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

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

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HKC INTERNATIONAL HOLDINGS LIMITED

香港通訊國際控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 248)

**MAJOR TRANSACTION:
DISPOSAL OF LANDED PROPERTY**

13 February 2007

* *For identification purposes only*

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DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	HKC International Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal in accordance with the Formal Agreement
“Consideration”	HK\$68,500,000 that the Purchaser has to pay to Generalvestor for the Disposal
“Directors”	the directors of the Company
“Disposal”	the disposal of the Property by Generalvestor to the Purchaser on and subject to the terms and conditions of the Formal Agreement
“Formal Agreement”	the formal agreement for sale and purchase for the Disposal entered into between Generalvestor as vendor and the Purchaser as purchaser dated 9 February 2007
“Generalvestor”	Generalvestor (H.K.) Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	9 February 2007, being the latest practicable date before the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Major Shareholders”	collectively: <ul style="list-style-type: none">(a) Matrix World Group Limited, an intermediate holding company of a trust founded by Mr Chan Chung Yee, Hubert, an executive Director, whose beneficiaries are the family members of Mr Chan Chung Yee, Hubert, which as at the Latest Practicable Date directly and beneficially owned 225,615,727 shares of the Company, representing 48.83% of the issued share capital of the Company; and(b) Light Emotion Limited, a company wholly-owned by Matrix World Group Limited and another intermediate holding company of a trust founded by Mr Chan Chung Yee, Hubert, an executive Director, whose beneficiaries are the family members of Mr Chan Chung Yee, Hubert, which as at the Latest Practicable Date directly and beneficially owns 8,484,848 shares of the Company, representing 1.84% of the issued share capital of the Company
“Property”	the 11th Floor, AXA Centre, 151 Gloucester Road, Hong Kong
“Provisional Agreement”	the provisional agreement for sale and purchase for the Disposal entered into between Generalvestor as vendor and the Purchaser as purchaser on 19 January 2007
“Purchaser”	Praise Sun Holdings Limited, a company incorporated in Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.
“sq.ft”	square feet
“sq.m.”	square metres

LETTER FROM THE BOARD



香港通訊

HKC INTERNATIONAL HOLDINGS LIMITED

香港通訊國際控股有限公司 *

(incorporated in the Cayman Islands with limited liability)

(Stock code: 248)

Executive Directors:

Chan Chung Yee, Hubert (*Chairman*)

Wu Kwok Lam

Chan Chung Yin, Roy

Chan Man Min

Chan Ming Him, Denny

Tsui Hon Wing

Yeh Yui Fong

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Independent non-executive Directors:

Chu Chor Lup

Chiu Ngar Wing

Leung Tai Wai, David

Principal place of business in Hong Kong

25th Floor

Oxford House

TaiKoo Place

979 King's Road

Quarry Bay

Hong Kong

13 February 2007

*To the Shareholders and, for information only,
the holders of options granted by the Company*

Dear Sir or Madam

MAJOR TRANSACTION: DISPOSAL OF LANDED PROPERTY

1. INTRODUCTION

On 23 January 2007, the Board announced that Generalvestor, a wholly owned subsidiary of the Company, entered into the Provisional Agreement on 19 January 2007 with the Purchaser for the disposal of the Property by Generalvestor. The Board further announced on 9 February 2007 that the Formal Agreement was entered into between Generalvestor and the Purchaser, which supersedes the Provisional Agreement.

* *For identification purposes only*

LETTER FROM THE BOARD

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is conditional on approval by the Shareholders. Such condition has been fulfilled by the Major Shareholders giving their written approval for the Disposal as mentioned below.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the Disposal may be obtained by written Shareholders' approval without the need of convening a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal; and (b) written approval has been obtained from one or more Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at general meetings.

The Major Shareholders, consisting of a closely allied group of Shareholders, which were directly and beneficially interested in approximately 50.67% of the issued share capital of the Company as at the Latest Practicable Date, have given their written approvals for the Disposal. Therefore, no physical general meeting of the Company will be convened for considering the Disposal.

The purpose of this circular is to give you further information regarding the Disposal.

2. THE FORMAL AGREEMENT

Parties

Vendor: Generalvestor, a wholly owned subsidiary of the Company

Purchaser: Praise Sun Holdings Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser is principally engaged in investment holding and the Purchaser and its ultimate beneficial owners are third parties independent of the Company, its subsidiaries and connected persons (as defined in the Listing Rules) of the Company.

