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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 a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Wai Kee Holdings 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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WAI KEE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF CHAODA SHARES**

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 9 October, 2008 concerning the Disposals
“associate(s)”	the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Build King”	Build King Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange and a non-wholly owned subsidiary of the Company
“Company”	Wai Kee Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“connected person”	the meaning ascribed thereto in the Listing Rules
“Chaoda”	Chaoda Modern Agriculture (Holdings) Limited, a company with shares listed on the main board of the Stock Exchange (Stock Code: 682)
“Chaoda Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of Chaoda
“Directors”	directors of the Company
“Disposals”	Disposals by the Company, through its wholly owned subsidiary, of an aggregate of 100,000 Chaoda Shares on the market on 8 October, 2008
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	24 October, 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular

DEFINITIONS

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China, excluding for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Road King”	Road King Infrastructure Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange and an associated corporation of the Company
“SFO”	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

LETTER FROM THE BOARD



WAI KEE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

Executive Directors:

Zen Wei Pao, William (*Chairman*)
Zen Wei Peu, Derek (*Vice Chairman*)
Wong Wing Cheung, Dennis (*Finance Director*)
Chiu Wai Yee, Anriena

Registered Office:

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Non-executive Directors:

Lam Wai Hon, Patrick
Chu Tat Chi
Cheng Chi Pang, Leslie

Principal Place of Business:

Unit 1103, 11th Floor
East Ocean Centre
98 Granville Road, Tsimshatsui
Kowloon
Hong Kong

Independent Non-executive Directors:

Wong Che Ming, Steve
Wan Siu Kau, Samuel
Wong Man Chung, Francis

30 October, 2008

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION DISPOSAL OF CHAODA SHARES

INTRODUCTION

The Company made the Announcement about the Disposals.

During the 12-month period from 9 October, 2007 to 8 October, 2008 (both dates inclusive), the Group disposed of an aggregate of 5,294,000 Chaoda Shares, of which (i) 2,284,000 Chaoda Shares were disposed by a subsidiary of Build King from 7 November, 2007 to 21 December, 2007 (both dates inclusive) as announced by Build King on 2 January, 2008, (ii) 940,000 Chaoda Shares were disposed by a subsidiary of Build King from 21 February, 2008

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to 25 June, 2008 (both dates inclusive) as announced by Build King on 30 June, 2008, (iii) 1,270,000 Chaoda Shares were disposed by a subsidiary of Build King from 27 June, 2008 to 17 September, 2008 (both dates inclusive) as announced by Build King on 19 September, 2008, (iv) 700,000 Chaoda Shares were disposed by the Company, through its wholly owned subsidiary, from 28 March, 2008 to 30 June, 2008 (both dates inclusive), and (v) 100,000 Chaoda Shares were disposed by the Company, through its wholly owned subsidiary, on 8 October, 2008.

As the aggregate consideration of approximately HK\$43.39 million for the Disposals together with other disposals of Chaoda Shares by the Group during the past 12-month period exceeds 5% but is less than 25% of the applicable percentage ratio under Chapter 14 of the Listing Rules, the aforesaid disposals together constitute a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and are subject to announcement and the requirements to issue a circular. The aggregate gain on the Disposals together with other disposals of Chaoda Shares by the Group during the past 12-month period was approximately HK\$21.16 million. The Disposals together with other disposals of Chaoda Shares by the Group during the past 12-month period also resulted in an increase in the assets and no impact on liabilities of the Group.

The purpose of this circular is to provide you with further information on the Disposals, other disposals of Chaoda Shares by the Group during the past 12-month period and related information required by the Listing Rules.

DISPOSALS

The Company, through its wholly owned subsidiary, disposed of an aggregate of 100,000 Chaoda Shares (representing approximately 0.004% of the issued share capital of Chaoda, based on its issued share capital of 2,434,008,025 shares as at 31 August, 2008) on 8 October, 2008. The total consideration for the Disposals was HK\$601,000 (exclusive of transaction costs) in cash. The consideration represented the then market price of the Chaoda Shares. The disposal price per Chaoda Share was HK\$6.01. The highest and lowest price of the Chaoda Shares as quoted on the Stock Exchange on 8 October, 2008, being our last trading day on Chaoda Shares prior to the issue of the Announcement, were HK\$6.19 and HK\$5.84 per share respectively.

Prior to the Disposals, the Group owned 1,580,900 Chaoda Shares. The Group had made no further acquisition of Chaoda Shares subsequent to 20 May, 2008.

