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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 adviser.

If you have sold or transferred all your shares in **Lam Soon (Hong Kong) Limited**, you should at once hand this circular to the purchaser or 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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LAM SOON (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 411)

MAJOR TRANSACTION

DISPOSAL OF PACKAGING BUSINESS

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DEFINITIONS

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

“Agreement”	the agreement dated 18 February 2008 entered into between the Company and the Purchaser relating to the Disposal;
“Announcement”	the announcement made by the Company dated 18 February 2008 in respect of the Disposal;
“Board”	the board of Directors;
“Business Day”	a day other than a Saturday or Sunday or days on which a tropical cyclone warning Number 8 or above or a “black” rain warning signal is hoisted in Hong Kong at any time between 9 a.m. and 5 p.m. on which Hong Kong licensed banks are open for the transaction of normal banking business;
“Company”	Lam Soon (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, whose Shares are listed on the Stock Exchange;
“Consideration”	the consideration payable by the Purchaser to the Company for the Disposal;
“Directors”	the directors (including independent non-executive directors) of the Company;
“Disposal”	the disposal of the Sale Share and the Sale Loans by the Company pursuant to the Agreement;
“GIL”	GuoLine International Limited, the controlling shareholder of the Company which held 140,008,659 Shares, representing approximately 57.53% of the issued share capital of the Company as at the Latest Practicable Date;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Latest Practicable Date”	4 March 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein;

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LSO BVI”	LSO Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company;
“PRC”	the People’s Republic of China;
“Purchaser”	Canmake Business Limited, a company incorporated in the British Virgin Islands with limited liability;
“Sale Loans”	all the shareholders’ loans made by the Company and LSO BVI to the Target Company and which remain outstanding as at the date of completion of the Disposal;
“Sale Share”	one share of US\$1.00 par value in the issued share capital of the Target Company held by the Company;
“Share(s)”	the ordinary share(s) of HK\$1.00 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	LSO Investments Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

In this circular, for the purpose of illustration only, amounts quoted in US\$ have been converted into HK\$ at the rate of US\$1.00 to HK\$7.8. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.



LAM SOON (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 411)

Directors:

Mr. KWEK Leng Hai, *Chairman*
Mr. LEUNG Wai Fung, *Group Managing Director*
Dr. WHANG Sun Tze
Mr. TAN Lim Heng
Mr. TSANG Cho Tai
Mr. LO Kwong Chi, *Clement**
Mr. DING Wai Chuen*
Mr. IRIE Yasuaki*
Mr. IKEDA Hiromi
— *alternate director to Mr. IRIE Yasuaki*

Registered office:

21 Dai Fu Street
Tai Po Industrial Estate
Tai Po
New Territories
Hong Kong

* *Independent Non-Executive Director*

10 March 2008

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION DISPOSAL OF PACKAGING BUSINESS

INTRODUCTION

On 18 February 2008, the Board announced that the Company entered into the Agreement with the Purchaser to sell the packaging business of the Group to the Purchaser through the Disposal.

The Disposal constitutes a major transaction for the Company under the Listing Rules. The purpose of this circular is to provide you with further information regarding the Disposal as required by the Listing Rules.

LETTER FROM THE BOARD

THE AGREEMENT

Date:

18 February 2008

Parties:

Vendor: The Company

Purchaser: Canmake Business Limited, a company incorporated in the British Virgin Islands, whose principal business is manufacturing and selling of easy-open-ends in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are independent third parties not connected with the Directors, chief executive and substantial shareholders of the Company and its subsidiaries and their respective associates (as defined in the Listing Rules).

Assets to be disposed of:

The assets to be disposed of comprise the Sale Share and the Sale Loans.