Property to be disposed of

The 11th Floor, AXA Centre, 151 Gloucester Road, Hong Kong, with a gross floor area of approximately 12,750 sq.ft. The Property is an office premises.

Consideration

The Consideration is HK\$68,500,000, and was or will be paid in the following manner in cash:

- (1) a sum of HK\$3,425,000 was paid as initial deposit and part payment of the Consideration upon signing of the Provisional Agreement on 19 January 2007 to Generalvestor's solicitors as stakeholders who, under the terms of the Provisional Agreement, may release the initial deposit to Generalvestor provided that the balance of the Consideration is sufficient to discharge the existing legal charge/mortgage of the Property;

LETTER FROM THE BOARD

- (2) a further sum of HK\$3,425,000, which together with initial deposit mentioned above represent 10% of the Consideration, as further deposit and part payment of the Consideration was paid to Generalvestor on 9 February 2007; and
- (3) HK\$61,650,000, representing the balance of the Consideration, shall be paid on Completion on or before 30 April 2007.

The initial deposit mentioned in paragraph (1) above was released to Generalvestor on 9 February 2007 upon proof that the balance of the Consideration is sufficient to discharge the existing legal charge/mortgage of the Property.

The Consideration was determined after arm's length negotiations between Generalvestor and the Purchaser with reference to the prevailing market value of other office premises of comparable size and quality in the area where the Property is located. A valuation report on the Property has been prepared by an independent valuer, which is set out in Appendix II to this circular.

It is expected that the net proceeds from the Disposal, which amounts to approximately HK\$67.8 million, will be used as general working capital of the Group.

Condition of the Disposal

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is conditional on approval by the Shareholders having been obtained not less than seven business days before 30 April 2007.

The Major Shareholders, consisting of a closely allied group of Shareholders, which were directly and beneficially interested in approximately 50.67% of the issued share capital of the Company as at the Latest Practicable Date, have given their written approvals for the Disposal. Therefore, Shareholders' approval for the Disposal has been obtained by means of written approvals from the Major Shareholders and the condition of the Disposal was thus fulfilled.

Completion

Completion of the Disposal shall take place on or before 30 April 2007.

3. REASONS FOR THE DISPOSAL

The Property has been held by the Group as an investment since its acquisition in June 2005. The Directors consider that the Disposal provides an opportunity for the Group to realise the Property and provide working capital of the Group, after considering the present property market in Hong Kong.

The Directors are of the view that the Disposal is on normal commercial terms that are fair and reasonable to and in the interests of the Shareholders as a whole.

LETTER FROM THE BOARD

4. FINANCIAL EFFECT OF THE DISPOSAL

As at 30 September 2006, the unaudited net book value of the Property was approximately HK\$67.5 million. Therefore, the Group is to record a gain of approximately HK\$0.34 million (subject to audit) after related expenses upon Completion based on the net book value of the Property as at 30 September 2006. The excess of the Consideration over the net book value of the Property as at 30 September 2006 is approximately HK\$1 million.

For the period from the date of acquisition of the Property by the Group in June 2005 to 31 March 2006, the net loss attributable to the Property (before taxation and extraordinary items) was approximately HK\$0.64 million whereas the net loss attributable to the Property (after taxation and extraordinary items) was approximately HK\$0.64 million.

There will not be any significant impact on the net assets of the Group following the Disposal as the decrease in investment property will be offset by the increase in bank balances and cash and the decrease in mortgage loan.

As the Property has been left vacant since January 2006, net loss of approximately HK\$0.64 million (before and after taxation and extraordinary items) attributable to the Property was recorded by the Group for the period from the date of acquisition of the Property by the Group in June 2005 to 31 March 2006, after taking into account the expenses relating to the Property (including rates, government rent and management fee). The Group will cease to incur expenses (including rates, government rent, management fee and interest on mortgage loan) and to receive rental income (if any) in relation to the Property after completion of the Disposal.

The Directors confirm that the Disposal will not materially affect the business operations of the Group.

5. MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

As at 30 September 2006, the Group's bank balances and cash amounted to approximately HK\$55 million while the bank borrowings was HK\$27 million. The long-term bank borrowing was denominated in Hong Kong dollars. The gearing ratio was 10% which was expressed as a percentage of total borrowings to shareholders' fund.

