trasy Limited (8063)	0.205	0.248	(17.34)	0.0146	1,304.80
4-Jul-07	Zhong Hua International Holdings Limited (1064)	0.3	0.36	(16.67)	0.7385	(59.38)
3-Jul-07	Global Solution Engineering Limited (8192)	0.01	0.77	(98.70)	0.0097	3.60
2-Jul-07	Freeman Corporation Limited (279)	0.182	0.215	(15.35)	0.1085	67.80
			Mean	(26.60)		303.56
			Median	(17.44)		59.34
			Highest	5.26		1,487.10
			Lowest	(98.70)		(72.09)
	The Company	0.1	0.295	(66.10)	0.0025	3,900.00

Note: The net asset value per share is calculated based on the net asset value of the New Issue Comparables as at their respective latest financial year ends and the issued share capital of the New Issue Comparables as at the date of their respective relevant announcements.

Based on the above table, the premium/(discount) represented by issue price over/(to) Closing Price I of the New Issue Comparables ranged from a discount of approximately 98.70% to a premium of approximately 5.26% (the “New Issue Range”). Upon comparison, we note that the discount represented by the New Issue Subscription Price over the closing price of HK\$0.295 per Share on the Last Trading Day of approximately 66.10% falls within the New Issue Range. Although the discount represented by the New Issue Subscription Price over the closing price per LeRoi Share on the Last Trading Day lies above the mean of a discount of 26.60% and the median of a discount of 17.44%, it should be noted that, the premium represented by the New Issue Subscription Price of 3,900% over the net asset value per LeRoi Share is above all that of the New Issue Comparables. Based on the above, we consider that the discount represented by the New Issue Subscription Price over the closing price per LeRoi Share on the Last Trading Day is justifiable.

Conclusion

Notwithstanding the fact that the closing prices of the LeRoi Shares during the Review Period had been above the New Issue Subscription Price since 14 March 2007 as detailed in the sub-section headed “Historical Share price performance” under this section above, we consider that the discounts represented by the New Issue Subscription Price to the prevailing market prices of the LeRoi Shares is justifiable taking into account (i) the continuous and heightening losses of the LeRoi Group for the three financial years ended 31 March 2007; (ii) the deteriorating financial position of the LeRoi Group, in particular in view of the decrease in net assets and net current assets of the LeRoi Group; (iii) the Subscriptions would provide the LeRoi Group with immediately available funds for its business operations and development; (iv) the possible funding requirements of the LeRoi Group for its intended property investments in Vietnam and/or PRC as detailed in the section headed “Background of and reasons for the Subscriptions” above; (v) the relatively low liquidity of the LeRoi Shares for most of the time during the Review Period; and (vi) the premium represented by the New Issue Subscription Price over the audited net asset value per LeRoi Share as at 31 March 2007 as detailed above; and (vii) the discount represented by the New Issue Subscription Price to the closing price per LeRoi Share on the Last Trading Day is within the New Issue Range, and that the New Issue Subscription Price is fair and reasonable so far as LeRoi and the Independent LeRoi Shareholders as a whole are concerned and in the interests of LeRoi and the LeRoi Shareholders as a whole.

Furthermore, although the New Issue Subscription Price represents a discount of approximately 62.26% to the Top-up Placing Price of HK\$0.265 per Share under the Top-up Placing, it should be noted that (i) the size of the funds raised from the Top-up Placing is much less than that from the Subscriptions and given the loss-making record of the Company and the deteriorating financial position of the LeRoi Group, it may be difficult for the LeRoi Group to raise funds in substantial amount as that could be raised from the Subscriptions without offering a substantial discount to the market price of the LeRoi Group to potential investors; (ii) the market risks assumed by Gain Better on account of the fact that the New Issue Subscription is subject to and cannot be completed until approval by the Independent LeRoi Shareholders at the LeRoi EGM, which is expected to take place over one month from the date of the Subscription Agreement; and (iii) the New Issue Subscription Price is equivalent to New Issue Placing Share of HK\$0.10 per Share under the New Issue Placing which involve placing of new Shares to independent third parties. As such, we consider that the New Issue Subscription Price is fair and reasonable so far as LeRoi and the Independent LeRoi Shareholders as a whole are concerned and in the interest of LeRoi and the LeRoi Shareholders as a whole.