The Sale Share represents the entire issued share capital of the Target Company. The Sale Loans represent all amounts of the outstanding shareholders' loans owing from the Target Company to the Company and LSO BVI as at the completion date of the Disposal. The amount of the Sale Loans as at the date of the Announcement was approximately US\$53 million (approximately HK\$413 million). The amount of the Sale Loans as at the completion date of the Disposal was approximately US\$52.7 million (approximately HK\$411 million). Apart from the Sale Loans, there were no other shareholders' loans owing from the Target Company to the Group.

The Target Company is the intermediate holding company of various subsidiaries of the Company (collectively, the "**Target Group**"). Details of the interests of the Target Company in such subsidiaries are as follows:

- (i) 100% of Lam Soon Industries Inc., a company incorporated in Taiwan;
- (ii) 100% of Packaging Materials Trading Company Limited, a company incorporated in the British Virgin Islands;

LETTER FROM THE BOARD

- (iii) 100% of Guodak Corporation (in voluntary liquidation), a company incorporated in Taiwan;
- (iv) 58% of Lam Soon Ball Yamamura Inc., a company incorporated in Taiwan;
- (v) 100% of LSO (Guangdong) Investments Company Limited, a company incorporated in Hong Kong; and
- (vi) 100% of Zhuhai LSO Ends Packaging Limited, a company established in the PRC.

Following completion of the Disposal, the Company will not hold any shares in the Target Company and the Target Group will cease to be subsidiaries of the Company.

The audited consolidated net profit before and after taxation and extraordinary items of the Target Company for each of the two financial years ended 30 June 2006 and 30 June 2007 respectively are set out as follows:

	For the year ended 30 June	
	2007	2006
	<i>HK\$ million</i>	<i>HK\$ million</i>
Profit before taxation and extraordinary items	10	54
Profit after taxation and extraordinary items	8	46

Consideration

The Consideration is US\$53.5 million (approximately HK\$417 million) which has been paid by the Purchaser to the Company in the following manner:

- (a) a deposit of US\$15 million (approximately HK\$117 million) in cash has been paid by the Purchaser to the Company upon signing of the Agreement; and
- (b) the remaining balance has been settled by the Purchaser upon completion of the Disposal in cash.

The Consideration was arrived at after arm's length negotiation between the parties and was determined by reference to the aggregate of the audited net asset values of the Target Group of US\$53.5 million (approximately HK\$417 million) as at 30 June 2007 by reason that the Sale Loans have been treated as quasi capital of the Target Group and reviewed by the auditors of the Company. There is no material change in the net asset values of the Target Group since 30 June 2007.

LETTER FROM THE BOARD

Conditions Precedent

Completion of the Agreement was conditional on the fulfilment of the following conditions:

- (a) the warranties remaining true and complete in all material respects on and as of the date of completion so that no breach or breaches, if any, of the warranties would have a material adverse effect when compared with the case where no such breach or breaches have occurred;
- (b) no action shall have been commenced or threatened in writing by or before any governmental authority against the Company or any member of the Target Group or any of their respective assets seeking to restrain or materially and adversely alter the transactions contemplated by the Agreement, which is reasonably likely to render it impossible or unlawful to consummate the transactions contemplated by the Agreement or which would have a material adverse effect; and
- (c) the written shareholder's approval given by GIL being accepted in lieu of holding a general meeting in accordance with Rule 14.44 of the Listing Rules; and if not accepted, the passing at a general meeting of the Company of a resolution approving the execution of the Agreement and the Disposal.

Completion

Completion of the Agreement took place on 28 February 2008 which was the later of (i) the Business Day immediately following the date on which all conditions are fulfilled or waived, and (ii) 28 February 2008.

FINANCIAL IMPACT OF THE DISPOSAL

On the date of completion, a net gain of US\$1.3 million (approximately HK\$10 million) was realised by the Group for the Disposal after considering the net asset values of the Target Group, write-back of the impairment loss of the Group in the amount of US\$3 million (approximately HK\$23 million), the estimated provisions relating to the Company's warranties and indemnities on product quality, environmental matters and taxation under the Agreement in the amount of US\$1.5 million (approximately HK\$12 million), and direct transaction costs. The Directors consider the write-back of the impairment loss of the Group necessary because the impairment loss made to reflect the then fair value of the Group's investment in the Target Group in previous years was no longer required given the receipt of the Consideration.

