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

If you have sold or transferred all your shares in Inner Mongolia Development (Holdings) Limited, you should at once hand this circular together with the enclosed form of proxy 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 the transferee.

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內蒙發展(控股)有限公司
INNER MONGOLIA DEVELOPMENT (HOLDINGS) LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 279)

DISCLOSEABLE TRANSACTIONS

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DEFINITIONS

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

“Company”	Inner Mongolia Development (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are traded in the Stock Exchange of Hong Kong Limited;
“Connected Person(s)”	the meaning ascribed thereto in the Listing Rules;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hansom Finance”	Hansom Finance Limited, a subsidiary of the Company;
“Latest Practicable Date”	20 April 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	holders of Existing Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong.

LETTER FROM THE BOARD



內蒙發展(控股)有限公司
INNER MONGOLIA DEVELOPMENT (HOLDINGS) LIMITED
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

Executive Directors:

Ms Yau Shum Tek, Cindy (*Chairman*)
Mr Kwong Wai Tim, William (*Managing Director*)
Mr Lai Ming Wai
Ms Kwok Wai Ming

Independent Non-executive Directors:

Mr Lam Ping Cheung
Mr Lo Ming Chi, Charles
Mr Chiu Siu Po
Ms Hui Wai Man, Shirley
Mr Gary Drew Douglas

Registered Office:

P.O. Box 309
George Town
Grand Cayman
Cayman Islands
British West Indies

Principal place of business

in Hong Kong:

31st Floor, China United Centre
28 Marble Road
North Point
Hong Kong

24 April 2006

*To the Shareholders, and for information only,
holders of options under the Share Option Scheme*

Dear Sir/Madam,

DISCLOSEABLE TRANSACTIONS

INTRODUCTION

Reference is made to the announcement of the Company dated 6 April 2006 in relation to certain loans receivable to Sun Jian and Xiang Ying. The loans receivable made to each of Sun Jian and Xiong Ying, when aggregated in respect of each of them, were discloseable transactions under Rule 14.08 of the Listing Rules as at 22 August 2005 and 28 July 2005 respectively. This circular provides information of such loans receivable to the Shareholders.

LETTER FROM THE BOARD

THE LOANS RECEIVABLE

Set out below is a description of the loans receivable to Sun Jian and Xiong Ying:

- (A) Two loan facilities of HK\$4,800,000 and HK\$2,350,000 were extended to Sun Jian by Hansom Finance on 4 June 2005 and 22 August 2005 respectively both at an interest rate of prime rate per annum with a maturity date of 12 months from the first drawdown date and 12 months from the agreement date. The facilities are unsecured. The loan facilities will mature on 8 June 2006 and 22 August 2006 respectively. When aggregated, the two loan facilities constituted discloseable transactions of the Company upon the entering into of the second loan facility dated 22 August 2005.
- (B) Two loan facilities of HK\$3,748,828 and HK\$2,650,000 were extended to Xiong Ying by Hansom Finance on 10 June 2005 and 28 July 2005 respectively at an interest rate of prime rate per annum with maturity date of 12 months from the agreement date. The facilities are unsecured. The loan facilities will mature on 10 June 2006 and 28 July 2006 respectively. When aggregated, the two loan facilities constituted discloseable transactions of the Company upon the entering into of the second loan facility dated 28 July 2005.

The term loans were determined based on arm's length negotiations by the parties and prevailing market terms at that time.

Hansom Finance is a subsidiary of the Company and holds a money lenders licence and is engaged in the money lending business. Hence, from time to time, Hansom Finance has loans receivable due from various borrowers as part of its ordinary course of business.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Sun Jian and Xiong Ying (the borrowers of the loans set out in (A) and (B) above) are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

The repayment dates for each of the loans above were determined by commercial agreement between the parties hence the maturity dates and tenor of the loans are all different.

GENERAL

The Company is engaged in the business of trading of goods, provision of finance, trading of securities, property holding and investment and investment activities.

Save as disclosed above, the loan facilities will not have any material adverse effect on the assets and liabilities of the Company. As described above, the earnings of the Company will increase in respect of the interest of the above facilities.

By order of the Board
Yau Shum Tek, Cindy
Chairman

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 herein the omission of which would make any statement contained in this circular misleading.

DISCLOSURE OF INTERESTS**(a) Interests of Directors and Chief Executives**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any 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 and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules and which were required to be entered into the register required to be kept under section 352 of the SFO were as follows:

(i) Long positions in Shares

Name of director	Capacity	Number of Shares	Approximate % of shareholding
Yau Shum Tek, Cindy	Interest of controlled corporation	26,730,000 <i>(Note)</i>	3.94%

Note: As at the Latest Practicable Date, Ms Yau Shum Tek, Cindy, the Chairman of the Company, wholly owns and controls Red China Holdings Limited and Capital Sun Industries Limited. Capital Sun Industries Limited wholly owns Future Star Group Limited. Each of Red China Holdings Limited and Future Star Group Limited holds 50% of the issued share capital of Mainland Talent Developments Limited. Mainland Talent Developments Limited wholly owns Hastings Gold Limited which in turn wholly owns Pacific Rim Investment Management Enterprises Limited.

(ii) Interests in equity derivatives of the Company

Name of director	Date of grant	Exercisable period	Subscription price per share HK\$	Number of share options and underlying shares	Percentage of the Company's issued share capital at Latest Practicable Date
Kwong Wai Tim, William	16.1.2004	16.1.2004 to 15.1.2009	1.2	1,500,000	0.68%
Lai Ming Wai	16.1.2004	16.1.2004 to 15.1.2009	1.2	1,500,000	0.68%
				3,000,000	1.36%

Note: These share options were held by the relevant directors as beneficial owners.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any 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 and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered into the register required to be kept under section 352 of the SFO.

(b) Interests of Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executives of the Company, the following Shareholders (other than a Director or chief executive of the Company) who had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group.

Name of Shareholder	Capacity	Number of Shares	Approximate % of shareholding
Heritage International Holdings Limited	Interest of controlled corporation	65,500,000 (Notes)	9.67%
Coupeville Limited	Interest of controlled corporation	65,500,000 (Notes)	9.67%
Dollar Group Limited	beneficial owner	65,500,000 (Notes)	9.67%

Note: As at the Latest Practicable Date, Heritage International Holdings Limited wholly-owns Coupeville Limited, which in turn wholly-owns Dollar Group Limited. Dollar Group Limited holds 65,500,000 Shares of the Company, representing approximately 9.67% of the issued share capital of the Company.

Save as disclosed above, the Directors and the chief executives of the Company are not aware that there is any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares 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 who is, directly or indirectly, interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any other member of the Group.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into or proposed to enter into any service contracts with any member of the Group which does not expire or is determinable by the employer within one year without payment of compensation (other than statutory compensation).

COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and his/her respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group other than those businesses to which the Directors and his/her associates were appointed to represent the interests of the Company and/or the Group.

DIRECTORS' INTEREST IN ASSETS/CONTRACTS

None of the Directors has any direct or indirect interest in any assets which have, since 31 March 2005, being the date of the latest published audited accounts of the Group, been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

None of the Directors was materially interested in any contract or arrangement which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

LITIGATION

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

GENERAL

- (i) The secretary of the Company for the purpose of the Listing Rules is Mr Ken Chan who is a member of The Hong Kong Institute of Chartered Secretaries.
- (ii) The qualified accountant of the Company for the purpose of the Listing Rules is Mr Wong Kwok Tai. He is a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (iii) The share registrar of the Company in Hong Kong is Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (iv) The English version of this circular shall prevail over the Chinese text.