

---

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

---

**If you are in doubt about** this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitors, professional accountant or other professional adviser.

**If you have sold or transferred** all your Shares in MULTIFIELD INTERNATIONAL HOLDINGS LIMITED (the “Company”), you should at once hand this circular and the proxy form enclosed herein to the purchaser or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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

---

*Multifield*

**MULTIFIELD INTERNATIONAL HOLDINGS LIMITED**

**(萬事昌國際控股有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 898)**

**MAJOR TRANSACTION**

**DISPOSAL OF PROPERTY**

---

\* For identification purpose only

---

# CONTENTS

---

*Page No.*

<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE CHAIRMAN</b>	
1. INTRODUCTION .....	3
2. PROVISIONAL S&P AGREEMENT .....	4
3. FINANCIAL EFFECT OF THE SALE .....	5
4. REASONS FOR AND BENEFITS OF THE DISPOSAL .....	6
5. USE OF PROCEEDS .....	6
6. SHAREHOLDERS' APPROVAL OF THE DISPOSAL .....	6
7. INFORMATION OF THE PARTIES .....	7
8. ADDITIONAL INFORMATION .....	7
<b>APPENDIX I — FINANCIAL INFORMATION ON THE GROUP</b> .....	8
<b>APPENDIX II — PROPERTY VALUATION</b> .....	9
<b>APPENDIX III — GENERAL INFORMATION</b> .....	14

---

## DEFINITIONS

---

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

“B.I. Appraisals”	B.I. Appraisals Limited, an independent firm of qualified professional valuers
“Board”	the board of Directors
“Company”	Multifield International Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Completion”	the completion of the Disposal in accordance with the Provisional S&P Agreement
“Consideration”	the consideration for the Disposal
“Directors”	the directors of the Company
“Disposal”	the proposed disposal of the Property by the Vendor to the Purchaser pursuant to the Provisional S&P Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	(an) independent third party(ies) not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules
“Latest Practicable Date”	2 June 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“LSL”	Lucky Speculator Limited, the holder of approximately 53% of the issued share capital of the Company as at the Latest Practicable Date

---

## DEFINITIONS

---

“Property”	all those pieces or parcels of ground respectively registered in the Land Registry as Section B of Inland Lot No. 2358 and the extension thereto together with the messuages erections and buildings thereon now known as Nos. 147, 149 and 151 King’s Road and No.4 Oil Street, North Point, Hong Kong
“Provisional S&P Agreement”	the provisional agreement for sale and purchase dated 15 May 2006 between the Vendor and the Purchaser for sale and purchase of the Property
“Purchaser”	Standard Asia Investment Ltd or its nominee(s)
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	holder(s) of the existing ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shares(s)”	ordinary share(s) of HK\$0.01 each in the issued capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Grandfield Nominees Limited (a limited company incorporated under the Companies Ordinance, Cap.32 of the Laws of Hong Kong), the sole registered and beneficial owner of, and the special purpose vehicle established to hold and operate, the Property



**MULTIFIELD INTERNATIONAL HOLDINGS LIMITED**

**(萬事昌國際控股有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 898)**

*Executive Directors:*

Lau Chi Yung, Kenneth (*Chairman*)

Lau Michael Kei Chi (*Vice-Chairman*)

*Independent non-executive Directors:*

Choy Tak Ho

Lee Siu Man, Ervin

Wong Yim Sum

*Registered office:*

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

*Head Office and Principal Place of  
Business in Hong Kong*

8th Floor

Multifield House

54 Wong Chuk Hang Road

Hong Kong

6 June 2006

To: *the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION  
DISPOSAL OF PROPERTY**

**1. INTRODUCTION**

The Company announced on 16 May 2006 that the Vendor and the Purchaser had entered into the Provisional S&P Agreement, pursuant to which the Vendor would sell and the Purchaser would purchase the Property for a consideration of HK\$329,000,000.

The Disposal constitutes a major transaction for the Company under the Listing Rules.

