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

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

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SOUNDWILL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 878)

**MAJOR TRANSACTION
DISPOSAL OF PROPERTIES**

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DEFINITIONS

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

“Agreement”	the agreement dated 20 October 2006 in relation to the sale and purchase of the Properties entered into between the Vendor and the Purchaser
“associate(s)”	have the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day on which licensed banks are opened for clearance and advancement of loans in Hong Kong
“Bye-laws”	the Bye-laws of the Company
“Company”	Soundwill Holdings Limited, a limited liability company incorporated in Bermuda, the Shares of which are listed on the Stock Exchange (stock code 878)
“Completion Date”	27 December 2006 between 10:00 a.m. and 5:00 p.m. for a weekday and between 10:00 a.m. and 1:00 p.m. for a Saturday provided that the Vendor can advance this to 15 December 2006 by giving to the Purchaser at least 15 days advance notice in writing
“connected person”	has the same meaning ascribed thereto under the Listing Rules
“Controlling Shareholder”	Ko Bee Limited, a company incorporated in British Virgin Islands which owns 156,783,709 Shares, representing 70.41% of the issued share capital of the Company and the ultimate beneficial owner of which is Madam Foo Kam Chu Grace, the chairman of the Company
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal of the Properties by the Vendor to the Purchaser pursuant to the Agreement
“Group”	the Company and its subsidiaries
“Head Vendors”	Tang Shuk Yee and Lee Ka Wai (being the head vendors of 6th Property) and Kwok Cheong Ming (being the head vendor of 7th Property)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Valuer”	DTZ Debenham Tie Leung Limited, the independent valuer appointed by the Company for the purpose of preparing a valuation report on the fair market value of the Properties
“Latest Practicable Date”	10 November 2006 being the latest practicable date before the printing of this circular for ascertaining certain information

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Properties”	the 1st Property, the 2nd Property, the 3rd Property, the 4th Property, the 5th Property, the 6th Property and the 7th Property, all of which, according to the occupation permits, are for residential purposes
“PRC”	the People’s Republic of China which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Better Chance International Limited, a company incorporated in Hong Kong with limited liability
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Rise Champion Holdings Limited, a company incorporated in Hong Kong with limited liability, which is a wholly owned indirect subsidiary of the Company
“%”	per cent.
“1st Property”	properties located on No. 8 Lin Fa Kung Street West, Hong Kong
“2nd Property”	properties located on No. 10 Lin Fa Kung Street West, Hong Kong
“3rd Property”	properties located on No. 12 Lin Fa Kung Street West, Hong Kong
“4th Property”	the 1st floor, 2nd floor, 3rd floor, 4th floor and shop C on the ground floor of the properties located on No. 98 Tung Lo Wan Road, Hong Kong
“5th Property”	properties located on No. 100 Tung Lo Wan Road, Hong Kong
“6th Property”	shop A on the ground floor of the properties located on No. 98 Tung Lo Wan Road, Hong Kong, the capacity of the Vendor in which is a confirmor
“7th Property”	shop B on the ground floor of the properties located on No. 98 Tung Lo Wan Road, Hong Kong, the capacity of the Vendor in which is a confirmor

LETTER FROM THE BOARD



SOUNDWILL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 878)

Executive Directors:

Foo Kam Chu Grace
Chan Wai Ling
Tse Chun Kong Thomas
Kwan Chai Ming

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-Executive Directors:

Liu Hanbo
Meng Qinghui

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

21st Floor, Soundwill Plaza
38 Russell Street
Causeway Bay
Hong Kong

Independent Non-Executive Directors:

Heng Kwo Seng
Kwan Kai Cheong
Ho Suk Yin

14 November 2006

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION DISPOSAL OF PROPERTIES

INTRODUCTION

By an announcement dated 23 October 2006 the Directors announced that on 20 October 2006, the Vendor entered into the Agreement with the Purchaser for the sale and purchase of the Properties. The consideration for the Disposal of the Properties shall be HK\$245,000,000 payable by cash.