The Directors do not expect the completion of the Agreement itself to have any material adverse financial impact on the assets and liabilities of the Group. Following the completion, the Group will continue to engage in its core food business in the PRC and Hong Kong. The Directors do not consider the Disposal to have any material adverse effect on the Group's earnings as the Target Group is not part of its core business.

LETTER FROM THE BOARD

REASONS AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company whose subsidiaries are principally engaged in food business. The Disposal represents an opportunity for the Company to divest its packaging operations which are considered not compatible to the Company's main focus of building a pure food company. It aligns with the Company's vision of becoming a premier food company in Hong Kong and the PRC with commensurate global high standards and quality.

The Directors are of the view that the terms of the Disposal are fair and reasonable, and that the Disposal is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The net proceeds from the Disposal of approximately US\$53 million (approximately HK\$413 million) will be redeployed to the future development of the Group's core business. As at the Latest Practicable Date, there was no specific use of the proceeds from the Disposal.

FINANCIAL AND TRADING PROSPECTS

As we have mentioned in our last annual report, the Target Group's profitability was stifled by the rapidly increasing raw material aluminum cost. Its compatibility with our main focus of building a pure food company was subject to challenge. The Disposal of the Target Group is in fact an exercise to enable the Group to focus on its core business in food industry.

Looking forward, the Group will continue its transformation into a premier food company offering high quality products. This is timely to meet the increasing market demand for safe, reliable, healthy food products associated with greater affluence of consumers in the PRC. The Group will further expand into strategic PRC regions where there are robust economic growth.

The Directors are of the opinion that, after taking into account the internal resources available to the Group, including the net proceeds from the Disposal, together with the presently available banking facilities, the Group will have sufficient working capital for its present requirements for the twelve months from the date of this circular in the absence of unforeseen circumstances.

GENERAL

The Disposal constitutes a major transaction for the Company under the Listing Rules, which required Shareholders' approval.

LETTER FROM THE BOARD

No Shareholder is required to abstain from voting if the Company were to convene a general meeting to consider and approve the Disposal.

Written Shareholders' approval has been obtained from GIL, the controlling Shareholder (as defined in the Listing Rules), which holds more than 50% in nominal value of the Shares giving the right to attend and vote at general meetings. Therefore, no general meeting is required to be convened for the approval of the Disposal pursuant to Rule 14.44 of the Listing Rules. The purpose of this circular is for Shareholders' information only.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
KWEK Leng Hai
Chairman

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the “SFO”)) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) to be entered into the register kept by the Company pursuant to Section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) contained in the Listing Rules were as follows:

(A) The Company

Name of director	Nature of interest	Number of shares/underlying shares held	Notes	Total	Approximate percentage of total issued share capital of the Company
KWEK Leng Hai	Personal	2,300,000		2,300,000	0.95%
LEUNG Wai Fung	Personal	2,400,000	(a)	2,400,000	0.99%
WHANG Sun Tze	Personal	27,123,743			
	Corporate	19,326	(b)		
	Persons acting in concert	150,790,035	(c) & (d)	177,933,104	73.12%
LO Kwong Chi, Clement	Personal	403,754		403,754	0.17%
TAN Lim Heng	Personal	274,000		274,000	0.11%
DING Wai Chuen	Personal	10,000		10,000	0.00%