Terms of the Convertible Bonds

Pursuant to the Subscription Agreement, Gain Better has conditionally agreed to subscribe for the Convertible Bonds with an aggregate principal amount of HK\$190,000,000 which can be exercised and converted into 1,583,333,333 Conversion Shares at an initial conversion price (subject to adjustment) of HK\$0.12 per Conversion Share. The initial Conversion Price of HK\$0.12 per Conversion Share (subject to adjustment) represents (i) a discount of approximately 59.32% to the closing price of HK\$0.295 on the Last Trading Day; (ii) a discount of approximately

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63.75% to the average closing price of HK\$0.331 per LeRoi Share for the 5 trading days up to and including the Last Trading Day; (iii) a discount of approximately 63.75% to the average closing price of HK\$0.331 per LeRoi Share for the 10 trading days up to and including the Last Trading Day; and (iv) a premium of approximately 4,700% over the audited net asset value per LeRoi Share as at 31 March 2007 of approximately HK\$0.25 cents per LeRoi Share based on the total number of LeRoi Shares in issue as at the date of the Announcement. We also note that with reference to the chart set out in the section headed “Terms of the New Issue Subscription” above illustrating the historical closing prices of the LeRoi Shares for the Review Period, the closing price of the LeRoi Shares had been traded above the Conversion Price since 4 April 2007 during the Review Period. We also note that the Conversion Price represents a discount of approximately 46.67% to the daily average closing price of the LeRoi Shares of approximately HK\$0.225 per LeRoi Share during the Review Period and a discount of 85.88% to the closing price of the LeRoi Shares of HK\$0.850 per LeRoi Share on the Latest Practicable Date.

In assessing the fairness and reasonableness of the Conversion Price, we have made reference to issues of convertible bonds for cash by other companies listed on the Stock Exchange announced since 1 July 2007 up to the Last Trading Day, excluding those with market capitalization more than HK\$1 billion and audited profits for their respective latest financial years for closer comparables (the “CB Comparables”), details of which are set out as follows:

Date of announcement	Company (Stock code)	Interest rate %	Maturity Year(s)	Conversion price HK\$	Closing price on the day last trading prior to the relevant announcement (“Closing Price II”)	Premium/ (Discount) of conversion price over/ to Closing Price II %	Net asset value per share (“NAV per Share II”) (Note)	Premium/ (Discount) of conversion price over/to NAV per Share II %
					(“Closing Price II”) HK\$			
12-Jul-07	Golding Soft Limited (8190)	0	5	0.25	0.17	47.06	0.0149	138.32
5-Jul-07	Trasy Gold EX Limited (8063)	4	2	0.24	0.243	(1.23)	0.0146	92.76
3-Jul-07	Global Solution Engineering Limited (8192)	0	5	0.01	0.77	(98.70)	0.0097	0.05
					Mean	(17.44)		77.04
					Median	(1.23)		92.76
					Highest	(98.70)		138.32
					Lowest	47.06		0.05
	The Company	3	5	0.12	0.295	(59.32)	0.0025	4,660.13

Note: The net asset value per share is calculated based on the net asset value of the CB Comparables as at their respective latest financial year ends and the issued share capital of the CB Comparables as at the date of their respective relevant announcements.

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Based on the above table, the premium/(discount) represented by the conversion prices of the CB Comparables over/(to) Closing Prices II ranged from a discount of approximately 98.70% to a premium of approximately 47.06% (the “CB Range”). Upon comparison, we note that the discount represented by the Convertible Price over the closing price of HK\$0.295 per LeRoi Share on the Last Trading Day of approximately 59.32% falls within the CB Range. However, given the premium/(discount) represented by the conversion prices of the CB Comparables over/(to) Closing Prices II widely varies, we consider that the comparison of the discount represented by the Conversion Price to the closing price per LeRoi Share on the Last Trading Day with that of the CB Comparables might not be indicative. Nevertheless, it should be noted that the premium represented by the Conversion Price over the net asset value per LeRoi Share is substantially above that of all CB Comparables.

Taking into account (i) the continuous and heightening losses of the LeRoi Group for the three financial years ended 31 March 2007; (ii) the deteriorating financial position of the LeRoi Group, in particular in view of the decrease in net assets and net current assets of the LeRoi Group; (iii) the low liquidity of the LeRoi Shares for most of the time during the Review Period; (iv) the Subscriptions provide the LeRoi Group with immediately available funds for its business operations and development; (v) the premiums represented by the Conversion Price over the audited net asset value per LeRoi Share as at 31 March 2007 as detailed above; and (iv) the Conversion Price is higher than the New Issue Subscription Price, we consider that the discounts represented by the Conversion Price to the prevailing market prices of the LeRoi Shares as detailed above are acceptable and that the Conversion Price is fair and reasonable so far as LeRoi and the Independent LeRoi Shareholders as a whole are concerned.