The transaction contemplated under the Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to Shareholders' approval under Rule 14.40 of the Listing Rules. As none of the Shareholders is interested in the Disposal, none of the Shareholders are required to abstain from voting in respect of the Disposal, and the written shareholders' approval was obtained from the Controlling Shareholder on 20 October 2006 approving the Disposal in lieu of holding a general meeting in accordance with Rule 14.44 of the Listing Rules.

The purpose of this circular is to provide Shareholders with further information on the Disposal and other information in compliance with the requirements of Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

AGREEMENT FOR SALE AND PURCHASE OF PROPERTIES DATED 20 OCTOBER 2006

- Vendor : Rise Champion Holdings Limited
- Purchaser : Better Chance International Limited
- Summary : The Agreement (as further supplemented by an agreement of even date) was entered into between the Purchaser and the Vendor pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Properties. The consideration for the Disposal of the Properties by the Vendor shall be HK\$245,000,000 payable by cash. The Agreement is legally binding on the Vendor and the Purchaser.

The initial deposit and part payment being HK\$24,500,000 has been paid to the Vendor upon signing of the Agreement. A further deposit/part payment of HK\$49,000,000 has been paid to the Vendor on 31 October 2006. Up to the Latest Practicable Date, a total sum of HK\$73,500,000 has been paid by the Purchaser to the Vendor. The remaining consideration for the purchase of the Properties being HK\$171,500,000 shall be payable to the Vendor on or before completion. The Disposal is expected to be completed on or before the Completion Date.

Upon completion, the Vendor shall leave with its solicitors a sum of HK\$15,000,000 to be held by its solicitors as stakeholder and will be released when the Purchaser shall have vacant possession of all the Properties.

To the best knowledge of the Directors and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner and their respective associates do not hold any shareholding interests in and do not have any relationship with the Company or any of its associates, and are third parties independent of the Company and connected persons of the Company.

CONDITION TO BE SATISFIED BY THE VENDOR

Completion of Disposal shall be conditional upon the approval by the Shareholders having been obtained in accordance with Rule 14.44 of the Listing Rules.

In the event that such condition shall not have been fulfilled on or before 5:00 p.m. on one working day (Monday to Saturday) immediately prior to the Completion Date, the Completion Date shall be automatically postponed to the 3rd Business Day immediately following the date on which the condition shall have been fulfilled but in any event not later than 19 January 2007.

Such Shareholders' approval was obtained by way of written approval of the Controlling Shareholder on 20 October 2006.

COMPLETION

Subject to the satisfaction of the above condition, the completion of the Disposal shall take place on or before the Completion Date pending the completion of sale and purchase of 6th Property and 7th Property between Vendor and the Head Vendors.

REASONS FOR AND BENEFITS OF THE DISPOSAL OF THE PROPERTIES

The Properties are located in Causeway Bay, Hong Kong and most of them were acquired by the Group during the period from August 2004 to October 2006. The Vendor has entered into a sale and purchase agreement concerning the acquisition of the 6th Property from Tang Shuk Yee and Lee Ka Wai (as

LETTER FROM THE BOARD

head vendors) on 28 September 2006 whereas the Vendor has entered into a sale and purchase agreement concerning the acquisition of the 7th Property from Kwok Cheong Ming (as head vendor) on 30 September 2006. The said sale and purchase transactions of both 6th Property and 7th Property are expected to be completed on or before 27 December 2006. To the best knowledge of the Directors and having made all reasonable enquiries, the Head Vendors and their respective associates do not hold any shareholding interests in and do not have any relationship with the Company or any of its associates, and are third parties independent of the Company and connected persons of the Company. Except the 6th Property which is vacant, most of the units of the Properties are leased to third parties. The aggregate site area of the Properties is approximately 5,130 square feet. The Group purchased the Properties at a cost of HK\$141,000,000 in aggregate.

In light of the substantial gain expected to be generated from the Disposal, the Directors consider that it is an opportunity for the Group to realize its investments in the property market.

Based on such acquisition costs, the expected net gain accrued to the Group upon completion of the Disposal will approximately be HK\$102,000,000 after taking into account selling and other expenses payable by the Group in relation to the Disposal of approximately HK\$2,000,000. The Group intends to use the sale proceeds from the Disposal of approximately HK\$65,000,000 for settlement of mortgage loan and the balance for general working capital of the Group.