The Company has received from LSL, which is interested in approximately 53% of the entire issued share capital of the Company as at the Latest Practicable Date, a written certificate approving the Disposal pursuant to Rule 14.44(2) of the Listing Rules.

\* *For identification purpose only*

---

## LETTER FROM THE CHAIRMAN

---

The purpose of this circular is to provide Shareholders with further information in relation to the Disposal and other information in compliance with the requirements of the Listing Rules.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, no Shareholder has any material interest in the Disposal as at the Latest Practicable Date. Accordingly, no Shareholder would be required to abstain from voting if the Company were to convene a special general meeting for the approval of the Disposal. As the Company has received the said certificate from LSL approving the Disposal pursuant to Rule 14.44(2) of the Listing Rules, the Company will not convene any general meeting of the Shareholders for the approval of the Disposal.

### 2. PROVISIONAL S&P AGREEMENT

**Date:** 15 May 2006

**Parties:**

- (1) Grandfield Nominees Limited, an indirect wholly-owned subsidiary of the Company.
- (2) Standard Asia Investment Ltd, a company incorporated in Hong Kong.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

**Property to be disposed:**

All those pieces or parcels of ground respectively registered in the Land Registry as Section B of Inland Lot No. 2358 and the extension thereto together with the messuages erections and buildings thereon now known as Nos. 147, 149, 151 King's Road and No.4 Oil Street, North Point, Hong Kong.

The Property was recorded in the Company's accounts as investment property as at 31 December 2005. The Vendor holds the Property for rental income.

**Tenancies:**

The Property is sold subject to existing tenancies. Other than the let out portion, the Property is sold with vacant possession.

**Consideration:**

The Consideration is HK\$329,000,000 and is to be paid in cash, and its payment terms are as follows:

- (1) upon signing of the Provisional S&P Agreement, the Purchaser has paid an initial deposit in the sum of HK\$13,120,000;

---

## LETTER FROM THE CHAIRMAN

---

- (2) on or before 30 May 2006, the Purchaser shall pay a further sum of HK\$19,780,000, which together with the initial deposit, shall make up to 10% of the Consideration;
- (3) on or before 14 June 2006, the Purchaser shall pay a further sum of HK\$16,450,000, as further deposit;
- (4) on or before 30 June 2006, the Purchaser shall pay a further sum of HK\$16,450,000, as further deposit; and
- (5) the Purchaser shall pay the remaining 80% of the Consideration in the sum of HK\$263,200,000 on Completion.

All deposits as mentioned above will be paid into a stakeholders' account as deposits and in part payment of the Consideration and are to be released to the Vendor upon provision by the Vendor of document certifying that the Property is not subject to any mortgage.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the market value of similar properties in the same location.

### **Formal S&P Agreement**

A formal sale and purchase agreement shall be signed by the Vendor and the Purchaser on or before 14 June 2006.

If the parties fail to enter into a formal sale and purchase agreement, the Provisional S&P Agreement shall continue to be binding and have full legal effects.

### **Conditions of the Disposal:**

Completion of the Disposal is subject to and conditional upon approval by the Shareholders.

**Completion Date:** on or before 8 August 2006

### **3. FINANCIAL EFFECT OF THE SALE**

The revenues generated from the Property solely comprise rental income and the rental of HK\$12.9 million represents approximately 0.98% of the Group's turnover for the year ended 31 December 2005. The net profits before taxation and extraordinary items attributable to the Property are approximately HK\$2 million and HK\$59 million for the two financial years ended 31 December 2004 and 31 December 2005 respectively. The net profits after taxation and extraordinary items attributable to the Property are approximately HK\$2 million and HK\$58 million for the two financial years ended 31 December 2004 and 31 December 2005 respectively. The net profits attributable to the Property increased significantly for the year 2005 was mainly due to the fair value gain on the Property on adoption of Hong Kong Accounting Standard 40 in 2005. The profit figure of HK\$58 million represents approximately 39.28% of the profit (after taxation and extraordinary items) of the Group for the financial year ended 31 December 2005.

