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

If you have sold or transferred all your shares in World Houseware (Holdings) Limited, you should at once hand this circular to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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WORLD HOUSEWARE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 713)

MAJOR TRANSACTION

DISPOSAL OF A PROPERTY

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DEFINITIONS

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

“Agreement”	the provisional agreement for sale and purchase in relation to the sale and purchase of the Property dated 25 August, 2006 and entered into between the Vendor and the Purchaser
“Board”	the board of Directors
“Company”	World Houseware (Holdings) Limited, a company incorporated in the Cayman Islands and whose shares are listed on the Stock Exchange
“Date of Completion”	the date on which completion of the Disposal takes place
“Directors”	the directors of the Company from time to time
“Disposal”	the disposal of the Property by the Group pursuant to the Agreement and the Formal Agreement
“EGM”	an extraordinary general meeting of the Company to be held to approve the Disposal and the transactions contemplated thereto (if required)
“Formal Agreement”	the formal agreement for sale and purchase in relation to the sale and purchase of the Property dated 8 September, 2006 and entered into between the Vendor and the Purchaser
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	20 October, 2006 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Major Joint Shareholders”	Goldhill Profits Limited, which is wholly-owned by a discretionary trust of which Messrs. Lee Tat Hing and Lee Chun Sing (the son of Mr. Lee Tat Hing) and Madam Fung Mei Po are discretionary objects, is beneficially entitled to 280,895,630 shares in the issued share capital of the Company; Lees International Investments Limited, a company beneficial owned by Mr. Lee Tat Hing, is beneficially entitled to 28,712,551 shares in the issued share capital of the Company; Mr. Lee Tat Hing, the Chairman of the Company, is beneficially entitled to 1,756,072 shares in the issued share capital of the Company and Madam Fung Mei Po, the Vice-Chairperson and Chief Executive Officer of the Company and the wife of Mr. Lee Tat Hing, is beneficially entitled to 37,395,087 shares in the issued share capital of the Company; collectively are beneficially entitled to 348,759,340 shares in the issued share capital of the Company (approximately 51.56% of the issued share capital of the Company)
“Property”	All Those 39 equal undivided 9,960th parts or shares of and in All That piece or parcel of land known and registered in the Land Registry as RURAL BUILDING LOT NO.1138 and of and in the messuages erections and buildings constructed thereon known as “REGALIA BAY (富豪海灣)” (“the Development”), No.88, Wong Ma Kok Road, Hong Kong TOGETHER with the exclusive right and privilege to hold use occupy and enjoy ALL THAT unit known as HOUSE NO.A22 (including its 2 car parking spaces) of the Development
“Purchaser”	Great Genius Investments Limited, an independent third party of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuer”	Knight Frank Petty Limited, an independent professional valuer
“Vendor”	Gold Quality Holdings Limited, a company incorporated in Hong Kong which is a wholly owned subsidiary of the Company

LETTER FROM THE BOARD



WORLD HOUSEWARE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 713)

Executive Directors:

Mr. Lee Tat Hing (Chairman)
Madam Fung Mei Po (Vice Chairperson and
Chief Executive Officer)
Mr. Lee Chun Sing (Vice Chairman)
Madam Lai Lai Wah
Mr. Lee Pak Tung
Mr. Kwong Bau To
Mr. Choi Kwok Keung Sanvic
Madam Chan Lai Kuen Anita

Non-executive Director:

Mr. Cheung Tze Man Edward

Independent Non-executive Directors:

Mr. Hui Chi Kuen Thomas
Mr. Ho Tak Kay
Mr. Tang King Hung

Registered office:

P.O. Box 309GT
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

*Head office and principal place
of business in Hong Kong:*

Flat C, 18th Floor
Bold Win Industrial Building
16-18 Wah Sing Street
Kwai Chung
New Territories
Hong Kong

24 October, 2006

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION

DISPOSAL OF A PROPERTY

1. INTRODUCTION

By an announcement dated 28 August, 2006, the Company announced that the Vendor a wholly owned subsidiary of the Company, had entered into the Agreement with an independent third party Purchaser whereby the Vendor agreed to sell and the Purchaser

LETTER FROM THE BOARD

agreed to purchase the Property at an aggregate consideration of HK\$47,500,000. Since the publication of the announcement, the Vendor and the Purchaser entered into the Formal Agreement on 8 September, 2006.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is engaged in property holding and together with its ultimate beneficial owner of the Purchaser are independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules).

As the consideration for the Disposal of the Property represents more than 25% of the market capitalization of the Group for the last five trading days prior to the date of the Agreement, the Disposal of the Property constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to give you further details of the Disposal and other information prescribed by the Listing Rules.