The gross rental income attributable to part of the Properties with tenancies are approximately HK\$67,500 and HK\$220,600 for the two financial years ended 31 December 2005 respectively. The net rental income attributable to part of the Properties with tenancies are approximately HK\$60,000 and HK\$181,000 for the two financial years ended 31 December 2005 respectively.

The Directors confirm that the consideration for the Properties has been determined after arm's length negotiations between the parties by reference to the market value of similar properties in the same location. As set out in Appendix II of this circular, the valuation of the Properties by the Independent Valuer with valuation date as at 19 October 2006 was approximately HK\$202,000,000 with reference to the comparable market price. The consideration of the Disposal is at 21.3% premium as compared to such value. The Directors considered that the Disposal at such premium is a good opportunity for the Group to realize its investments.

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

INFORMATION OF THE COMPANY, THE VENDOR AND THE PURCHASER

The Company

The Company is an investment holding company. The Group is principally engaged in property development, property leasing and provision of building management services in Hong Kong and infrastructure facilities in the PRC.

The Vendor

The Vendor is a wholly-owned indirect subsidiary of the Company and is (i) registered owner of 1st Property, 2nd Property, 3rd Property, 4th Property and 5th Property; and (ii) the purchaser and selling as confirmor of 6th Property and 7th Property.

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The Purchaser

Better Chance International Limited is an investment holding company incorporated in Hong Kong with limited liabilities.

To the best knowledge of the Directors and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner and their respective associates do not hold any shareholding interests in and do not have any relationship with the Company or any of its associates, and are third parties independent of the Company and connected persons of the Company.

FINANCIAL EFFECTS OF THE DISPOSAL ON THE GROUP

It is estimated that the Group will record a net gain of approximately HK\$102,000,000 from the Disposal for the year ending 31 December 2006 based on the carrying value (including all relevant costs) of the 1st Property, 2nd Property, 3rd Property, 4th Property and 5th Property of HK\$126,650,000 as at 20 October 2006 and the acquisition costs of the 6th Property and 7th Property of HK\$16,350,000.

The Disposal will have a positive effect on the Group's working capital position as the Group will retain an estimated amount of HK\$178,000,000 in cash.

The Disposal is not expected to have any material impact on the consolidated total assets and consolidated total liabilities of the Group. After the Disposal of the Properties, the consolidated total assets of the Group will be increased by the net gain of HK\$102,000,000. There will also be a decrease in consolidated total liabilities of the Group by HK\$65,000,000 due to the repayment of mortgage loan of the Properties.

LISTING RULES IMPLICATIONS

The Disposal constitutes a major transaction of the Company under the Listing Rules and is therefore subject to approval by the Shareholders under Rule 14.40 of the Listing Rules. As none of the Shareholders is interested in the Disposal, none of the Shareholders are required to abstain from voting in respect of the Disposal, and the written shareholders' approval of the Disposal was obtained from the Controlling Shareholder on 20 October 2006 in lieu of holding general meeting in accordance with Rule 14.44 of the Listing Rules.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Disposal are fair and reasonable, and the Disposal is in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors would have recommended the Shareholders to vote for the Disposal if a shareholders' meeting were to be convened to approve the Disposal.

ADDITIONAL INFORMATION

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

By Order of the Board
Soundwill Holdings Limited
Kwan Chai Ming
Executive Director

INDEBTEDNESS

As at the close of business on 30 September 2006, the Group had outstanding secured and unsecured borrowings of HK\$1,403,433,000. The borrowings comprised secured bank loans of HK\$1,315,608,000 and unsecured other borrowings of HK\$87,825,000. The bank borrowings were secured by certain investment properties with a carrying value of HK\$4,132,457,000 as at 30 September 2006.

Save as aforesaid or as otherwise disclosed herein 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 outstanding indebtedness in respect of any mortgages, charges or debentures, loan capital, bank loans and overdrafts, acceptance or acceptance credits, loans debt securities or other similar indebtedness, or hire purchase commitments, finance lease commitments, guarantees or other material contingent liabilities as at the close of business on 30 September 2006.

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the Group's indebtedness position since 30 September 2006.