---

## LETTER FROM THE CHAIRMAN

---

The book value of the Property as at 31 December 2005 was HK\$300 million, representing 9% of the total assets of the Group as at that date. The consideration for the Disposal at HK\$329 million represents an excess of HK\$29 million over the book value of the Property. Based on the valuation report dated 4 May 2006 issued by B.I. Appraisals, which is set out in Appendix II herein, the market value of the Property as at 30 April 2006 was HK\$340 million. The expected gain accrued to the Group upon completion of the Disposal is approximately HK\$26.8 million after taking into account the estimated expenses in relation to the Disposal of approximately HK\$2.2 million. This figure represents approximately 18.15% of the after-tax profit of the Group for the year ended 31 December 2005.

The Disposal will not have any material adverse impact on the operation of the Group.

#### **4. REASONS FOR AND BENEFITS OF THE DISPOSAL**

In light of the recent increase in the value of real estate in the Hong Kong property market, the Directors consider that the current property market in Hong Kong presents a good opportunity for the Company to yield a reasonable return from the realisation of the Property.

The consideration and terms of the Disposal were negotiated between the Vendor and the Purchaser at arm's length and on normal commercial terms with reference to the open market value of the Property. The Directors consider that the terms of the Disposal are fair and reasonable and are in the interests of the Company as well as the Shareholders as a whole. The Disposal will strengthen the liquidity and overall financial position of the Group.

#### **5. USE OF PROCEEDS**

The net sale proceeds of the Property is expected to be approximately HK\$326.8 million. The net proceeds will provide funding for the Group's development projects on hand and contemplated, and will also strengthen the liquidity assets mix and overall financial position of the Group.

#### **6. SHAREHOLDERS' APPROVAL OF THE DISPOSAL**

The Disposal constitutes a major transaction for the Company under the Listing Rules and is subject to the approval by Shareholders at a general meeting.

LSL which held 2,195,424,000 Shares approved the Disposal by way of a written approval dated 16th May 2006. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, no Shareholder, including LSL, has any material interest in the Disposal. In such circumstances, (a) no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal, and (b) in accordance with Rule 14.44 of the Listing Rules, the Company has obtained written approval of the Disposal from a Shareholder who beneficially owns more than 50% in nominal value of the Shares giving the right to attend and vote at that general meeting, and such written approval is acceptable under the Listing Rules in lieu of holding a general meeting. Accordingly, no general meeting will be held to approve the Disposal.

---

## LETTER FROM THE CHAIRMAN

---

### 7. INFORMATION OF THE PARTIES

The principal activities of the Group are property investment, provision of serviced apartment and property management services, steel trading and electronic products.

The principal activity of the Purchaser is property investment.

### 8. ADDITIONAL INFORMATION

Your attention is also drawn to the appendices to this circular.

Yours faithfully,  
By order of the Board  
**Lau Chi Yung, Kenneth**  
*Chairman*

**(1) STATEMENT OF INDEBTEDNESS**

As at 30 April, 2006, being the latest practicable date for the purpose of ascertaining certain information relating to this indebtedness statement, the Group only had outstanding borrowings of approximately HK\$773.5 million which were secured by certain of the Group's bank deposits and investment properties.

Save as aforesaid, the Group did not have, as at the close of business on 30 April, 2006, any mortgages, charges, debentures, loan capital issued and outstanding or agreed to be issued, debt securities, bank overdrafts, loans or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptance or acceptance credits or guarantees or other material contingent liabilities.

Save as disclosed above, the Directors confirm that there has been no material change in the indebtedness and contingent liabilities of the Group since 30 April, 2006.

**(2) WORKING CAPITAL**

Reference is made to the annual report of the Company dated 19 April 2006. The net current asset of the Group as at 31 December 2005 was approximately HK\$372 million based on the audited financial statements of the Group for the year ended 31 December 2005.