The total acquisition cost of the Disposals was approximately HK\$611,000 with average cost of approximately HK\$6.11 each, resulting in a loss of approximately HK\$10,000. Subsequent to the Disposals, the Group's interest in Chaoda Shares was reduced to 1,480,900 shares, representing approximately 0.06% of the issued share capital of Chaoda as at 31 August, 2008. Before and after the Disposals, the Chaoda Shares were accounted for as held-for-trading

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investments under current assets in the consolidated balance sheet of the Group. They were stated at quoted market prices as at balance sheet date and the profit arising from the revaluation at the balance sheet date was credited to the profit and loss account. The market value of the 1,480,900 Chaoda Shares was approximately HK\$8,974,000 at the closing price of HK\$6.06 each as at 8 October, 2008. The loss of the Disposals was approximately HK\$10,000. However, as approximately HK\$117,000 was recognised as an unrealised gain in the consolidated financial statements of the Group for the year ended 31 December, 2007, loss of approximately HK\$127,000 will be recognised in the consolidated financial statements of the Group for the year ending 31 December, 2008. The Disposals also resulted in a decrease in the assets and no impact on liabilities of the Group for the year ending 31 December, 2008.

During the past two years, the Group received dividends of approximately HK\$931,000 from the investment in Chaoda Shares, of which approximately HK\$604,000 was received for the year 2006 and approximately HK\$327,000 was received for the year 2007. In addition, the Group received a bonus issue entitlement of 72,900 Chaoda Shares, of which 49,025 Chaoda Shares were received by a subsidiary of Build King, in December 2007.

As the Disposals were made through the market, the Company was not aware of the identities of the purchasers of the Chaoda Shares and, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the purchasers of the Chaoda Shares are independent of and not connected with the Company or its subsidiaries, or any of the connected persons of the Company and their respective associates. Chaoda is not a connected person of the Company.

INFORMATION ON CHAODA

Chaoda is a company incorporated in the Cayman Islands and listed on the main board of the Stock Exchange. Based on the company profile in the website of the Stock Exchange, the principal business activities of Chaoda is in the growing and sale of crops, breeding and sale of livestock. Further information on Chaoda could be found on the Stock Exchange's website. According to the annual reports of Chaoda for the two years ended 30 June, 2007 and 30 June, 2006 respectively, the net profits before and after taxation were approximately RMB1,735,287,000 and approximately RMB1,734,819,000, approximately RMB1,358,284,000 and approximately RMB1,357,940,000 respectively. The net asset value of Chaoda as at 30 June, 2007 and 30 June, 2006 was approximately RMB9,271,511,000 and approximately RMB7,068,704,000 respectively.

REASONS FOR THE DISPOSALS AND BENEFITS TO THE COMPANY

The Company is an investment holding company and is principally engaged in civil engineering, quarrying, highway and expressway operations, property development and bio-technology business.

LETTER FROM THE BOARD

In view of the market volatility, the Directors consider that it is in the best interests of the Shareholders to carry out the Disposals and other disposals of Chaoda Shares by the Group during the past 12-month period realising a gain of approximately HK\$21.16 million and to switch more of the Group's assets to cash which also provides additional funding for the Group's working capital. The Directors believe that the Disposals and other disposals of Chaoda Shares by the Group during the past 12-month period are fair and reasonable and in the interests of the Shareholders as a whole.

ADDITIONAL INFORMATION

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

Yours faithfully,
By Order of the Board
Wai Kee Holdings Limited
Chiu Wai Yee, Anriena
Company Secretary

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. 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 not contained in this circular the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(A) Directors' Interests and Short Positions

As at the Latest Practicable Date, the Directors and their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporation (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 or short positions which any such Director 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, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

(I) *The Company*

(a) *Interests in shares*

Name of Director	Capacity/ Nature of interest	Number of Shares held		Percentage of the issued ordinary share capital (%)
		Long position	Short position	
Zen Wei Pao,	Personal	192,381,843	—	24.26
William	Personal	770,000	—	0.10
Zen Wei Peu, Derek	Personal	185,057,078	—	23.33
	Personal	770,000	—	0.10
Wong Wing Cheung, Dennis	Personal	550,000	—	0.07

(I) The Company (Cont'd)**(a) Interests in shares (Cont'd)**

Name of Director	Capacity/ Nature of interest	Number of Shares held		Percentage of the issued ordinary share capital (%)
		Long position	Short position	
Chiu Wai Yee, Anriena	Personal	550,000 (Note 2)	—	0.07
Lam Wai Hon, Patrick	Personal Personal	300,000 (Note 1) 330,000 (Note 2)	— —	0.03 0.04
Chu Tat Chi	Personal	330,000 (Note 2)	—	0.04
Cheng Chi Pang, Leslie	Personal Personal	500,000 (Note 1) 330,000 (Note 2)	— —	0.06 0.04
Wong Che Ming, Steve	Personal Personal	900,000 (Note 1) 330,000 (Note 2)	— —	0.11 0.04
Wan Siu Kau, Samuel	Personal	330,000 (Note 2)	—	0.04
Wong Man Chung, Francis	Personal	330,000 (Note 2)	—	0.04

Notes:

1. Long position in the Shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Long position in the underlying shares of the Company pursuant to unlisted equity derivatives (including physically settled, cash settled and other equity derivatives). Share options granted to Directors are included in this category, the particulars of which are set out in (b) under the heading "Interest in underlying shares through equity derivatives" below.