The Convertible Bonds carry an interest rate of 3.0% per annum for a term of five years. With reference to the prime lending rate for Hong Kong dollars of 7.75% as quoted by The Hongkong and Shanghai Banking Corporation Limited as at the Latest Practicable Date and the interest rate of the CB Comparables as illustrated in the table above, we consider the interest rate of 3% per annum of the Convertible Bonds fair and reasonable so far as LeRoi and the Independent LeRoi Shareholders as a whole are concerned. For reference only, as at the Latest Practicable Date, the Shareholders’ Loans carries interest at a rate of 6.5% per annum. Other than the Shareholders’ Loan, the LeRoi Group had no outstanding borrowings as at the Latest Practicable Date.

Potential dilution effect on the shareholdings of existing public LeRoi Shareholders

As at the Latest Practicable Date, LeRoi had an issued share capital of 1,021,500,000 LeRoi Shares (as enlarged by the issue and allotment of the Top-up Subscription Shares upon completion of the Top-up Subscription), of which 205,000,000 LeRoi Shares or approximately 20.07% were held by WYT and 816,500,000 LeRoi Shares or approximately 79.93% were held by public LeRoi Shareholders.

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Pursuant to the Subscription Agreement, completion of the Subscriptions are conditional upon completion of the Tranche I New Issue Placing. Upon completion of the Tranche I New Issue Placing, the shareholdings of the existing public shareholders in LeRoi would be diluted to approximately 14.60% of the issued share capital of LeRoi as enlarged by the issue and allotment of the Tranche I New Issue Placing Shares, while WYT in LeRoi would decrease to approximately 3.67% of the issued share capital of LeRoi as enlarged by the issue and allotment of the Tranche I New Issue Placing. In addition, upon completion of the Tranche I New Issue Placing, the shareholdings of public LeRoi Shareholders (including the placees of the Tranche I New Issue Placing) (the “Total Public Shareholders”) would be 5,386,500,000 or 96.33% of the issued share capital as enlarged by the issue and allotment of the Tranche I New Issue Placing Shares. Upon completion of the New Issue Subscription, the shareholdings of the existing public LeRoi Shareholders would be further diluted to 10.61% of the issued share capital as further enlarged by the issue and allotment of the New Issue Subscription Shares and the shareholdings of the Total Public Shareholders would be diluted to approximately 70.03% of the issued share capital of LeRoi as further enlarged by the issue and allotment of the New Issue Subscription Shares, while the shareholdings of WYT in LeRoi would increase to approximately 29.97% of the issued share capital of LeRoi as further enlarged by the issue and allotment of the New Issue Subscription Shares.

Assuming the maximum of 2,000,000,000 New Issue Placing Shares are placed under the Tranche II New Issue Placing, upon completion of the Tranche I New Issue Placing, the Tranche II New Issue Placing and the New Issue Subscription, the shareholdings of the existing public shareholders in LeRoi would be diluted to approximately 8.42% of the issued share capital of LeRoi as enlarged by the issue and allotment of the Tranche I New Issue Placing Shares, the Tranche II New Issue Placing Shares and the New Issue Subscription Shares, while the shareholdings of WYT in LeRoi would be approximately 23.78% of the issued share capital of LeRoi as enlarged by the issue and allotment of the Tranche I New Issue Placing Shares, the Tranche II New Issue Placing and the New Issue Subscription Shares. For details of the changes to the shareholding structure of LeRoi as a result of completion of the New Issue Placings, the New Issue Subscription and the conversion of the Conversion Bonds in full, please refer to the section headed “Shareholding structure of LeRoi” in the Board Letter.