As at the Latest Practicable Date, after due enquiry and taking into account the internal resources of the Group and the estimated net proceeds of HK\$326.8 million from the Disposal, the Directors are of the opinion that the Group has sufficient working capital for its present requirement, that is for at least the next 12 months from the date of publication of this circular.

**(3) MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2005, being the date to which the latest published audited financial statements of the Group were made up.

**(4) FINANCIAL AND TRADING PROSPECTS**

The Directors consider that upon completion of the Disposal, the Group's financial and cash position can be further strengthened, and the Group will be able to make suitable investment promptly when opportunities arise although no concrete investment has been identified at present.

*The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from B.I. Appraisals Limited, an independent valuer, in connection with its valuation as at 30 April 2006 of the Property held by the Group.*



## **B. I. Appraisals Limited** **保柏國際評估有限公司**

**Registered Professional Surveyors, Valuers & Property Consultants**

Unit B, 38th Floor, Bank of China Tower, 1 Garden Road, Hong Kong

Tel: (852) 2127 7762 Fax: (852) 2137 9876

Email: [info@biappraisals.com.hk](mailto:info@biappraisals.com.hk)

Website: [www.bisurveyors.com.hk](http://www.bisurveyors.com.hk)

4 May 2006

The Directors  
Multifield International Holdings Limited  
8th Floor, Multifield House  
No. 54 Wong Chuk Hang Road  
Hong Kong

Dear Sirs,

Re: Multifield Building, Nos. 147, 149 and 151 King's Road and No. 4 Oil Street, North Point, Hong Kong

In accordance with the instructions from Multifield International Holdings Limited (hereinafter referred to as the "Company") for us to value the captioned property (hereinafter referred to as the "Property") which is held by Grandfield Nominees Limited, a wholly owned subsidiary of the Company, we confirm that we have carried out external inspection, conducted land searches at the Land Registry, made relevant enquiries 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 in existing state as at 30th April 2006 (hereinafter referred to as the "Date of Valuation").

It is our understanding that this valuation document is to be used for disclosure purpose regarding a major transaction in relation to the disposal of the Property.

This letter, forming part of our valuation report, identifies the Property being valued, describes the instructions, explains the basis and methodology of our valuation, and lists out the assumptions and the title investigation we have made in the course of our valuation, as well as the limiting conditions.

**BASIS OF VALUATION**

Our valuation of the Property is our opinion of its market value which we would define as intended to mean “an 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.”

In forming our opinion of value of the Property, which comprises various floors/units, we have valued the constituent floors/units of the Property on the basis that each of them is considered individually. Our valuation of the Property is the aggregate value of its constituent floors/units and we have not applied any bulk discount to the value.

Our valuation has been carried out in accordance with The HKIS Valuation Standards on Properties (1st Edition 2005) issued by the Hong Kong Institute of Surveyors and under generally accepted valuation procedures and practices, which are in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**VALUATION METHODOLOGY**

In valuing the property interest in the Property, we have adopted the Direct Comparison Approach by making reference to comparable sale evidence as available in the relevant market or, wherever appropriate, the Investment Approach by taking into account the current rents passing and the reversionary income potential of the Property.

**VALUATION ASSUMPTIONS**

Our valuation has been made on the assumption that the Property would be sold in the open market in existing state without the benefit of any deferred terms contract, leaseback, joint venture, management agreement or any similar arrangements that could affect the value of the Property. In addition, no account has been taken of any option or right of pre-emption concerning or effecting the sale of the Property and no forced sale situation in any manner is assumed in our valuation.

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

In addition, we have also made the following assumptions:

- a) The Property has been constructed, occupied and used in full compliance with, and without contravention of all ordinances, except only where otherwise stated.
- b) The Property is finished and maintained in reasonable condition commensurate with its age and use and is in its original layout without any unauthorized alteration.

- c) All consents, approvals, required licences, permits, certificates and authorizations have been obtained, except only where otherwise stated, for the use of the Property upon which our valuation is based.