Charges on Group's assets

As at 30 September 2006, the Group's banking facilities were secured by a bank deposit of HK\$7.8 million and first legal charge on certain leasehold land and buildings and investment properties with aggregate carrying values of HK\$76 million.

LETTER FROM THE BOARD

Major investment

During the six months ended 30 September 2006, the Group had not made any significant investment nor had any commitment.

Future plan for material investments

While the Directors are constantly looking for investment opportunities, no concrete new investment project has been identified.

Prospects

To diversify from mobile phone business, the Group will place more efforts and resources into product development, RFID projects and software development through its subsidiaries locally and regionally.

Employees

As at 30 September 2006, the total number of employees of the Group was approximately 360 and the aggregate remuneration of employees (excluding Directors' emoluments) amounted to HK\$25 million for the six months ended 30 September 2006. The remuneration and bonus packages of the employees are based on the individual merits and performance and are reviewed at least annually. There is a share option scheme in place designed to award employees for their performance at the discretion of the Directors. The Group maintains a good relationship with its employees.

Exposure to fluctuations in exchange rates

As substantial portion of transactions of the Group are dominated in Hong Kong dollars, the Group's exposure to fluctuation in exchange rate is low.

6. GENERAL

The Group is principally engaged in the sale and distribution of mobile phones and business solutions.

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is conditional on approval by the Shareholders. Such condition has been fulfilled by the Major Shareholders giving their written approval for the Disposal as mentioned below.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the Disposal may be obtained by written Shareholders' approval without the need of convening a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal; and (b) written approval has been obtained from one or more Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at general meetings.

LETTER FROM THE BOARD

So far as the Directors are aware after making reasonable enquiries, none of the Purchaser and its associates was a Shareholder as at the Latest Practicable Date and would have been required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. The Major Shareholders, consisting of a closely allied group of Shareholders, were directly and beneficially interested in approximately 50.67% of the issued share capital of the Company as at the Latest Practicable Date and have given their written approval for the Disposal. Therefore, no physical general meeting of the Company will be convened for considering the Disposal.

7. ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
HKC International Holdings Limited
Chan Chung Yee, Hubert
Chairman

A. WORKING CAPITAL

The Directors are of the opinion that in the absence of unforeseen circumstances and after taking into account the current cash balance and resources of the Group, the available banking facilities and the fund raised from the Disposal, the Group has sufficient working capital for its present requirements for at least 12 months from the date of this circular.

B. INDEBTEDNESS

As at the close of business on 26 January 2007, being the latest practicable date for the purpose of ascertaining information contained in this indebtedness statement before the printing of this circular, the Group had outstanding borrowings of approximately HK\$26.47 million, comprising secured bank loans of approximately HK\$26.37 million and hire purchase commitments of approximately HK\$0.1 million. The secured borrowings are secured by certain of the Group's investment properties and leasehold land and buildings.

At 26 January 2007, the Group had credit facilities from third parties in respect of which guarantees were given. The total amount of the facilities amounted to approximately HK\$74 million.

Save as aforesaid and apart from intra-Group liabilities, the Group did not have any mortgages, charges, debentures, loan capital, bank loan and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptances creditors, or any guarantees, or other material contingent liabilities outstanding at the close of business on 26 January 2007.

For the purpose of the indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate rates of exchange prevailing as at 26 January 2007.

The Directors confirm that there was no material change in the Group's indebtedness position and contingent liabilities since 26 January 2007 up to the Latest Practicable Date.

The following is the text of a letter and a valuation certificate in relation to the Property, prepared for the sole purpose of inclusion in this circular, received from LCH (Asia-Pacific) Surveyors Limited, an independent valuer.



利駿行測量師有限公司

LCH (Asia-Pacific) Surveyors Limited

CHARTERED SURVEYORS

PLANT AND MACHINERY VALUERS

BUSINESS & FINANCIAL SERVICES VALUERS

The readers are reminded that the report which follows has been prepared in accordance with the guidelines set by the HKIS Valuation Standards on Properties, First Edition, 2005 (“HKIS Standards”) published by the Hong Kong Institute of Surveyors (the “HKIS”) and entitles the valuer to make assumptions which may on further investigation, for instance by the readers’ legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer.