The Listing Rules also provide that a major transaction must be made conditional on approval by the Shareholders and that such approval may be obtained either by convening a general meeting or by means of the written approval of the transaction by one or more Shareholders holding in excess of 50% in nominal value of the securities giving the right to attend and vote at such general meeting.

The Major Joint Shareholders of the Company are collectively and beneficially entitled to 348,759,340 shares in the issued share capital of the Company (approximately 51.56% of the issued share capital of the Company). The Major Joint Shareholders do not have any interest in the Disposal which is different to other Shareholders of the Company. The Major Joint Shareholders have given their written approval for the Disposal. After making necessary enquiries, no Shareholder is required to abstain from voting if the Company were to approve the Disposal at an EGM.

2. DETAILS OF THE FORMAL AGREEMENT

Date

8 September, 2006

Parties

The Vendor; and

The Purchaser

LETTER FROM THE BOARD

Subject matter of the Agreement

Pursuant to the Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Property subject to the following terms:

- (a) The Date of Completion shall be on or before 25 October, 2006;
- (b) Vacant possession of the Property shall be given to the Purchaser on the Date of Completion; and
- (c) The Vendor shall repay all outstanding mortgage loan in respect of the Property on the Date of Completion.

Property

The Property which comprises a house and 2 car parking spaces is situated at No.88 Wong Ma Kok Road, Hong Kong. The total gross floor area of the Property is approximately 4,226 square feet. The Property was held for investment purpose and not in use since acquisition and is currently vacant. The Property was acquired by the Vendor in March 2004 at a consideration (together with relevant costs) of approximately HK\$44,159,553 and the carrying value of the Property as at 31 July, 2006 was approximately HK\$45,240,000.

Consideration

The consideration for the Disposal is HK\$47,500,000 which shall be paid by the Purchaser to the Vendor in the following manner:

- (a) A deposit of HK\$2,000,000 has been paid to the Vendor upon the signing of the Agreement;
- (b) A further deposit of HK\$2,750,000 has been paid to the Vendor upon the signing of the Formal Agreement; and
- (c) The remaining balance of HK\$42,750,000 shall be paid on the Date of Completion.

If the Purchaser shall fail to complete on the Date of Completion all the deposits paid by the Purchaser shall be forfeited by the Vendor who may resell the Property to other party and any deficiency in price arising from such resale shall be recovered from the Purchaser as liquidated damages. If the Vendor shall fail to complete the Property all deposits shall be returned to the Purchaser who may recover from the Vendor such further damages over and above the deposits as the Purchaser may sustain.

LETTER FROM THE BOARD

The consideration is arrived at after arm's length negotiations between the Vendor and the Purchaser. The Board considers the terms of transaction and the consideration are fair and reasonable and are in the interests of the Group and the Shareholders as a whole by reference to an independent valuation prepared by Knight Frank Petty Limited, an independent professional valuer who is not connected with the Company and its connected persons (as defined in the Listing Rules) for HK\$44,500,000 as at 31 July, 2006.

The text of the letter together with a valuation certificate of the Property prepared by the Valuer giving its valuation of the Property as at 31 July, 2006 are set out in Appendix II.

3. FINANCIAL EFFECTS ON THE DISPOSAL OF THE COMPANY

It is estimated that on the Disposal of the Property the Company is expected to record a gain from the net sale proceeds of approximately HK\$2,260,000 for the year ending 31 December, 2006 based on the carrying value (including all relevant costs) of the Property of approximately HK\$45,240,000 as at 31 July, 2006.

The Property has been valued by the Valuer, an independent professional valuer, at HK\$44,500,000 as its market value as at 31 July, 2006.

According to the audited financial statements of the Vendor for the year ended 31 December, 2005, there was no revenue recognized for that year and the net loss (before and after taxation and extraordinary items) attributable to the Property for that year was approximately HK\$1,075,920. According to the audited financial statements of the Vendor for the year ended 31 December, 2004, there was no revenue recognized for that year and net loss (before and after taxation and extraordinary items) attributable to the Property for that year was approximately HK\$420,573.

The Disposal will have a positive effect on the Group's working capital position as the Group will retain in excess of an estimated HK\$7,750,000 in cash.

The Disposal is not expected to have any material impact on the consolidated total assets and liabilities of the Company as the Property represents approximately 3.4% and 8.6% of the consolidated total assets and liabilities as at 31 December, 2005 respectively.