WORKING CAPITAL

The net proceeds of the Disposal, after taking into account of related cost and expenses, is HK\$243,000,000. The amount of all outstanding mortgage loan of the Properties which is subject to repayment is HK\$65,000,000. After the repayment of this mortgage loan from the sales proceeds, the Group will retain an estimated amount of HK\$178,000,000 in cash. Accordingly, the Disposal has a positive effect on the Group's working capital position.

The Directors of the Company are of the opinion that, after taking into account the internal resources available to the Group, net proceed from the Disposal and present available banking facilities, the Group has sufficient working capital for the next twelve months from the date of this circular.

TRADING AND FINANCIAL PROSPECTS

The Directors believe that the Group will strive to maintain the outstanding leasing performance of the Group's flagship building, Soundwill Plaza located in Causeway Bay which is a Grade A commercial building well-known for housing retailers offering beauty-related products and services, such as beauty salons, spas, hair salons, fashion and accessories shops of famous brands. The Group's profit is expected to increase benefiting from the rental increment brought by the new leasing contracts upon renewals in the forthcoming years.

The Group has a special department to handle the urban redevelopment business which will strive to increase the Group's land reserves for future uses. The current legislation on redevelopment of old properties is under review for relaxation in the future. Together with the fact that interest rates have reached a stable level, the Group is very positive towards its urban redevelopment business and will cautiously consider to acquire more projects.

Looking ahead, the Group will continue to review its operational strategies in order to optimize its operating efficiency and will also diversify its leasing and property projects to continue its pragmatic and entrepreneurial vision.

The following is the text of a letter together with the summary of values and valuation certificate from DTZ Debenham Tie Leung Limited, the Independent Valuer, in connection with their opinion of values of the Properties as at 19 October 2006.



Formerly C Y Leung & Company
原梁振英測量師行
10/F, JARDINE HOUSE
CENTRAL, HONG KONG

14 November 2006

The Board of Directors
Soundwill Holdings Limited
21st Floor, Soundwill Plaza
38 Russell Street
Causeway Bay
Hong Kong

Dear Sirs,

Re : Nos. 8, 10 and 12 Lin Fa Kung Street West and Nos. 98 and 100 Tung Lo Wan Road, Causeway Bay, Hong Kong

We refer to your instructions for us to carry out a market valuation of the above property which is to be disposed by Rise Champion Holdings Limited or its subsidiaries (together “the Group”). We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the property as at 19th October, 2006 (the “date of valuation”).

Our valuation of the property represents its market value which in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

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

We have valued the property reflecting its redevelopment potential by direct comparison approach using various site transactions in the area and due adjustments have been made for differences between the subject property and the comparables. In addition, we have also made use of residual approach with reference to its development potential by deducting development costs from the estimated gross development value upon a series of assumptions.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as statutory notices, easements, tenure, occupancy, tenancy details, floor areas, site areas and all other relevant matters. Dimensions and measurements are based on the copies of documents provided to us by the Group and are therefore only approximations. No on-site measurement has been carried out.

We have not been provided with copies of the title documents relating to the property but have caused searches to be made at the Land Registry. However, we have not searched the original documents to verify ownership or to ascertain any amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

We have inspected the exterior of the property. However, no structural survey of the existing buildings has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the existing buildings are free of rot, infestation or any other structural defects. No test was carried out on any of the services. Moreover, we have not carried out site investigations to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no unexpected costs or delays will be incurred during the construction period.

Our valuation is prepared in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors and in compliance with Chapter 5 of the Listing Rules published by the Stock Exchange of Hong Kong Limited.

Our valuation certificate is hereby enclosed for your attention.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
Winnie Koo
Registered Professional Surveyor
M.H.K.I.S., M.R.I.C.S.
Director

Note : Ms. Winnie Koo has over 20 years' experience in valuation of properties in Hong Kong.