27th Floor
Li Dong Building
No. 9 Li Yuen Street East
Central
Hong Kong

13 February 2007

The Directors
HKC International Holdings Limited
25th Floor, Oxford House
TaiKoo Place
979 King’s Road
Quarry Bay
Hong Kong

Dear Sirs,

In accordance with your recent instructions to value the property in which HKC International Holdings Limited (hereinafter referred to as the “Company”) and its subsidiaries (hereinafter together with the Company referred to as the “Group”) have interests in Hong Kong, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary to support our findings and our opinion of value of the property as at 19 January 2007 (hereinafter referred to as the “Date of Valuation”) for the Company’s internal management reference purpose.

We understand that the use of our work product (regardless of form of presentation) would form part of the Company’s business due diligence to the property and we have not been engaged to make specific sale or purchase recommendations. We further understand that the use of our work product will not supplant other due diligence which a rational investor should conduct in reaching business decisions

regarding the property. Our findings and conclusion in this valuation are documented in a valuation report and submitted to the Company at today's date.

At the request of the management of the Company, we prepared this summary report (including this letter and the valuation certificate) to summarise our findings and conclusion as documented in the valuation report for the purpose of inclusion in this circular at today's date for the Company's shareholders' reference. Terms herein used without definition shall have the same meanings as in the valuation report, and the assumptions and caveats adopted in this summary report also apply to the valuation report.

BASIS OF VALUATION

According to the International Valuation Standards (hereinafter referred to as "IVS"), Seventh Edition, 2005 published by the International Valuation Standards Committee, which the HKIS Standards also follows, there are two valuation bases, namely market value basis and valuation bases other than market value. In this engagement, we are instructed to have our opinion of value of the property on the market value basis.

The term "Market Value" 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 has been made on the assumption that the owner sells the property on the open market in their existing states without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to increase the value of the property.

The property has been valued on an open market basis by using the sales comparison approach with the benefit of vacant possession. The sales comparison approach considers the sales, listing or offerings of similar or substitute properties and related market data establishes a value estimate by processes involving comparison. The underlying assumption of this approach is that an investor will pay no more for a property than he or she would have to pay for a similar property of comparable utility. However, in our valuation, we have not taken into account the redevelopment value or merge value of the property (if any).

MATTERS THAT MIGHT AFFECT THE VALUE REPORTED

No allowance has been made in our valuation for any charges, mortgages, outstanding premium or amounts owing on the property. Unless otherwise stated, it is assumed that the property is free from all encumbrances, restrictions, and outgoings of an onerous nature which could affect its value.

As at the Latest Practicable Date of this circular, we are unable to identify any adverse news against the property which may affect the reported value in our work product. Thus, we are not in the position to report and comment on its impact (if any) to the property. However, should it be established subsequently that such news did exist at the Date of Valuation, we reserve the right to adjust the value reported herein.

ESTABLISHMENT OF TITLES

We have not been provided with copies of the title documents relating to the property. We have caused searches to be made at the Land Registry of Hong Kong regarding the property. However, we have not searched the original documents to verify ownership or to verify any amendments which may not appear on the copy available to us. We are not legal professionals and are not qualified to ascertain the titles and to report any encumbrances that may be registered against the property. No responsibility or liability from our part is assumed.

INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY IN ACCORDANCE WITH VS4 OF THE HKIS STANDARDS

We have inspected the exterior, and where possible, the interior of the property in respect of which we have been provided with such information as we have requested for the purpose of our valuation. We have not inspected those parts of the property which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We cannot express an opinion about or advice upon the condition of uninspected parts and the attached valuation certificate should not be taken as making any implied representation or statement about such parts. No structural survey, investigation, test or examination has been made, but in the course of our inspections we did not note any serious defects in the property inspected. We are not, however, able to report that the property is free from rot, insect, infestation or any other defects. No tests were carried out to the services (if any) and we are unable to identify those services covered, unexposed or inaccessible.

Our valuation has been made on the assumption that no unauthorised alteration, extension or addition has been made in the property, and that the inspection and the use of this report do not purport to be a building survey of the property. We have assumed that the property is free of rot and inherent danger or unsuitable materials and techniques.

We have not carried out on-site measurements to verify the correctness of the areas of the property, but have assumed that the areas shown on the documents and handed to us are correct. All dimensions, measurements and areas are approximations.