*(I) The Company (Cont'd)**(b) Interest in underlying shares through equity derivatives*

Name of Director	Date of grant	Exercisable period	Exercise price HK\$	Number of share options
Zen Wei Pao, William	9 July, 2007	9 July, 2008 to 8 July, 2011	3.39	770,000
Zen Wei Peu, Derek	9 July, 2007	9 July, 2008 to 8 July, 2011	3.39	770,000
Wong Wing Cheung, Dennis	9 July, 2007	9 July, 2008 to 8 July, 2011	3.39	550,000
Chiu Wai Yee, Anriena	9 July, 2007	9 July, 2008 to 8 July, 2011	3.39	550,000
Lam Wai Hon, Patrick	9 July, 2007	9 July, 2008 to 8 July, 2011	3.39	330,000
Chu Tat Chi	9 July, 2007	9 July, 2008 to 8 July, 2011	3.39	330,000
Cheng Chi Pang, Leslie	9 July, 2007	9 July, 2008 to 8 July, 2011	3.39	330,000
Wong Che Ming, Steve	9 July, 2007	9 July, 2008 to 8 July, 2011	3.39	330,000
Wan Siu Kau, Samuel	9 July, 2007	9 July, 2008 to 8 July, 2011	3.39	330,000
Wong Man Chung, Francis	9 July, 2007	9 July, 2008 to 8 July, 2011	3.39	330,000

*(II) Associated Corporations**(a) Interests in shares*

Name of Director	Name of company	Capacity/ Nature of interest	Number of Shares held		Percentage of the issued ordinary share capital (%)
			Long position	Short Position	
Zen Wei Pao, William	Build King	Personal	1,400,000 <i>(Note 1)</i>	—	0.15 <i>(Note 3)</i>
	Road King	Personal	500,000 <i>(Note 1)</i>	—	0.07 <i>(Note 4)</i>
		Personal	6,000,000 <i>(Note 2)</i>	—	0.80 <i>(Note 4)</i>
	Wai Kee (Zens) Construction & Transportation Company Limited	Personal	2,000,000 <i>(Note 1)</i>	—	10.00
	Wai Luen Stone Products Limited	Personal	30,000 <i>(Note 1)</i>	—	37.50
Zen Wei Peu, Derek	Build King	Personal	107,581,421 <i>(Note 1)</i>	—	11.55
	Chai-Na-Ta Corp.	Personal	253,728 <i>(Note 1)</i>	—	0.73
	Road King	Personal	6,756,000 <i>(Note 1)</i>	—	0.90
		Personal	2,300,000 <i>(Note 2)</i>	—	0.30
	Wai Kee (Zens) Construction & Transportation Company Limited	Personal	2,000,000 <i>(Note 1)</i>	—	10.00
	Wai Luen Stone Products Limited	Personal	30,000 <i>(Note 1)</i>	—	37.50

(II) Associated Corporations (Cont'd)**(a) Interests in shares (Cont'd)**

Name of Director	Name of company	Capacity/ Nature of interest	Number of Shares held		Percentage of the issued ordinary share capital (%)
			Long position	Short Position	
Chiu Wai Yee, Anriena	Build King	Personal	837,000 (Note 1)	—	0.09 (Note 3)
	Chai-Na-Ta Corp.	Personal	1,920 (Note 1)	—	0.01
	Road King	Personal	105,000 (Note 1)	—	0.01
		Personal	500,000 (Note 2)	—	0.07
Lam Wai Hon, Patrick	Build King	Personal	140,000 (Note 1)	—	0.02
Chu Tat Chi	Road King	Personal	515,000 (Note 1)	—	0.07
Cheng Chi Pang, Leslie	Build King	Personal	1,170,000 (Note 1)	—	0.13 (Note 3)
Wong Che Ming, Steve	Build King	Personal	311,225 (Note 1)	—	0.03 (Note 3)

Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Long position in the underlying shares of Road King pursuant to unlisted equity derivatives (including physically settled, cash settled and other equity derivatives). Share options granted to Directors are included in this category, the particulars of which are set out in (b) under the heading "Interest in underlying shares through equity derivatives" below.
3. As at the Latest Practicable Date, the issued share capital of Build King was 931,408,494 shares. Accordingly, the percentage has been adjusted.
4. As at the Latest Practicable Date, the issued share capital of Road King was 750,673,566 shares. Accordingly, the percentage has been adjusted.