VALUATION CERTIFICATE

Property held by the Group for Investment

Property	Description and tenure	Particulars of Occupancy	Capital value in existing state as at 19th October, 2006
Nos. 8, 10 and 12 Lin Fa Kung Street West and Nos. 98 and 100 Tung Lo Wan Road, Causeway Bay, Hong Kong	The property comprises five building lots with five old tenement blocks, all completed in 1953, erected thereon and situated on the east side of Tung Lo Wan Road at the junction with Lin Fa Kung Street West in Causeway Bay of Hong Kong. Each of No. 8, 10 and 12 Lin Fa Kung Street West comprises 3 storeys of tenement flats for domestic use over a ground floor shop. No. 98 Tung Lo Wan Road comprises 4 storeys of tenement flats for domestic use over 3 ground floor shops. No. 100 Tung Lo Wan Road comprises 4 storeys of tenement flats for domestic use over a ground floor shop.	15 units or sub-units of the existing buildings with saleable area of approximately 8,550 sq.ft. are subject to various tenancies or licenses with the latest expiry date on 30th June, 2007 at a total rent or license fee of approximately HK\$84,425 per month. The remaining units with saleable area of approximately 7,066 sq.ft. are vacant.	HK\$202,000,000

The approximate site area of the constituent building lots of the property (including scavenging lane) are as follows:

	<i>sq.ft.</i>	<i>sq.m.</i>
I.L. 1740 s.A ss.5 (No. 8 Lin Fa Kung Street West)	1,048.83	97.44
I.L. 1740 s.A ss.4 (No. 10 Lin Fa Kung Street West)	1,048.83	97.44
I.L. 1740 s.A ss.3 (No. 12 Lin Fa Kung Street West)	1,048.83	97.44
I.L. 1740 s.A R.P. (No. 98 Tung Lo Wan Road)	1,039.32	96.56
I.L. 1740 s.A ss.6 (No. 100 Tung Lo Wan Road)	939.20	87.25
Total:	<u>5,125.01</u>	<u>476.13</u>

The property is held from the Government under a Government Lease for a term of 75 years from 1st May, 1905 and renewed for a further term of 75 years. The current aggregate Government Rent payable for the five building lots is HK\$7,520 per annum.

Notes:

- (1) The registered owners of the constituent floors of the existing buildings are as follows:

Registered Owner	Property
Rise Champion Holdings Limited	<ul style="list-style-type: none"> ● No. 8 Lin Fa Kung Street West ● No. 10 Lin Fa Kung Street West ● No. 12 Lin Fa Kung Street West ● Shop C, G/F, 1/F, 2/F, 3/F & 4/F, No. 98 Tung Lo Wan Road ● No. 100 Tung Lo Wan Road
Tang Shuk Yee & Lee Ka Wai (Joint Tenants)*	Shop A, G/F, No. 98 Tung Lo Wan Road
Kwok Cheong Ming*	Shop B, G/F, No. 98 Tung Lo Wan Road

* Vendors of shops A and B in the agreements for sale and purchase dated 28th September 2006 and 30th September 2006 respectively.

- (2) The following encumbrances are registered against the constituent floors of the existing buildings:

Property	Encumbrances
No. 8 Lin Fa Kung Street West	<ul style="list-style-type: none"> ● Deed a Mutual Covenant & Grant dated 11th September, 1953. ● Order No. DBZ/U09-07/0001/04 under s.26 of the Buildings Ordinance dated 28th April, 2005 (Re: Internal common areas).
No. 10 Lin Fa Kung Street West	<ul style="list-style-type: none"> ● Deed of Mutual Covenant & Grant dated 11th September, 1953. ● Order No. CRT/RT/000764/04/HK under s.24 of the Buildings Ordinance dated 19th April, 2004 (Re: 3/F). ● Order No. DRZ/U09-07/0001/04 under s.28(3) of the Buildings Ordinance dated 28th April, 2005 (Re: Common drains). ● Order No. DBZ/U09-07/0001/04 under s.26 of the Buildings Ordinance dated 28th April, 2005 (Re: Internal common areas).
No. 12 Lin Fa Kung Street West	<ul style="list-style-type: none"> ● Deed of Mutual Covenant & Grant dated 11th September, 1953. ● Order No. CRT/RT/005362/05/HK under s.24(1) of the Buildings Ordinance dated 9th September, 2005 (Re: G/F, 1/F & 3/F). ● Superseded Order No. CRT/RT/006699/05/HK under s.24(1) of the Buildings Ordinance dated 28th October, 2005 (Re: 2/F).
No. 98 Tung Lo Wan Road	<ul style="list-style-type: none"> ● Sub-deed of Mutual Covenant dated 10th September, 1975 (Re: Shops A, B & C, G/F). ● Deed of Mutual Covenant & Grant dated 24th March, 1954. ● Agreement for Sale and Purchase dated 28th September, 2006 in favour of Crown Summit Limited (Re: Shop A, G/F). ● Nomination dated 4th October, 2006 in favour of Rise Champion Holdings Limited (Re: Shop A, G/F). ● Agreement for Sale and Purchase dated 30th September, 2006 in favour of Rise Champion Holdings Limited (Re: Shop B, G/F).
No. 100 Tung Lo Wan Road	<ul style="list-style-type: none"> ● Deed of Mutual Covenant & Grant dated 11th April, 1953.