Our engagement and the agreed procedure to value did not include an independent land survey to verify the legal boundaries of the property. We need to state that we are not in the land survey profession, therefore, we are not in the position to verify or ascertain the correctness of the legal boundaries that appeared on the documents handed to us. No responsibility from our part is assumed. The management of the Company or interested party in the property should conduct their own legal boundaries due diligence work.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the property, or has since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

SOURCES OF INFORMATION AND ITS VERIFICATION IN ACCORDANCE WITH VS5 OF THE HKIS STANDARDS

We have relied solely on the information provided by the management of the Company without further verification and have fully accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings and floor areas and all other relevant matters.

Information furnished by others, upon which all or portions of this report are based, is believed to be reliable but has not been verified in all cases. Our procedures to value or work do not constitute an audit, review, or compilation of the information provided. Thus, no warranty is made nor liability assumed for the accuracy of any data, advice, opinions, or estimates identified as being furnished by others which have been used in formulating this report.

When we adopted the work products from other professions, external data providers and the management of the Company in our valuation, the assumptions and caveats that adopted by them in arriving at their figures also applied in our valuation. The procedures we have taken do not provide all the evidence that would be required in an audit and, as we have not performed an audit, accordingly, we do not express an audit opinion.

To the best of our knowledge, all data set forth in the attached valuation certificate are true and accurate. Although gathered from reliable sources, no warranty is made nor liability assumed for the accuracy of any data, opinions, or estimates identified as being furnished by others which have been used in formulating the attached valuation certificate.

We are unable to accept any responsibility for the information that has not been supplied to us by the management of the Company or its appointed personnel. Also, we have sought and received confirmation from the management of the Company or its appointed personnel that no materials factors have been omitted from the information supplied. Our analysis and valuation are based upon full disclosure between us and the Company of material and latent facts that may affect the valuation.

Unless otherwise stated, all monetary amounts are in Hong Kong dollars.

We have had no reason to doubt the truth and accuracy of the information provided to us by the management of the Company or its appointed personnel. We consider that we have been provided with sufficient information to reach an informed view, and have had no reason to suspect that any material information has been withheld.

LIMITING CONDITIONS OF THIS SUMMARY REPORT

Our opinion of value of the property in this summary report is valid only for the stated purpose and only for the Date of Valuation, and for the sole use of the named Company. The valuer or its personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and the valuer accepts no responsibility whatsoever to any other person.

No responsibility is taken for changes in market conditions and local government policy and no obligation is assumed to revise this summary report to reflect events or conditions, which occur or make known to us subsequent to the date hereof.

Neither the whole nor any part of this summary report or any reference made hereto may be included in any published documents, circular or statement, or published in any way, without our written approval of the form and context in which it may appear. Nonetheless, we consent to the publication of this summary report in this circular to the Company's shareholders.

Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

The Company is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our report except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

STATEMENTS

The attached valuation certificate is prepared in line with the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as well as the guidelines as contained in the HKIS Standards. The valuation has been undertaken by valuers, acting as external valuers, qualified for the purpose of the valuation.

We retain a copy of this summary report and the valuation report together with the data from which it was prepared, and these data and documents will, according to the Laws of Hong Kong, keep for a period of 6 years from the date of this report and to be destroyed thereafter. We considered these records confidential, and we do not permit access to them by anyone, with the exception for law enforcement authorities or court order, without the Company's authorisation and prior arrangement made with us. Moreover, we will add the Company's information into our client list for our future reference.

We hereby certify that the fee for this service is not contingent upon our conclusion of value and we have no present nor prospective interest in the property, the Company, the Group or the value reported.

The valuation certificate is attached.

Yours faithfully,
For and on behalf of
LCH (Asia-Pacific) Surveyors Limited
Elsa Ng Hung Mui
B.Sc. M.Sc. RPS (GP)
Associate Director

Contributing valuer:

Terry Fung Chi Hang B.Sc.

Note: Ms. Elsa Ng Hung Mui is a Registered Professional Surveyor who has been conducting valuation of real estate properties in Hong Kong since 1994 and has more than 8 years of experience in valuing properties in mainland China. She is also a valuer on the 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 HKIS.