**TITLE INVESTIGATION**

We have caused searches to be made at the Land Registry for the Property. However, we have not scrutinized the original documents to verify ownership or to ascertain the existence of any amendments that may not appear on the copies of documents handed to us. All documents and leases have been used for reference only.

**LIMITING CONDITIONS**

We have inspected the exteriors of the Property. However, no structural surveys have been made nor have any tests been carried out on any of the services provided in the Property. We are, therefore, unable to report whether the Property is free from rot, infestation or any other structural defects. Yet, in the course of our external inspections, we did not note any material defects.

We have not carried out investigation on site to determine the suitability of the ground conditions and the services etc. for any future development, nor have we undertaken environmental surveys. Our valuation is prepared on the basis that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during construction period.

Unless otherwise stated, we have not carried out detailed on-site measurements to verify the site and floor areas of the Property but have assumed that the areas shown on the copies of the documents furnished to us are correct. Dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us and are therefore only approximations.

We have relied to a considerable extent on the information and advices given or made available to us by the Company and the relevant government authorities on such matters as occupancy, usage of the Property, site and floor areas and other relevant matters in the identification of the Property. We have had no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and have no reason to suspect that any material information has been withheld.

**REMARKS**

Unless otherwise stated, all monetary amounts stated in the valuation certificates are in Hong Kong Dollars (HK\$).

We hereby confirm that we have neither present nor prospective interests in the Company, Grandfield Nominees Limited, the Property or the value reported herein.

Our valuation certificate is enclosed herewith.

Yours faithfully,  
For and on behalf of  
**B.I. APPRAISALS LIMITED**  
William C.K. Sham  
Registered Professional Surveyor (G.P.)  
China Real Estate Appraiser  
MHKIS, MCIREA  
*Executive Director*

*Note:* Mr. William C. K. Sham is a qualified valuer on the approved List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the Hong Kong Institute of Surveyors. Mr. Sham has 25 years' experience in the valuation of properties in Hong Kong and has over 10 years' experience in the valuation of properties in the People's Republic of China and the Asia Pacific regions.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30th April 2006
Multifield Building, Nos. 147, 149 and 151 King's Road and No. 4 Oil Street, North Point, Hong Kong	<p>The Property is an 18-storey (plus a level of Mezzanine Floor) commercial/residential building completed in about 1966. It was built on a site with a site area of approximately 393.44 sq.m. (4,235 sq.ft.).</p> <p>The subject site falls within a "commercial / residential" zone in North Point Outline Zoning Plan No. S/H8/19 dated 18th February 2005.</p>	<p>The property, except for Unit M04 to M06 on Mezzanine Floor, Unit 105 on 1st Floor, Unit 204 on 2nd Floor, Flat A on 6th Floor, Units E and F on 8th Floor, Units C and F on 9th Floor, Unit B on 10th Floor, Unit B on 13th Floor and Unit D on 15th Floor, which are vacant, is subject to various tenancies on monthly and fixed-term bases. The fixed-term tenancies are for terms of one to three years with the latest expiring on 19th April 2008 at a total monthly rent of \$1,091,100.00, mostly inclusive of rates and management fee.</p> <p>The vacant portions account for about a total gross floor area of approximately 790.69 sq.m. (8,511 sq.ft.).</p>	\$340,000,000
Section B of Inland Lot No. 2358 and the Extension Thereto (the "Lot")	<p>The Property comprises the whole building with Ground, Mezzanine, 1st and 2nd Floors for commercial use whilst the remaining upper floors are for residential use.</p> <p>The total gross floor area of the building is approximately 7,102.38 sq.m. (76,450 sq.ft.).</p> <p>Inland Lot No. 2358 is held from the Government under Conditions of Sale No. 1111 for a term of 75 years from 5th December 1921 renewed for a further term of 75 years.</p> <p>The total Government Rent payable for the Lot is \$383,870 per annum.</p>		

*Notes:*

- (1) The registered owner of the property is Grandfield Nominees Limited vide Memorial No. UB4820343 dated 29th April 1991.
- (2) The property is subject to various tenancy agreements and a Legal Charge in favour of Hua Chiao Commercial Bank Limited vide Memorial No. UB6758081 dated 3rd September 1996 to secure general banking facilities for a consideration of all moneys.
- (3) According to our valuation report dated 13th April 2006, the market value of the Property in existing state as at 31st December 2005 was in the sum of HK\$300,000,000.