- (3) The property falls within Hong Kong Planning Area No. 8 and is zoned on North Point Outline Zoning Plan No. S/H8/19 dated 1st February, 2005 for “Residential (Group A)” purposes.

- (4) No. 98 Tung Lo Wan Road represents 4th Property, 6th Property and 7th Property of this circular.

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

(a) Directors' interest in the Company

As at the Latest Practicable Date, save as mentioned below, none of the Directors and chief executive has any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be (i) 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 he is taken or deemed to have taken under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

(i) Long positions in the Shares:

Name of Director	Capacity	Number of Shares	Approximate percentage of shareholding
Foo Kam Chu, Grace (<i>Note</i>)	Interest of controlled corporation	156,783,709	70.41
	Beneficial owner	96,000	0.04
Tse Chun Kong, Thomas	Interest of spouse	6,000	0.00
	Beneficial owner	723	0.00

Note: The 156,783,709 Shares are held by Ko Bee Limited, the entire issued share capital of which is held by Madam Foo Kam Chu, Grace.

(ii) Long positions in underlying shares of equity derivatives of the Company — interests in share options of the Company (being granted and remained outstanding):

Name	Capacity	Number of Shares in the option	Approximate percentage of shareholding	Exercise period	Price of grant	Subscription price per Share
Foo Kam Chu, Grace	Beneficial owner	76,000	0.03	02/07/2001 to 24/02/2007	HK\$1.00	HK\$2.97
		200,000	0.09	06/01/2005 to 05/01/2010	HK\$1.00	HK\$1.47
		200,000	0.09	04/01/2006 to 03/01/2011	HK\$1.00	HK\$2.38
Tse Chun Kong, Thomas	Beneficial owner	50,000	0.02	02/07/2001 to 24/02/2007	HK\$1.00	HK\$2.97
		60,000	0.03	08/01/2004 to 07/01/2009	HK\$1.00	HK\$1.50
		90,000	0.04	06/01/2005 to 05/01/2010	HK\$1.00	HK\$1.47
		90,000	0.04	04/01/2006 to 03/01/2011	HK\$1.00	HK\$2.38

Name	Capacity	Number of Shares in the option	Approximate percentage of shareholding	Exercise period	Price of grant	Subscription price per Share
Chan Wai Ling	Beneficial owner	60,000	0.03	02/07/2001 to 24/02/2007	HK\$1.00	HK\$2.97
		60,000	0.03	08/01/2004 to 07/01/2009	HK\$1.00	HK\$1.50
		90,000	0.04	06/01/2005 to 05/01/2010	HK\$1.00	HK\$1.47
		90,000	0.04	04/01/2006 to 03/01/2011	HK\$1.00	HK\$2.38
Kwan Chai Ming	Beneficial owner	20,000	0.01	01/06/2001 to 24/02/2007	HK\$1.00	HK\$12.40
		10,000	0.00	02/01/2002 to 24/02/2007	HK\$1.00	HK\$2.97
		80,000	0.04	04/01/2006 to 03/01/2011	HK\$1.00	HK\$2.38
Liu Hanbo	Beneficial owner	90,000	0.04	04/01/2006 to 03/01/2011	HK\$1.00	HK\$2.38
Meng Qinghui	Beneficial owner	60,000	0.03	08/01/2004 to 07/01/2009	HK\$1.00	HK\$1.50
		90,000	0.04	06/01/2005 to 05/01/2010	HK\$1.00	HK\$1.47
		90,000	0.04	04/01/2006 to 03/01/2011	HK\$1.00	HK\$2.38