LETTER FROM THE BOARD

4. REASONS FOR THE DISPOSAL

The Property was acquired in March 2004 and held for investment purpose by the Group and had been used for such purpose up to July 2006.

The Board considers the terms of the Disposal are fair and reasonable and are in the interests of the Group and the Shareholders as a whole by reference to an independent valuation prepared by Knight Frank Petty Limited, an independent professional valuer who is not connected with the Company and its connected persons (as defined in the Listing Rules) for HK\$44,500,000 as at 31 July, 2006.

Given the current favourable property market condition, the Board considers it is the right time to realise the Property and the net proceeds derived from the Disposal will improve the liquidity and financial position of the Group.

5. USE OF THE PROCEEDS FROM THE DISPOSAL

The Company intends that part of the net proceeds from the Disposal will be used for the repayment of the mortgage loan relating to the Property in the amount of approximately HK\$38,670,050 upon completion and the remaining balance will be used for working capital purpose.

6. INFORMATION OF THE VENDOR AND THE COMPANY

The Vendor is engaged in the property investment in Hong Kong and its place of business is located in Hong Kong.

The Group is principally engaged in the design, manufacture, and marketing of PVC and fabric household products, PVC pipes and fittings and property investment.

7. GENERAL

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

Yours faithfully,
For and on behalf of the Board
Lee Tat Hing
Chairman

1. INDEBTEDNESS

As at the close of business on 31 August, 2006, being the Latest Practicable Date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding secured and unsecured borrowings of HK\$334,250,000. The borrowings comprised secured bank loans of HK\$196,584,000, unsecured bank loans of HK\$122,416,000, secured trust receipt loans of HK\$3,637,000, secured bank overdrafts of HK\$10,209,000 and unsecured bank overdrafts of HK\$1,404,000. The borrowings of HK\$210,430,000 were secured by certain investment properties, land and buildings and properties held for sale of the Group.

As at 31 August, 2006, certain investment properties, land and buildings and properties held for sale with a carrying value of HK\$211,906,000 were pledged to secure banking facilities granted to the Group.

As at 31 August, 2006, the Group's borrowings of HK\$312,929,000 were guaranteed by the Company and certain subsidiaries of the Group.

Save as disclosed in this circular and apart from intra-group liabilities and normal accounts payables, the Group did not have any mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptances creditors, or any guarantees, or other contingent liabilities outstanding at the close of business on 31 August, 2006.

Save for the matters referred to in Appendix I(3) the impact of which is still under investigation and remains to be quantified, the Directors are not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since 31 August, 2006 or any material adverse change in the financial or trading position of the Group since 31 December, 2005, the date to which the latest audited financial statements of the Group were made up.

2. EFFECT ON WORKING CAPITAL

The net proceeds of the Disposal, after taking into account of related cost and expenditures, is HK\$46,240,000. The amount of all outstanding mortgage loan of the Property which is subject to repayment is HK\$38,670,050. After the repayment of all outstanding mortgage loan from the sale proceeds, and taking into account of the Group's other cash resources, the Group will retain in excess of an estimated HK\$7,750,000 in cash. Accordingly, the Disposal has a positive effect on the Group's working capital position.

The Directors are of the opinion that, taking into consideration of the financial resources available to the Company including internally generated funds and the existing cash and bank balances and currently available banking facilities, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

3. CURRENT FINANCIAL AND TRADING PROSPECTS

The Directors believe that and looking ahead, the Company will uphold its prime principle of meticulous operation approach. The Directors are optimistic despite various market uncertainties and stress on operations and turnover. Focused control of resources, closure of underperforming section, aggressive implementation of cost reduction measure, enhancement of productivity and technological abilities represent the major exertions in boosting our production efficiency and thereby lowering the strain on production cost.

The Company looks forward to strengthening the business strategies through investing in the high technologies, high potential and high economic efficiency business. With the contribution and efforts of the management and staff, the Directors are confident in achieving better returns in the future.

On 6 September, 2006 the trading of the Company's shares was suspended and on 14 September, 2006 the Company announced that it has been discovered that a senior cashier of one of the Company's subsidiaries in the People's Republic of China (the "PRC") has embezzled some of the subsidiary's funds. The matter has been reported to the PRC police and the senior cashier has been arrested for investigation.

The Board is currently investigating the incident and its impact on the financial and operational position of the Company and the Group. The audit committee of the Board has been appointed to oversee the investigation and to report to the Board. As a result of the on-going investigation, the Company's publication and despatch of its unaudited interim results and interim report for the six months ended 30 June, 2006 will be delayed pending the Company's further announcement.