*(II) Associated Corporations (Cont'd)**(b) Interest in underlying shares through equity derivatives*

Name of Director	Date of grant	Exercisable period	Exercise price HK\$	Number of share options
Zen Wei Pao, William	14 December, 2005	14 December, 2005 to 13 December, 2010	5.80	1,000,000
	20 December, 2006	20 December, 2006 to 19 December, 2011	11.66	2,500,000
	6 November, 2007	6 November, 2007 to 5 November, 2012	14.85	2,500,000
Zen Wei Peu, Derek	20 December, 2006	20 December, 2006 to 19 December, 2011	11.66	800,000
	6 November, 2007	6 November, 2007 to 5 November, 2012	14.85	1,500,000
Chiu Wai Yee, Anriena	26 August, 2004	26 August, 2004 to 25 August, 2009	5.70	200,000
	14 December, 2005	14 December, 2005 to 13 December, 2010	5.80	100,000
	20 December, 2006	20 December, 2006 to 19 December, 2011	11.66	100,000
	6 November, 2007	6 November, 2007 to 5 November, 2012	14.85	100,000

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective associates had any interests or short positions in the shares, underlying shares and/or debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director 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, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

(B) Substantial Shareholders' Interests

(I) Interests in the Company

As at the Latest Practicable Date, so far as was known to the Directors, the following persons ("Substantial Shareholders") (other than the Directors) who 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 provision of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Capacity/ Nature of interest	Number of Shares held		Percentage of the issued ordinary share capital (%)
		Long position	Short position	
Cheng Yu Tung Family (Holdings) Limited (Note 2)	Corporate	213,868,000 (Note 1)	—	26.97
Centennial Success Limited (Note 3)	Corporate	213,868,000 (Note 1)	—	26.97
Chow Tai Fook Enterprises Limited (Note 4)	Corporate	213,868,000 (Note 1)	—	26.97
New World Development Company Limited (Note 5)	Corporate	213,868,000 (Note 1)	—	26.97

(I) Interests in the Company (Cont'd)

Name of shareholder	Capacity/ Nature of interest	Number of Shares held		Percentage of the issued ordinary share capital (%)
		Long position	Short position	
NWS Holdings Limited <i>(Note 6)</i>	Corporate	213,868,000 <i>(Note 1)</i>	—	26.97
NWS Service Management Limited <i>(Note 7)</i>	Corporate	213,868,000 <i>(Note 1)</i>	—	26.97
NWS Service Management Limited <i>(Note 8)</i>	Corporate	213,868,000 <i>(Note 1)</i>	—	26.97
Vast Earn Group Limited <i>(Note 9)</i>	Personal/ Beneficiary	213,868,000 <i>(Note 1)</i>	—	26.97

Notes:

1. Long position in the Shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Cheng Yu Tung Family (Holdings) Limited is deemed to be interested in the Shares through its interests in its subsidiary, namely Centennial Success Limited.
3. Centennial Success Limited is deemed to be interested in the Shares through its interests in its wholly owned subsidiary, namely Chow Tai Fook Enterprises Limited.
4. Chow Tai Fook Enterprises Limited is deemed to be interested in the Shares through its interests in more than one-third of the issued share capital of New World Development Company Limited.
5. New World Development Company Limited is deemed to be interested in the Shares through its interests in its subsidiary, namely NWS Holdings Limited.
6. NWS Holdings Limited is deemed to be interested in the Shares through its interests in its wholly owned subsidiary, namely NWS Service Management Limited (incorporated in the Cayman Islands).
7. NWS Service Management Limited (incorporated in the Cayman Islands) is deemed to be interested in the Shares through its interests in its wholly owned subsidiary, namely NWS Service Management Limited (incorporated in the British Virgin Islands).

(I) Interests in the Company (Cont'd)

8. NWS Service Management Limited (incorporated in the British Virgin Islands) is deemed to be interested in the Shares through its interests in its wholly owned subsidiary, namely Vast Earn Group Limited.
9. Vast Earn Group Limited is a wholly owned subsidiary of NWS Service Management Limited (incorporated in the British Virgin Islands).