**(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 and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules were as follows:

**(a) Long positions in the Shares of the Company**

<b>Directors</b>	<b>Type of Interest</b>	<b>No. of Shares held</b>	<b>Percentage of issued share capital of the Company</b>
Lau Chi Yung, Kenneth	Interest of controlled corporation	2,685,515,712 (Note)	64.24%

*Note:* These shares are ultimately controlled by Power Resources Holdings Limited as the trustee of Power Resources Discretionary Trust, a family discretionary trust, the discretionary objects of which include Mr. Lau Chi Yung, Kenneth and his family.

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

Directors	Name of associated corporation	Type of Interest	No. of shares held	Approximate percentage of issued share capital in associated corporation
Lau Chi Yung, Kenneth	Oriental Explorer Holdings Limited	Interest of controlled corporation	1,020,268,999 (Note)	56.68%

## (c) Long positions in underlying Shares of associated corporations of the Company

Directors	Name of associated corporation	Type of Interest	No. of underlying Shares held	Approximate percentage of issued share capital in associated corporation
Lau Chi Yung, Kenneth	Oriental Explorer Holdings Limited	Beneficial owner	19,500,000 (Note)	1.08%

*Note:* The interest of Mr. Lau Chi Yung, Kenneth in the shares of Oriental Explorer Holdings Limited are ultimately controlled by Power Resources Holdings Limited as the trustee of Power Resources Discretionary Trust, a family discretionary trust, the discretionary objects of which include Mr. Lau Chi Yung, Kenneth and his family.

In addition to the above, a Director has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

## (3) SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or were directly or indirectly interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of the subsidiaries of the Company:

**Long Positions in shares of the Company**

Shareholders	Type of Interest	No. of shares held	Percentage of issued share capital of the Company
Power Resources Holdings Limited	Interest of controlled corporation	2,685,515,712 <i>(Note (a))</i>	64.24
Lucky Speculator Limited	Beneficial Owner	2,195,424,000 <i>(Note (a))</i>	52.52
Desert Prince Limited	Beneficial Owner	490,091,712 <i>(Note (a))</i>	11.72
Choi Koon Shum Jonathan	Interest of controlled corporation	281,665,344 <i>(Note (b))</i>	6.74
Lam William Ka Chung	Interest of controlled corporation	281,665,344 <i>(Note (c))</i>	6.74
Lam Wong Yuk Sin Mary	Interest of controlled corporation	281,665,344 <i>(Note (c))</i>	6.74
Kingsway International Holdings Limited	Interest of controlled corporation	281,665,344 <i>(Note (d))</i>	6.74
Innovation Assets Limited	Interest of controlled corporation	281,665,344 <i>(Note (d))</i>	6.74
World Developments Limited	Interest of controlled corporation	281,665,344 <i>(Note (d))</i>	6.74
SW Kingsway Capital Holdings Limited	Interest of controlled corporation	281,665,344 <i>(Note (d))</i>	6.74
Kingsway China Holdings Limited	Interest of controlled corporation	281,665,344	6.74
Festival Development Limited	Interest of controlled corporation	281,665,344 <i>(Note (d))</i>	6.74
Opal Dragon Investments Limited	Beneficial Owner	281,665,344 <i>(Note (d))</i>	6.74