Set out below is the text of the letter and valuation certificate received from the Valuer and addressed to the Company in connection with the valuation of the Property as at 31 July, 2006:

Knight Frank  **萊坊**

4/F Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong
Tel: 2840 1177
Fax: 2840 0600

20 October 2006

The Directors
World Houseware (Holdings) Limited
Flat C, 18/F
Bold Win Industrial Building
16-18 Wah Sing Street
Kwai Chung
New Territories
Hong Kong

Dear Sir,

**HOUSE NO. A22 (INCLUDING ITS 2 CAR PARKING SPACES), REGALIA BAY,
NO. 88 WONG MA KOK ROAD, STANLEY, HONG KONG (“THE PROPERTY”)**

In accordance with your instructions for us to value the market value of the property to be disposed of by Gold Quality Holdings Limited (“the Vendor”) a subsidiary of World Houseware (Holdings) Limited (“the Company”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 31 July, 2006 (“the Valuation Date”).

Our valuation is our opinion of the market value and here we would define market value as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a Property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

We have valued the property by reference to comparable market transactions on the basis of vacant possession.

The property has been contracted to be disposed of by the Vendor. In undertaking our valuation, we have assumed that the sale transaction has been completed as at the Valuation Date.

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us by you on such matters as statutory notices, easements, tenure, particulars of occupancy, site and floor areas and all other relevant matters. We have caused search to be made at the Urban Land Registry. However, we have not scrutinised the original documents to verify ownership or to verify any lease amendments which may not appear on the copies handed to us. All documents and leases have been used as reference only and all dimensions, measurements and areas are approximate.

We have inspected the exterior and interior of the property. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the property is or is not free of rot, infestation or any other defects. No tests were carried out on any of the services.

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

In undertaking the valuation, we have regard to the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards on Properties (First Edition 2005) issued by Hong Kong Institute of Surveyors.

We enclose herewith our valuation report.

Yours faithfully,
For and on behalf of
Knight Frank Petty Limited
Alex S L Ng
MRICS MHKIS RPS(GP)
Executive Director

Note: Mr. Alex S L Ng, MRICS, MHKIS, RPS(GP) has been a qualified valuer with Knight Frank Petty Limited since November 1995 and has 19 years' experience in the valuation of properties in Hong Kong and has been involved in the valuation of properties in the People's Republic of China and Asia Pacific regions since 1988.

VALUATION CERTIFICATE

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	Market value in existing state as at 31 July, 2006
House No. A22 (including its 2 Car Parking Spaces), Regalia Bay, No. 88 Wong Ma Kok Road, Stanley, Hong Kong.	The property comprises a 3-storey semi-detached town house erected over a garage with 2 car parking spaces.	The property will be disposed of by the Group with the benefit of vacant possession.	HK\$44,500,000
39/9,960th shares of and in Rural Building Lot No. 1138.	The property was completed in 2004 and has a gross floor area of approximately 4,226 sq.ft. The property is held under Conditions of Sale No. 12461 for a term from 3 June, 1997 until 30 June, 2047. The annual Government rent for the property is an amount equal to three per cent of the then rateable value of the property.		

Notes:

- (1) The registered owner of the property is Gold Quality Holdings Limited.
- (2) The property is subject to a Mortgage in favour of DBS Bank (Hong Kong) Limited registered in Urban Land Registry vide memorial no. UB9247157 dated 25 May, 2004.
- (3) The property is subject to an Agreement for Sale and Purchase dated 8 September, 2006 in favour of Great Genius Investments Limited at a consideration of HK\$47,500,000.
- (4) According to Stanley Outline Zoning Plan No. S/H19/10 dated 1 February, 2005, the property is zoned for "Residential (Group C)" use.

1. RESPONSIBILITY STATEMENT

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

2. DIRECTORS' DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests of the directors, chief executive and their respective associates in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which are required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO); or (b) to be recorded in the register to be kept pursuant to Section 352 of the SFO; or (c) pursuant to Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Name of director	Number of shares		
	Personal interests	Corporate interests	Other interests
Lee Tat Hing	1,756,072	28,712,551 (a)	280,895,630 (b)
Fung Mei Po	37,395,087	—	280,895,630 (b)
Lee Chun Sing	21,815,830	—	280,895,630 (b)
Lai Lai Wah	240,000	—	—
Lee Pak Tung	2,766,448	—	—
Hui Chi Kuen Thomas	100,000	—	—
Kwong Bau To	1,087,103	—	—
Chan Lai Kuen Anita	2,623	—	—

Notes:

- (a) The shares are held by Lees International Investments Limited, a company beneficially owned by Mr. Lee Tat Hing.
- (b) The shares are held by Goldhill Profits Limited which is wholly owned by a discretionary trust of which Messrs. Lee Tat Hing and Lee Chun Sing and Madam Fung Mei Po are discretionary objects.