Save as disclosed below, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of company which had such discloseable interest or short position	Position within such company
Lam Wai Hon, Patrick	NWS Holdings Limited	Executive Director
	NWS Service Management Limited (incorporated in the Cayman Islands)	Director
	NWS Service Management Limited (incorporated in the British Virgin Islands)	Director
	Vast Earn Group Limited	Director
Chu Tat Chi	NWS Service Management Limited (incorporated in the Cayman Islands)	Director

(II) Interests in other members of the Group

As at the Latest Practicable Date, so far as was known to any Director and save as disclosed in this circular, the persons (other than a Director or a director of a member of the Group) 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 were as follows:

Name of subsidiary	Name of shareholder	Approximate percentage of interest held (%)
Cheuk Wah Construction Engineering Limited	Goldky Industries Limited	40
Eastar Construction Engineering Limited	Fulight Engineering Limited	20
Grandeur Building Material (Shanghai) Limited	Proficiency Building Materials and Equipment Limited	20
	Tse Pang	20
Huge Host Engineering Limited	Downer Mining (Asia) Limited	30
Wisecheer China Investments Limited	Chan Yau Kee	12.65
W K Aviation Engineering Company Limited	Kencana Capital Ventures Sdn. Bhd.	30

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other persons (other than Directors) who 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 were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, the following directors were interested in businesses which competed or were likely to compete either directly or indirectly, with the business of the Group as required to be disclosed under the Listing Rules:

Name of Director	Name of entity	Competing business	Nature of interest
Lam Wai Hon, Patrick	NWS Holdings Limited group of companies	Construction, toll road, infrastructure and sale of general merchandised goods	Director
Chu Tat Chi	NWS Service Management Limited group of companies	Building construction, civil engineering and sale of general merchandised goods	Director

As at the Latest Practicable Date, the Company, through a non-wholly owned subsidiary, held 33.3% shareholding interest in a joint venture company which was held as to 66.7% by a subsidiary of NWS Holdings Limited. The joint venture company was formed to undertake certain construction works for a residential development project. The residential development project has been completed and the joint venture company is not otherwise engaged in any other business activity. Save as disclosed, the Company does not have any business relationship with any of the NWS Holdings Limited and NWS Service Management Limited groups of companies (collectively, the "NWS Group"). The Company does not share its resources with the NWS Group nor does the Company rely on the NWS Group for its customers or suppliers. Apart from Mr. Lam's directorship in the NWS Holdings Limited group of companies and Mr. Chu's directorship in the NWS Service Management Limited group of companies, none of the Directors or senior management of the Company are also directors or employees of the NWS Group. The Company is therefore capable of carrying on its business independently of, and at arms length from, the NWS Group.

Saved as disclosed above, as at Latest Practicable Date, none of the Directors and their respective associates had any interests in a business, which competed or might compete with the business of the Group.

4. DIRECTORS' SERVICE CONTRACTS

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

5. LITIGATION

In HCA 1652 of 2005, Newcourt Developments Limited (the "Plaintiff") claimed against Main Success Investments Limited ("1st Defendant", a subsidiary of the Company) and the Company ("2nd Defendant") for damages for breach of representations, warranties, undertakings and/or terms of an agreement relating to the acquisition of Asian Reward Development Limited dated 3 February, 2004 as supplemented by the extension agreement dated 14 February, 2004 (the "Transaction"). The Plaintiff also brought an alternative claim for 50% of all loss and damage suffered by First Star Development Limited ("First Star") arising from a claim which Messrs. Ko & Co. have brought against First Star in Action No. HCA2450/2004. The amount involved in HCA2450/2004 amounted to HK\$18,196,888 or HK\$18,712,588 (according to the Statement of Claim). Before the completion of Transaction, Asian Reward Development Limited had 50% interest in First Star.

The parties in HCA1652/2005 have agreed to a general stay of proceedings terminable by either party giving not less than 60 days' written notice to the other. The legal action is therefore dormant pending the outcome of Action No. HCA2450/2004.

Taking into account the amount of claim involved, the Directors are of the opinion that the claim does not have any material adverse impact on the financial position of the Company.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or claims of material importance are pending or threatened by or against any member of the Group.

6. MISCELLANEOUS

- (a) The registered office of the Company is situated at Clarendon House, Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is situated at Unit 1103, 11th Floor, East Ocean Centre, 98 Granville Road, Tsimshatsui, Kowloon, Hong Kong.
- (b) The company secretary of the Company is Miss Chiu Wai Yee, Anriena. Miss Chiu is an associate member of The Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries and Administrators.
- (c) The qualified accountant of the Company is Mr. Wong Wing Cheung, Dennis. Mr. Wong is a member of The Hong Kong Institute of Certified Public Accountants.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.