(B) Associated corporations

Name of associated corporation	Name of director	Nature of interest	Number of shares/ underlying shares held	Notes	Total	Approximate percentage of total issued share capital of associated corporation
Hong Leong Company (Malaysia) Berhad	KWEK Leng Hai	Personal	420,500		420,500	2.62%
Guoco Group Limited	KWEK Leng Hai	Personal	3,800,775		3,800,775	1.16%
	TAN Lim Heng	Personal	559,230		559,230	0.17%
	TSANG Cho Tai	Personal	1,000		1,000	0.00%
GuocoLand Limited	KWEK Leng Hai	Personal	26,468,186		26,468,186	2.98%
	WHANG Sun Tze	Family	66,600		66,600	0.01%
	TAN Lim Heng	Personal	1,333,333		1,333,333	0.15%
	TSANG Cho Tai	Personal	268,000		268,000	0.03%
Hong Leong Bank Berhad	KWEK Leng Hai	Personal	3,955,700		3,955,700	0.26%
	WHANG Sun Tze	Family	129,000		129,000	0.01%
Hong Leong Financial Group Berhad	KWEK Leng Hai	Personal	2,316,800		2,316,800	0.22%
	WHANG Sun Tze	Family	534,092		534,092	0.05%
	TAN Lim Heng	Personal	245,700		245,700	0.02%

Name of associated corporation	Name of director	Nature of interest	Number of shares/ underlying shares held	Notes	Total	Approximate percentage of total issued share capital of associated corporation
Hong Leong Industries Berhad	KWEK Leng Hai	Personal	189,812		189,812	0.07%
	WHANG Sun Tze	Family	105,600		105,600	0.05%
GuocoLand (Malaysia) Berhad	KWEK Leng Hai	Personal	226,800		226,800	0.03%
	TAN Lim Heng	Personal	326,010		326,010	0.05%
Hume Industries (Malaysia) Berhad	WHANG Sun Tze	Family	12,667		12,667	0.01%
HLG Capital Berhad	KWEK Leng Hai	Personal	500,000		500,000	0.41%
GuocoLeisure Limited (formerly known as BIL International Limited)	TAN Lim Heng	Personal	100,000		100,000	0.01%

Notes:

- (a) The interests of Mr. LEUNG Wai Fung represent the interests in 200,000 ordinary shares of the Company and 2,200,000 underlying shares in respect of the share options granted by the Company exercisable within 30 months following the notification of entitlement to confirm the vesting and the number of options exercisable.
- (b) The interests disclosed represent the corporate interests of Dr. WHANG Sun Tze in 18,457 ordinary shares and 869 ordinary shares in the Company held by SGR Investment Company, Limited (“SGR”) and T.C. Whang & Company (Private) Limited (“T.C. & Co.”) respectively. Dr. WHANG Sun Tze holds 95.41% and 59.52% interests in SGR and T.C. & Co. respectively.
- (c) The total interests disclosed herein represent the interests in 177,914,647 ordinary shares of the Company which the respective parties held by virtue of Section 317 of the SFO in relation to the interests in shares pursuant to the shareholders’ agreement and the supplemental agreement both dated 27 May 1997 entered into by Guoinvest International Limited (“Guoinvest”) and, inter alia, Dr. WHANG Sun Tze (alias: WHANG Siang Tiat), Mr. WHANG Tar Choung, Madam TEO Joo Yee, T.C. & Co. and Raven Investment Company, Limited (“Raven”) and the Novation Agreement dated 5 September 2003 entered into by Guoinvest, GIL (a sister subsidiary of Guoinvest), Dr. WHANG Sun Tze (alias: WHANG Siang Tiat), Mr. WHANG Tar Choung, Madam TEO Joo Yee, T.C. & Co. and Raven.

- (d) The interests of persons acting in concert disclosed represent the deemed interests of Dr. WHANG Sun Tze in 150,790,035 ordinary shares in the Company referred to in Note (c) above.

All the interests disclosed in sections (A) and (B) above represent long positions in the ordinary shares of the Company and its associated corporations save as otherwise specified in the notes above.