- (iii) Long positions in underlying shares of equity derivatives of the Company — interests in convertible bonds each of which is convertible into one Share at the conversion price of HK\$1.66:

Name of Director	Capacity	Principal amount of convertible bonds	Number of underlying shares	Approximate percentage of shareholding
Foo Kam Chu, Grace	Interest of controlled corporation	HK\$23,499,490	14,156,319 (Note)	6.36

Note: These convertible bonds are held by Ko Bee Limited, a company wholly owned by Madam Foo Kam Chu, Grace who is deemed, by virtue of the SFO, to be interested in these convertible bonds.

(b) Directors' interests in associated corporations

Name of Director	Name of associated corporation	Capacity	Number and class of Shares	Percentage of shareholding
Foo Kam Chu, Grace	Ko Bee Limited	Beneficial owner	1 ordinary share	100

Save that Madam Foo Kam Chu, Grace is the sole director of Ko Bee Limited (“Ko Bee”), the controlling and substantial shareholder of the Company, none of the Directors is a director or employee of Ko Bee.

(c) Interests in assets of the Group

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

3. SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, as at the Latest Practicable Date, the person other than a director or chief executive of the Company who has 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 is expected, directly or indirectly, to be 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:

(a) Long positions in the Shares

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of shareholding
Ko Bee Limited	Beneficial owner	156,783,709	70.41

(b) Long positions in underlying shares of equity derivatives of the Company — interest in the convertible bonds of the Company:

Name of Shareholder	Capacity	Principal amount of convertible bonds	Number of underlying Shares	Approximate percentage of shareholding
Ko Bee Limited	Beneficial owner	HK\$23,499,490	14,156,319	6.36

4. CONSENT

DTZ Debenham Tie Leung Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and valuation certificate and the references to its name, letter and valuation certificate in the form and context in which it appears.

5. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any other member of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any other member of the Group.

6. MATERIAL CONTRACTS

Neither the Company nor any other member of the Group has entered into any material contracts (not being contracts entered into in the ordinary course of business carried out by the Group) within the two years preceding the Latest Practicable Date.

7. SERVICE AGREEMENTS

There is no existing or proposed service contract between any Directors and the Company or any other member of the Group which is not terminable within one year without payment compensation (other than statutory compensation) and no service contract has been entered into or amended within six months before the Latest Practicable Date.

8. MISCELLANEOUS

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

Each of the Directors has confirmed that he/she and their respective associates do not have any interests in a business which directly or indirectly competes with the business of the Group.

9. EXPERT

The following is the qualification of the expert who has given its letter and valuation certificate on 19 October 2006 which were made by the expert for incorporation in this circular and are contained or referred to in this circular:

Name	Qualification
DTZ Debenham Tie Leung Limited	Independent Property Valuer

As at the Latest Practicable Date, DTZ Debenham Tie Leung Limited is not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been, since 31 December 2005 (the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of or leased to, or are proposed to be acquired or disposed of or leased to any member of the Group.

10. GENERAL

- (a) The company secretary of the Company is Kwan Chai Ming, a qualified solicitor in Hong Kong.
- (b) The qualified accountant of the Company is Lau Chan Wing, Raymond, a certified public accountant in Hong Kong.
- (c) The Company's Hong Kong branch share registrar is Standard Registrars Limited, 26th Floor, Tesbury Centre, No. 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

- (e) The registered office of Ko Bee Limited is Offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, the British Virgin Islands.
- (f) The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the head office of the Group at 21st Floor, Soundwill Plaza, 38 Russell Street, Causeway Bay, Hong Kong up to and including 30 November 2006:

- (a) the memorandum and Bye-laws of the Company;
- (b) the annual reports of the Company for years ended 31 December 2004 and 31 December 2005 respectively;
- (c) the valuation report in respect of the Properties, from DTZ Debenham Tie Leung Limited, the text of which is set out in Appendix II to this circular; and
- (d) the letter of consent from the expert referred to in the section headed “Expert” in Appendix III to this circular.