Given the continuous and heightening losses of the LeRoi Group for the three financial years ended 31 March 2007 and the deteriorating financial position of the LeRoi Group, in particular in view of the decrease in net assets and net current assets of the LeRoi Group, we consider that any business development of the LeRoi Group would be constrained without new funding and it would be difficult for the LeRoi Group to improve its financial performance. In view of the possible funding requirements for the Company’s business development, including the possible investment in the residential and commercial property development projects in Vietnam and/or the PRC, from the point of view of dilution effect on shareholdings, raising funds through an open offer or rights issue for the substantial amount of funds as that could be raised from the Subscriptions, would cause immediate substantial dilution effect of the shareholdings of those LeRoi Shareholders who do not take up the new shares offered under such open offer or rights issue, while the issue of the Convertible Bonds would not cause immediate dilution effect on shareholdings. In addition, as the LeRoi Group is currently in negotiations regarding several

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residential and commercial property development projects in Long An Province and the Binh Phuoc Province, Vietnam as mentioned in the section headed “Background of and reasons for the Subscriptions” above, the LeRoi Group may be in need of immediately available funds at any time if these negotiations can be concluded to the satisfaction of the Board. An open offer or rights issue may take more time to complete and the results of the open offer or rights issue are uncertain in that LeRoi Shareholders may not be interested in taking up the new shares offer under the open offer or the rights issue due to the loss-making record and the deteriorating financial position of the LeRoi Group as detailed in the section headed “Financial performance and position of the LeRoi Group” above and the relatively low liquidity of the LeRoi Shares for most of the time during the Review Period as detailed in the sub-section headed “Liquidity of the LeRoi Shares” under the section headed “Terms of the New Issue Subscription” above. As such, we consider that open offers or rights issues might not be the most appropriate fund raising alternatives for the LeRoi Group.

Furthermore, given the loss-making record and the deteriorating financial position of the LeRoi Group, it may be difficult for the LeRoi Group to obtain debt financing, including bank borrowings, for such substantial amount as could be raised from the Subscriptions. In addition, debt financing may incur interest burden of the LeRoi Group and thus may not be the most appropriate fund raising alternatives for the LeRoi Group given its deteriorating financial position. As the Subscriptions would provide the LeRoi Group with immediately available funds of HK\$400 million (before deduction of expenses) for its business operations and development without incurring additional interest burden to the LeRoi Group, we consider that the contemplated benefits brought about by the Subscriptions to the LeRoi Group outweigh the likely dilution effect on the shareholdings of the existing LeRoi Shareholders upon completion of the Subscriptions and the Subscriptions are in the interests of LeRoi and the LeRoi Shareholders as a whole.

RECOMMENDATION

Having considered the above principal factors and reasons above, we consider that the Subscriptions are in the interests of LeRoi and the LeRoi Shareholders as a whole and the terms of the Subscription Agreement are on normal commercial terms and fair and reasonable so far as LeRoi and the Independent LeRoi Shareholders as a whole are concerned, we, therefore, advise the Independent LeRoi Shareholders and the Independent Board Committee to recommend the Independent LeRoi Shareholders to vote in favour of the relevant resolutions to be proposed at the LeRoi EGM to approve the Subscriptions.

Independent LeRoi Shareholders should, however, take note of the potential dilution effect on their existing shareholdings upon completion of the Subscriptions.

Yours faithfully,
For and on behalf of
Nuada Limited

Po Chan
Executive Director

Bernard Chan
Executive Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the LeRoi Group.

The LeRoi 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, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) LeRoi Directors' interests and short position in the shares, underlying shares and debentures of LeRoi and its associated corporations

As at the Latest Practicable Date:

- (1) none of the LeRoi Directors or chief executive of LeRoi had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of LeRoi or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to LeRoi and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the LeRoi Directors and the chief executive of LeRoi were taken or deemed to have under such provisions of the SFO); or (b) which were required to be entered in the register kept by LeRoi under Section 352 of the SFO; or (c) which were required to be notified to LeRoi and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules;
- (2) none of the LeRoi Directors or chief executive of LeRoi nor their spouses or minor children (natural or adopted) were granted or had exercised any rights to subscribe for any equity or debt securities of LeRoi or any of its associated corporations (within the meaning of Part XV of the SFO); and
- (3) none of the LeRoi Directors held any directorship or employment in a company which had an interest or short position in the shares and underlying shares of LeRoi which would fall to be disclosed to LeRoi under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Persons who have an interest or short position in the shares or underlying shares of LeRoi which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders of LeRoi

(a) As at the Latest Practicable Date, so far as is known to the LeRoi Directors after making such enquiries as the LeRoi Directors consider necessary, the following persons (other than the LeRoi Directors and chief executive of LeRoi) had an interest or short position in the shares and underlying shares of LeRoi which would fall to be disclosed to LeRoi under the provisions of Divisions 2 and 3 of Part XV of the SFO, or 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 LeRoi or any of its subsidiaries:

(i) Interests in LeRoi Shares and underlying Shares

Name	Number of LeRoi Shares or underlying LeRoi Shares (Long position)	Approximate percentage of LeRoi's existing issued share capital (Note 1) (%)
Kingston Securities Limited ("KSL") (Note 2)	4,570,000,000	447.38
Chu Yuet Wah (Note 2)	4,570,000,000	447.38
Ma Siu Fong (Note 2)	4,570,000,000	447.38
Gain Better (Note 3)	3,888,333,333	380.65
WYT (Note 3)	3,888,333,333	380.65
PAM(L) Equities Asian Growth (Investment Fund) (Note 4)	74,560,000	7.30

Notes:

- The percentages shown are based on the 1,021,500,000 LeRoi Shares in issue as at the Latest Practicable Date.
- KSL was deemed to be interested in 4,570,000,000 LeRoi Shares pursuant to the New Issue Placing Agreement, completion of which is subject to the fulfilment of the conditions set out under the paragraph "The New Issue Placing Agreement" in the Letter from the Board contained in this circular. Ms. Chu Yuet Wah and Ms. Ma Siu Fong own 51% and 49% interest in KSL respectively.
- As at the Latest Practicable Date, Gain Better held 205,000,000 LeRoi Shares. Pursuant to the Subscription Agreement, Gain Better was deemed to be interested in the New Issue Subscription Shares and the Conversion Shares. Completion of the Subscription Agreement is subject to fulfilment of the conditions set out under the paragraph "The Subscription Agreement" in the Letter from the Board contained in this circular. Gain Better is a wholly-owned subsidiary of WYT.
- Based on the latest notification of interest received by the Company.

Save as disclosed herein, as at the Latest Practicable Date, none of the LeRoi Directors or chief executive knew of any other person (not being a director or chief executive of LeRoi) who had an interest or short position in LeRoi Shares or underlying LeRoi Shares which would fall to be disclosed to LeRoi 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 LeRoi Group or held any option in respect of such capital.

3. ADDITIONAL DISCLOSURE OF INTEREST

- (1) As at the Latest Practicable Date, none of the LeRoi Directors was materially interested in contract or arrangement subsisting which is significant in relation to the business of the LeRoi Group.
- (2) As at the Latest Practicable Date, none of the LeRoi Director(s) was interested in competing businesses which are required to be disclosed pursuant to Rule 8.10 of the Listing Rules.
- (3) None of the LeRoi Directors had any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited accounts of the LeRoi 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 LeRoi Group.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the LeRoi Directors were not aware of any material adverse change in the financial or trading position or outlook of the LeRoi Group since 31 March 2007, being the date to which the latest published audited consolidated financial statements of the LeRoi Group were made up.

5. DIRECTORS SERVICE CONTRACTS

As at the Latest Practicable Date, none of the LeRoi Directors had entered into any service agreement with any member of the LeRoi Group nor were there any other service agreements proposed which would not expire or be determinable by the LeRoi Group within one year without payment of compensation (other than statutory compensation).

6. EXPERT'S QUALIFICATION AND CONSENT

- (a) The following is the qualification of the expert who has provided its advice contained in this circular:

Name	Qualification
Nuada Limited	A corporation licensed under SFO to carry on type 6 regulated activity (advising on corporate finance)

- (b) Nuada has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name in the form and context in which it appears.
- (c) As at the Latest Practicable Date, Nuada was not interested beneficially or otherwise in shares, options, warrants, derivatives and securities convertible into shares of LeRoi or its subsidiaries or associated companies and did not have any right, whether legally enforceable or not, or option to subscribe for or to nominate persons to subscribe for any LeRoi Shares or shares in any of LeRoi's subsidiaries or associated companies nor did it have any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited accounts of the LeRoi 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 LeRoi Group.

7. MISCELLANEOUS

- (a) Having made reasonable enquiries and to the best knowledge of the LeRoi Directors, as at the Latest Practicable Date, there was (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any LeRoi Shareholders; and (ii) no obligation or entitlement of any LeRoi Shareholders, whereby he/she/it has or may have temporarily or permanently passed control over the exercise of the voting rights in respect of his/her/its LeRoi Shares to a third party, either generally or on a case-by-case basis.
- (b) Having made reasonable enquiries and to the best knowledge of the LeRoi Directors, as at the Latest Practicable Date, there was no discrepancy between any LeRoi Shareholder's beneficial shareholding interest in LeRoi as disclosed in this circular and the number of LeRoi Shares in respect of which it will control or will be entitled to exercise control over the voting rights at the LeRoi EGM.
- (c) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text, in the case of inconsistency.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. on any weekday (except Saturdays and public holidays) at the head office and principal place of business of LeRoi in Hong Kong at 5/F., Wai Yuen Tong, Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong, from the date of this circular, up to and including the date of the LeRoi EGM:

- (a) the top-up placing agreement in respect of the Top-Up Placing;
- (b) the New Issue Placing Agreement; and
- (c) the Subscription Agreement.