*Notes:*

- (a) Power Resources Holdings Limited was deemed to have a beneficial interest in 2,685,575,712 Shares by virtue of its indirect interests through Lucky Speculator Limited and Desert Prince Limited, the wholly-owned subsidiaries, which held Shares.
- (b) Mr. Choi Koon Shum Jonathan, who beneficially owned or controlled approximately 48.18% of and in the issued share capital of Kingsway International Holdings Limited (“Kingsway International”) and was deemed (by virtue of the SFO) to be interested in shares in, or debenture of, the subsidiaries of Kingsway International.
- (c) Mrs. Lam Wong Yuk Sin Mary and her spouse, Mr. Lam William Ka Chung, who together beneficially owned or controlled approximately 40% of and in the issued share capital of Kingsway International and were deemed (by virtue of the SFO) to be interested in the shares in, or debenture of, the subsidiaries of Kingsway International.
- (d) Kingsway International was deemed to have beneficial interest in 281,665,344 Shares by virtue of its direct interests through Innovation Assets Limited, World Developments Limited, SW Kingsway Capital Holdings Limited, Kingsway China Holdings Limited, Festival Development Limited and Opal Dragon Investments Limited (“Opal”). Opal directly held Shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company are not aware of any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares or 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 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of subsidiaries of the Company or any options in respect of such capital.

**(4) LITIGATION**

No member of the Group is engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened against any member of the Group.

**(5) SERVICE CONTRACTS**

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

**(6) COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, whether directly or indirectly, with the business of the Company.

**(7) INTEREST IN ASSETS AND CONTRACTS**

As at the Latest Practicable Date, none of the Directors have any interest direct or indirect, in any assets which have been, since 31 December 2005 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

**(8) QUALIFICATION AND CONSENTS OF EXPERT**

The following is the qualification of the expert who has provided its advice for inclusion in this circular:

<b>Name</b>	<b>Qualification</b>
B.I. Appraisals	Property valuer

B.I. Appraisals has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, summary of value and valuation certificate and the reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, B.I. Appraisals was not interested beneficially or otherwise in any Shares or securities in any of the subsidiaries or associated corporations (within the meaning of Part XV of the SFO) of the Company and did not have any rights, whether legally enforceable or not, or option to subscribe for or to nominate persons to subscribe for any Shares or securities in any of the subsidiaries or associated corporations of the Company nor did they have any interests, either direct or indirect, in any assets which have been, since 31 December 2005 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

**(9) MATERIAL CONTRACTS**

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of this circular:

- (i) the agreement dated 27 July 2004 entered into between Lucky Business International Limited as purchaser and Ponting Limited as vendor in respect of the purchase of 42.5% equity interest in Triple Luck Investments Ltd for a consideration of HK\$40,914,685.00 (details of which are set out in the Company's circular dated 25 August 2004); and
- (ii) the Provisional S&P Agreement.

**(10) MISCELLANEOUS**

- (a) The secretary and Group financial controller of the Company is Mr. Poon Chun Shing, Edwin, who is a member of the Hong Kong Institute of Certified Public Accountants, CPA Australia and the Institute of Chartered Secretaries and Administrators.
- (b) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its principal place of business is at 8th Floor, Multifield House, 54 Wong Chuk Hang Road, Hong Kong.
- (c) The Hong Kong branch share registrars of the Company is Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

**(11) PROCEDURES FOR DEMANDING POLL**

In accordance with the bye-laws of the Company, all resolutions put to the vote at the general meeting shall be decided on a show of hands unless a poll is demanded:

- (a) by the Chairman of such meeting;
- (b) by at least 3 shareholders present in person or by a duly authorized corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by any shareholder or shareholders present in person or by a duly authorized corporate representative or by proxy and representing not less than 1/10 of the total voting rights of all the shareholders having the right to vote at the meeting.

**(12) DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours or any weekday (public holidays excepted) at the principal place of business of the Company in Hong Kong at 8th Floor, Multifield House, 54 Wong Chuk Hang Road, Hong Kong from the date of this circular up to and including 26 June 2006:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the years ended 31 December 2004 and 31 December 2005 respectively;
- (c) the valuation report of B.I. Appraisals set out in Appendix II;
- (d) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix; and
- (e) the written consent referred to in the paragraph headed “Qualification and Consent of Expert” of this Appendix.