As at the Latest Practicable Date, the following directors had personal interests in the deferred non-voting shares of certain subsidiaries of the Company:

<u>Name of director</u>	<u>Name of subsidiary</u>	<u>Number of deferred non-voting shares held</u>
Lee Tat Hing	World Houseware Producing Company Limited	1,555
Fung Mei Po	World Home Linen Manufacturing Company Limited	100
Lee Pak Tung	World Houseware Producing Company Limited	50
	Hong Kong PVC Placemat Manufacturing Company Limited	25,000

The deferred shares do not carry any rights to vote at general meetings of these subsidiaries or to participate in any distributions of profits until the net profits of these subsidiaries which are available for dividend exceed HK\$10 billion, or to receive a return of capital until a total sum of HK\$10 billion has been distributed to the ordinary shareholders of each of these subsidiaries.

As at the Latest Practicable Date, save as aforesaid and other than certain nominee shares in subsidiaries held by directors in trust for the Group, none of the directors or their associates had any interests or short positions in the shares or any securities of the Company and its associated corporations.

Substantial Shareholders

As at the Latest Practicable Date, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests in shares disclosed above in respect of the directors of the Company, the Company has not been notified of any other interests representing 5 percent or more of the Company's issued share capital as at the Latest Practicable Date.

Save as disclosed in this circular, the directors and chief executive of the Company are not aware of any other person who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Share Options and Directors' Rights to Acquire Shares or Debentures

As at the Latest Practicable Date, none of the directors and chief executive of the Company and their respective associates had any interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO); or (b) to be recorded in the register to be kept pursuant to Section 352 of the SFO; or (c) pursuant to Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

3. DIRECTORS' INTEREST IN CONTRACTS

- (a) As at the Latest Practicable Date, no Director was materially interested in any contract or arrangement subsisting which is significant in relation to the business of the Group taken as a whole.
- (b) Since the date to which the latest published audited financial statements of the Group were made up, none of the Directors has had any direct or indirect interest in any assets acquired or disposed of or leased to or proposed to be acquired or disposed of by any member of the Group.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and his or her respective associates was considered to have an interest in a business which competes or is likely to compete, enter directly or indirectly, with the business of the Group other than those business to which the Directors and his or her associates who appointed to represent the interests of the Company and/or the Group.

5. SERVICE CONTRACTS

No Director has entered into a service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation, other than statutory compensation.

6. EXPERT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

<u>Name</u>	<u>Qualification</u>
Valuer	Professional surveyors

The Valuer has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and report and references to its name in the form and context in which it appears. As at the Latest Practicable Date, the Valuer was not beneficially interested in the share capital of any member of the Group nor did it have any rights (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group or any interests, either direct or indirect, in any assets which have been, since 31 December, 2005, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed by or leased to or are proposed to be acquired or disposed by or leased to any member of the Group.

7. LITIGATION

Save for the matters referred to in Appendix I(3) which is still under investigation, neither any litigation nor arbitration or claim of material importance is pending or threatened by or against the Company or any of its subsidiaries.

8. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the Group within the two years immediately preceding the date of this circular.

9. MISCELLANEOUS

- (a) There is no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested and which is significant in relation to the business of the Group.
- (b) None of the Directors has any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries since 31 December, 2005, the date to which the latest published audited consolidated financial statements of the Group were made up.

- (c) The Qualified Accountant and Secretary of the Company is Mr. Choi Kwok Keung Sanvic, AHKICPA.
- (d) The Company's Hong Kong branch share register and transfer office is Secretaries Limited, which is situated at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (e) The circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during the normal business hours at any weekday (public holidays excepted) at the Company's head office of Flat C, 18th Floor, Bold Win Industrial Building, 16-18 Wah Sing Street, Kwai Chung, New Territories, Hong Kong up to and including 31 October, 2006.

- (a) The memorandum of association and bye-laws of the Company;
- (b) Copy of each circular issued pursuant to the requirements set out in Chapters 14 and/or Chapter 14A which has been issued since the date of the latest published audited accounts of the Company;
- (c) The audited consolidated financial statements of the Company and its subsidiaries for the two financial years ended 31 December, 2004 and 2005;
- (d) The valuation report on the Property prepared by the Valuer, the text of which is set out in Appendix II to this circular; and
- (e) The consent letter from the Valuer referred to in the paragraph headed "Expert" in this Appendix.