VALUATION CERTIFICATE

Property owned by the Group in Hong Kong for investment purpose and valued on the basis of Market Value

Property	Description and tenure	Particulars of occupancy	Market value in existing state attributable to the Group as at 19 January 2007 HK\$
The whole of 11th Floor AXA Centre No. 151 Gloucester Road Wanchai Hong Kong	The property comprises the whole of the 11th Floor of a 26-storeyed (including basement) commercial building which was completed in 1982.	The property is currently vacant.	67,000,000 (100 per cent. interest)
85/2,119th shares of and in the Remaining Portion of Section A of Inland Lot No. 2755 and the Remaining Portion of Inland Lot No. 2755 (the "Lot").	The total gross floor area and saleable area of the property are approximately 12,750 sq. ft. (1,184.50 sq. m.) and 10,584 sq. ft (983.28 sq. m.), respectively.	The property is held under a government lease for a term of 99 years commencing from 14 April 1928 renewable for a further term of 99 years.	The Government rent of the Lot is HK\$234 per annum.

Notes:

1. The current registered owner of the property is Generalvestor (H.K.) Limited via an assignment dated 7 June 2005 and registered in the Land Registry by Memorial No. 05062501730022 on 25 June 2005.
2. The property is subject to a legal charge and a rental assignment both dated 7 June 2005 in favour of Wing Hang Bank Limited via Memorial Nos. 05062501730033 and 05062501730046, respectively.

1. RESPONSIBILITY STATEMENT

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

2. DIRECTORS' INTERESTS

- (a) As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive in the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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 the interests and short positions in which they were deemed or taken 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 maintained by the Company 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 were as follows:

Name of Director	The Company/ associated corporation	Capacity	Number and class of securities	Approximate percentage of interest
Chan Chung Yee, Hubert	The Company	Founder of a trust	234,100,575 ordinary shares (each a "Share") of HK\$0.01 each (L) (Note 1 and 2)	50.67%
	The Company	Beneficial owner	8,600,000 Share (L) (Note 3)	1.86%
	Matrix World Group Limited	Founder of a trust	1 share of US\$1.00 each (L) (Note 2)	100%
Chan Chung Yin, Roy	The Company	Interest of controlled corporation	68,417,400 Shares (L) (Note 4)	14.81%
	The Company	Beneficial owner	2,000,000 Shares (L) (Note 5)	0.43%

Name of Director	The Company/ associated corporation	Capacity	Number and class of securities	Approximate percentage of interest
Chan Man Min	The Company	Interest of controlled corporation	24,709,650 Shares (L) (Note 6)	5.35%
	The Company	Beneficial owner	2,000,000 Shares (L) (Note 7)	0.43%
Yeh Yui Fong	The Company	Interest of controlled corporation	2,681,550 Shares (L) (Note 8)	0.58%
	The Company	Beneficial owner	2,000,000 Shares (L) (Note 9)	0.43%
Tsui Hon Wing	The Company	Beneficial owner	3,939,200 Shares (L) (Note 10)	0.85%
Chan Ming Him, Denny	The Company	Beneficial owner	2,000,000 Shares (L) (Note 11)	0.43%
Wu Kwok Lam	The Company	Beneficial owner	1,000,000 Shares (L) (Note 12)	0.22%

Notes:

- 1 The letter "L" represents the Director's interests in the shares and underlying shares of the Company or its associated corporations.
- 2 Among these Shares, 8,484,848 Shares were held by Light Emotion Limited, a company wholly owned by Matrix World Group Limited, and 225,615,727 Shares were held by Matrix World Group Limited, a company wholly owned by Trustcorp Limited as the trustee of a discretionary trust of which Mr. Chan Chung Yee, Hubert is the founder (within the meaning ascribed to it under Part XV of the SFO). By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, Matrix World Group Limited is deemed to be interested in the Shares held by Light Emotion Limited and Mr. Chan Chung Yee, Hubert is deemed to be interested in the Shares in which Matrix World Group Limited is interested.
- 3 Interests in these Shares comprise 4,300,000 Shares registered in the name of Mr. Chan Chung Yee, Hubert and 4,300,000 Shares to be allotted and issued to him upon the exercise in full of the outstanding option granted to him on 17 June 2005 under the share option scheme of the Company.
- 4 These Shares were held by Star Global International Limited, a company wholly owned by Mr. Chan Chung Yin, Roy. By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, Mr. Chan Chung Yin, Roy is deemed to be interested in the Shares held by Star Global International Limited.
- 5 These represent the interests of Mr. Chan Chung Yin, Roy in 2,000,000 Shares to be allotted and issued to him upon the exercise in full of the outstanding option granted to him on 17 June 2005 under the share option scheme of the Company.
- 6 These Shares were held by Ocean Hope Group Limited, a company wholly owned by Mr. Chan Man Min. By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, Mr. Chan Man Min is deemed to be interested in the Shares held by Ocean Hope Group Limited.