LEROI HOLDINGS LIMITED

利來控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 221)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of LeRoi Holdings Limited (the “**Company**”) will be held at 41/F., Edinburgh Tower, The Landmark, 15 Queen’s Road Central, Hong Kong on Thursday, 13 September 2007 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions which will be proposed as ordinary resolutions:–

ORDINARY RESOLUTIONS

- (1) “**THAT** the placing agreement dated 6 August 2007 entered into between the Company and Kingston Securities Limited (the “**Placing Agent**”) (a copy of which has been produced at this meeting and marked “A” and initialed by the chairman of this meeting for the purpose of identification and further details of which are provided in the circular of the Company dated 27 August 2007 in which notice of this meeting is set out), pursuant to which the Placing Agent has conditionally agreed to place (i) 4,570,000,000 new shares of HK\$0.01 each in the Company on a fully underwritten basis; and (ii) 2,000,000,000 new shares of HK\$0.01 each in the Company on a best efforts basis (collectively, the “**Placing Shares**”), both at a placing price of HK\$0.10 per share, and the transactions contemplated thereunder (including but not limited to the issue and allotment of the Placing Shares) be and are hereby approved, ratified and confirmed, and the director(s) of the Company be and is/are hereby authorized to do all such acts and things as he/they may consider necessary or expedient in connection therewith.”
- (2) “**THAT** the subscription agreement dated 6 August 2007 entered into between the Company and Gain Better Investments Limited (“**Gain Better**”) (a copy of which has been produced at this meeting and marked “B” and initialed by the chairman of this meeting for the purpose of identification and further details of which are provided in the circular of the Company dated 27 August 2007 in which notice of this meeting is set out), pursuant to which Gain Better has conditionally agreed to (i) subscribe for 2,100,000,000 new shares of HK\$0.01 each in the Company at the subscription price of HK\$0.10 per share (the “**Subscription Shares**”); and (ii) subscribe for convertible bonds with a principal amount of HK\$190 million (the “**Convertible Bonds**”) which can be exercised and converted into 1,583,333,333 shares of HK\$0.01 each in the Company (the “**Conversion Shares**”) at an initial conversion price (subject to adjustments) of HK\$0.12 per share, and the transactions contemplated thereunder (including the issue and allotment of the Subscription Shares and, upon exercise of the conversion rights attached to any of the Convertible Bonds, the

NOTICE OF LEROI EGM

Conversion Shares) be and are hereby approved, ratified and confirmed and the director(s) of the Company be and is/are hereby authorized to do all such acts and things as he/they may consider necessary or expedient in connection therewith.”

- (3) “**THAT** the authorized share capital of the Company be and is hereby increased from HK\$20,000,000 to HK\$200,000,000 by the creation of an additional 18,000,000,000 shares of the Company of HK\$0.01 each.”

By Order of the Board
LeRoi Holdings Limited
利來控股有限公司
Ng Cheuk Fan, Keith
Director

Hong Kong, 27 August 2007

NOTICE OF LEROI EGM

<i>Registered office:</i>	<i>Head office and principal place of business in Hong Kong:</i>
Cricket Square	5/F., Wai Yuen Tong Medicine Building
Hutchins Drive	9 Wang Kwong Road
P.O. Box 2681	Kowloon Bay
Grand Cayman KY1-1111	Kowloon
Cayman Islands	Hong Kong

Notes:

1. A shareholder of the Company entitled to attend and vote at the above meeting may appoint a proxy or more than one proxy (if he/she is the holder of two or more shares) to attend and vote on his behalf. A form of proxy for use at the above meeting is enclosed herewith. A proxy need not be a shareholder of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or an attorney duly authorized in writing. If the appointer is a corporation, the form of proxy must be under its common seal or under the hand of an officer, attorney or other person authorized to sign the proxy.
3. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Hong Kong branch share registrar of the Company, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
4. Completion and deposit of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjourned meeting (as the case may be) and in such event, the form of proxy will be deemed to be revoked.