Save as disclosed above, as at the Latest Practicable Date:

- (a) none of the Directors of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required: (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); (ii) to be entered into the register kept by the Company pursuant to Section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules;
- (b) none of the Directors had entered into any existing or proposed service contract with the Company, excluding those contracts expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation;
- (c) none of the Directors or their associates had any direct or indirect interest in any assets which had been, since 30 June 2007 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by, or leased to any member of the Group, or proposed to be acquired, or disposed of by, or leased to any member of the Group.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than Directors of the Company) had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or any options in respect of such capital:

	Number of shares held	<i>Notes</i>	Approximate percentage of interest
WHANG Tar Choung	177,914,647	<i>(A) + (B)</i>	73.11%
Raven Investment Company, Limited (“Raven”)	177,914,647	<i>(A) + (C)</i>	73.11%
T.C. Whang & Company (Private) Limited (“T.C. & Co.”)	177,914,647	<i>(A) + (D)</i>	73.11%
TEO Joo Yee	177,914,647	<i>(A) + (E)</i>	73.11%
Hong Leong Company (Malaysia) Berhad (“HLCM”)	188,632,647	<i>(A)+(F)+(G)</i>	77.51%
QUEK Leng Chan	188,632,647	<i>(A)+(F)+(G)</i>	77.51%
HL Holdings Sdn Bhd (“HLH”)	188,632,647	<i>(A)+(F)+(G)</i>	77.51%
Hong Leong Investment Holdings Pte. Ltd. (“HLIH”)	188,632,647	<i>(A)+(F)+(G)</i>	77.51%
Kwek Holdings Pte Ltd (“KH”)	188,632,647	<i>(A)+(F)+(G)</i>	77.51%
Davos Investment Holdings Private Limited (“Davos”)	188,632,647	<i>(A)+(F)+(G)</i>	77.51%
KWEK Leng Kee	188,632,647	<i>(A)+(F)+(G)</i>	77.51%

Notes:

- (A) The total interests disclosed herein represent the interests in 177,914,647 ordinary shares of the Company which the respective parties held by virtue of Section 317 of the SFO in relation to the interests in shares pursuant to the shareholders' agreement and the supplemental agreement both dated 27 May 1997 entered into by Guoinvest International Limited ("Guoinvest") and, inter alia, Dr. WHANG Sun Tze (alias: WHANG Siong Tiat), Mr. WHANG Tar Choung, Madam TEO Joo Yee, T.C. & Co. and Raven and the Novation Agreement dated 5 September 2003 entered into by Guoinvest, GIL (a sister subsidiary of Guoinvest), Dr. WHANG Sun Tze (alias: WHANG Siong Tiat), Mr. WHANG Tar Choung, Madam TEO Joo Yee, T.C. & Co. and Raven.
- (B) The interests disclosed comprise (i) own interest of Mr. WHANG Tar Choung in 5,337,637 ordinary shares in the Company; and (ii) the deemed interest in 172,577,010 ordinary shares in the Company held by other parties referred to in Note (A) above.
- (C) The interests disclosed comprise (i) own interest of Raven in 1,221,205 ordinary shares in the Company; and (ii) the deemed interest in 176,693,442 ordinary shares in the Company held by other parties referred to in Note (A) above.
- (D) The interests disclosed comprise (i) own interest of T.C. & Co. in 869 ordinary shares in the Company; and (ii) the deemed interest in 177,913,778 ordinary shares in the Company held by other parties referred to in Note (A) above.
- (E) The interests disclosed comprise (i) own interest of Madam TEO Joo Yee in 4,222,534 ordinary shares in the Company; and (ii) the deemed interest in 173,692,113 ordinary shares in the Company held by other parties referred to in Note (A) above.
- (F) The interests disclosed comprise (i) the corporate interests in 140,008,659 ordinary shares in the Company held through GIL; (ii) the deemed interest in 37,905,988 ordinary shares in the Company held by other parties referred to in Note (A) above; (iii) own interest of Richly Choice Development Limited, a wholly-owned subsidiary of the Company, in 1,393,000 ordinary shares in the Company; and (iv) own interest of Oceanease Limited in 9,325,000 underlying shares of other unlisted derivatives of the Company.
- (G) Both Guoinvest and GIL are wholly-owned subsidiaries of GuoLine Capital Assets Limited ("GCA") which in turn is a wholly-owned subsidiary of HLCM. Oceanease Limited is a wholly-owned subsidiary of Guoco Group Limited which in turn is 66.81% owned by GuoLine Overseas Limited ("GOL"). GOL is a wholly-owned subsidiary of GCA. By virtue of Section 316(2) of the SFO, HLCM was 49.11% owned by Mr. QUEK Leng Chan (2.43%) and HLH (46.68%) which was in turn wholly-owned by Mr. QUEK Leng Chan. HLCM is held as to 34.49% by HLIH. Mr. KWEK Leng Kee holds 41.92% interest in Davos which in turn holds 33.59% interest in HLIH and KH holds 49% interest in HLIH.