- 7 Interests in these Shares comprise 1,000,000 Shares registered in the name of Mr. Chan Man Min and 1,000,000 Shares to be allotted and issued to him upon the exercise in full of the outstanding option granted to him on 17 June 2005 under the share option scheme of the Company.
- 8 These Shares were held by CIT Company Limited, a company wholly owned by Mr. Yeh Yui Fong and his wife in equal share. By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, Mr. Yeh Yui Fong was deemed to be interested in the Shares held by CIT Company Limited.
- 9 Interests in these Shares comprise 1,000,000 Shares registered in the name of Mr. Yeh Yui Fong and 1,000,000 Shares to be allotted and issued to him upon the exercise in full of the outstanding option granted to him on 17 June 2005 under the share option scheme of the Company.
- 10 Interests in these Shares comprise 2,939,200 Shares registered in the name of Mr. Tsui Hon Wing and 1,000,000 Shares to be allotted and issued to him upon the exercise in full of the outstanding option granted to him on 17 June 2005 under the share option scheme of the Company.
- 11 Interests in these Shares comprise 1,000,000 Shares registered in the name of Mr. Chan Ming Him, Denny and 1,000,000 Shares to be allotted and issued to him upon the exercise in full of the outstanding option granted to him on 17 June 2005 under the share option scheme of the Company.
- 12 These represent the interests of Mr. Wu Kwok Lam in 1,000,000 Shares to be allotted and issued to him upon the exercise in full of the outstanding option granted to him on 17 June 2005 under the share option scheme of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning 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 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 maintained by the Company 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) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 March 2006, the date to which the latest published audited financial statements of the Group were made up.
- (c) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.
- (d) As at the Latest Practicable Date, none of the Directors was interested in any business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

3. DISCLOSEABLE INTERESTS UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

- (a) As at the Latest Practicable Date, so far as was known to the Directors, the following persons had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of person	Number of Shares	Capacity	Approximate percentage of interest
Matrix World Group Limited	225,615,727 (L) (Note 1)	Beneficial owner	48.83%
	8,484,848 (L) (Note 2)	Interest of controlled corporation	1.84%
Star Global International Limited (Note 3)	68,417,400 (L)	Beneficial owner	14.81%
Trustcorp Limited (Note 2)	234,100,575 (L)	Interest of controlled corporation	50.67%
Newcorp Ltd. (Note 4)	234,100,575 (L)	Interest of controlled corporation	50.67%
Newcorp Holdings Limited (Note 4)	234,100,575 (L)	Interest of controlled corporation	50.67%
David Henry Christopher Hill (Note 5)	234,100,575 (L)	Interest of controlled corporation	50.67%
David William Roberts (Note 5)	234,100,575 (L)	Interest of controlled corporation	50.67%
Rebecca Ann Hill (Note 6)	234,100,575 (L)	Interest of spouse	50.67%
Ocean Hope Group Limited (Note 7)	24,709,650 (L)	Beneficial owner	5.35%
Chan Low Wai Han, Edwina (Note 8)	70,417,400 (L)	Interest of spouse	15.24%
Josephine Liu (Note 9)	242,700,575 (L)	Interest of spouse	52.53%

Notes:

1. The letter “L” represents the person’s interests in Shares.
 2. These 8,484,848 Shares were held by Light Emotion Limited, a company wholly owned by Matrix World Group Limited, which held 225,615,727 Shares. Matrix World Group Limited is a company wholly owned by Trustcorp Limited as the trustee of a discretionary trust of which Mr. Chan Chung Yee, Hubert is the founder (within the meaning ascribed to it under Part XV of the SFO). By virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO, Matrix World Group Limited is deemed to be interested in the Shares held by Light Emotion Limited and Trustcorp Limited is deemed to be interested in all the Shares in which Matrix World Group Limited is interested.
 3. Star Global International Limited is a company wholly owned by Mr. Chan Chung Yin Roy.
 4. Trustcorp Limited is a company wholly-owned by Newcorp Ltd., which is in turn wholly owned by Newcorp Holdings Limited. By virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO, Newcorp Ltd. and Newcorp Holdings Limited are deemed to be interested in all the Shares in which Trustcorp Limited is interested.
 5. Newcorp Holdings Limited is owned as to 35% by Mr. David Henry Christopher Hill, 35% by Mr. David William Roberts and 30% by Mr. Michael J. Jenney-Herbert. By virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO, each of Mr. David Henry Christopher Hill and Mr. David William Roberts is deemed to be interested in all the Shares in which Newcorp Holdings Limited is interested.
 6. Mrs. Rebecca Ann Hill is wife of Mr. David Henry Christopher Hill. By virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO, Mrs. Rebecca Ann Hill is deemed to be interested in all the Shares in which Mr. David Henry Christopher Hill is interested.
 7. Ocean Hope Group Limited is a company wholly owned by Mr. Chan Man Min.
 8. Mrs. Chan Low Wai Han Edwina is the wife of Mr. Chan Chung Yin, Roy. By virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO, Mrs. Chan Low Wai Han Edwina is deemed to be interested in all the Shares in which Mr. Chan Chung Yin, Roy is interested.
 9. Ms. Josephine Liu is the wife of Mr. Chan Chung Yee, Hubert. By virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO, Ms. Josephine Liu is deemed to be interested in all the Shares in which Mr. Chan Chung Yee, Hubert is interested.
- (b) So far as was known to the Directors, as at the Latest Practicable Date, the following entity was the owner of 10% or more of the registered capital of a subsidiary of the Company:

Name of subsidiary	Name of shareholder	Total amount of registered capital of subsidiary	Percentage of shareholder’s interest in registered capital
ASCT Technology Co. Ltd.	Hua Dong	US\$610,000	20%

- (c) Save as disclosed above, as at the Latest Practicable Date, no other person, other than a director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, had a direct or indirect interests amounting to 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 members of the Group.

4. MATERIAL CONTRACTS

Within the two years immediately preceding the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business, had been entered into by members of the Group and are or may be material:

- (a) the provisional agreement for sale and purchase of the Property entered into by the vendor of the Property and Generalvestor as purchaser on 8 March 2005;
- (b) the formal agreement dated 24 March 2005 for the sale and purchase of the Property entered into by the vendor of the Property and Generalvestor as purchaser;
- (c) the sole agency agreement entered into by Generalvestor with Savills (Hong Kong) Limited on 17 August 2006 for the appointment of Savills (Hong Kong) Limited as their sole agent for the disposal of the Property by way of tender;
- (d) the Provisional Agreement; and
- (e) the Formal Agreement.

5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was 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 of its subsidiaries.

6. DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from 12 September 2001, and is automatically renewable for successive terms of one year upon expiry of the then current term, until terminated by not less than three months' notice in writing served by either party to the other.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation other than statutory compensation.

7. EXPERT AND CONSENT

- (a) The following is the qualification of the expert who has given its opinion which is included in this circular:

Name	Qualification
LCH (Asia-Pacific) Surveyors Limited ("LCH")	Chartered Surveyors

- (b) LCH does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) LCH has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.
- (d) LCH does not have any direct or indirect interest in any asset which has been acquired, or disposed of by, or leased to any member of the Group, or is proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 March 2006, the date to which the latest published audited financial statements of the Group were made up.

8. MISCELLANEOUS

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O.Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at 25/F., Oxford House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong.
- (b) The company secretary and qualified accountant of the Company is Mr Wu Kwok Lam, an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Pilare Limited of 10th Floor, Sun Hung Kai Centre, 30 Harbour Road, Hong Kong.
- (d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 25/F., Oxford House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong up to and including 6 March 2007:

- (a) the memorandum and articles of association of the Company;
- (b) the circular of the Company dated 20 April 2005 in relation to the acquisition of the Property by the Group;
- (c) the annual report of the Company for each of the two financial years ended 31 March 2006;
- (d) the letter and valuation certificate prepared by LCH, the text of which is set out in Appendix II to this circular;

- (e) the letter of consent referred to under the section headed “Expert and Consent” in this appendix;
- (f) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix; and
- (g) the service contracts referred to in the paragraph headed “Directors’ service contracts” in this appendix.