All the interests disclosed under this section represent long positions in the ordinary shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, the Directors of the Company were not aware of any other person (other than Directors of the Company) who had an interest or short position in the shares and underlying shares of the Company (including any shares in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. COMPETING INTERESTS

So far as the Directors were aware, none of the Directors or their respective associates (as defined in the Listing Rules) had any interests which competes or is likely to compete, either directly or indirectly with the business of the Company.

5. OTHER INTEREST

Save disclosed herein, none of the Directors or their associates was materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group.

6. INDEBTEDNESS OF THE GROUP

Indebtedness

As at 24 February 2008, being the latest practicable date for the purposes of this indebtedness statement, the Group had borrowings which amounted to approximately HK\$155 million, details of which are as follows:

Borrowings

The following table illustrates the Group's bank and other borrowings as at 24 February 2008:

	<i>HK\$ million</i>
Bank borrowings – current	155
Bank borrowings – non-current	—
Amounts due to related companies	—
	<u>155</u>
Secured	—
Unsecured	—
	<u>155</u>

Save as aforesaid and apart from intra-group liabilities and normal accounts payable in the ordinary course of business of the Group, the Group did not have any loan capital issued and outstanding, and authorized or otherwise created but unissued or agreed to be issued, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 24 February 2008.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

No material contract (not being contracts entered into in the ordinary course of business) has been entered into by the Group within the two years immediately preceding the date of this circular up to and including the Latest Practicable Date.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 21 Dai Fu Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong during 9:00 a.m. to 5:00 p.m. on any Business Day from the date of this circular up to and including 24 March 2008:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company of the two financial years ended 30 June 2006 and 30 June 2007; and
- (c) a copy of this circular.

10. GENERAL

- (a) So far as was known to the 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 Shareholders; and (ii) no obligation or entitlement of any Shareholders, whereby they have or may have temporarily or permanently passed control over the exercise of the voting rights in respect of their Shares to a third party, either generally or on a case-by-case basis.

- (b) So far as was known to the Directors, as at the Latest Practicable Date, there was no discrepancy between any Shareholder's beneficial shareholding interest in the Company as disclosed in this circular and the number of Shares in respect of which they will control or will be entitled to exercise control over the voting rights at a general meeting (if it was held).
- (c) The company secretary of the Company is Ms. CHENG Man Ying. Ms. CHENG is an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (d) The qualified accountant of the Company is Mr. YU Tai Tei. Mr. YU has a Doctor degree and a Master degree in Business Administration from Hong Kong Polytechnic University and Warwick University respectively. He is a fellow member of The Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants, The Hong Kong Institute of Chartered Secretaries, and The Institute of Chartered Secretaries and Administrators respectively; as well as a member of The Certified General Accountants Association of Canada.
- (e) The share registrar and transfer office of the Company is Hongkong Managers and Secretaries Limited of Citicorp Centre, 26th Floor, 18 Whitfield Road, Causeway Bay, Hong Kong.
- (f) The registered office of the Company is located at 21 Dai Fu Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong.
- (g) The translation into Chinese language of this circular is for reference only. In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.