THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold all your shares in Wealthmark International (Holdings) Limited you should at once pass this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

WEALTHMARK INTERNATIONAL (HOLDINGS) LIMITED
和寶國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 039)

DISCLOSEABLE TRANSACTION
AND
CONNECTED TRANSACTION

ACQUISITION OF EQUITY INTEREST IN
HARBIN CHINA DISTILLERY CO., LTD.

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

博大資本國際有限公司
Partners Capital International Limited

The Stock Exchange has granted a waiver in accordance with Rule 14A.43 of the Listing Rules for the transactions under the Sale and Purchase Agreement to be approved by a written Shareholders' approval in lieu of holding a general meeting. In this connection, Orientelite Investments Limited and its wholly-owned subsidiary, CEC Agricapital Group Limited, each holding 195,000,000 and 128,960,000 shares of the Company, respectively, representing in the aggregate approximately 57.24% of the issued share capital of the Company and voting rights in general meeting, have each given its written approval on 22 November 2007 for the Company to enter into the Sale and Purchase Agreement and the transactions contemplated thereunder. Accordingly, no separate shareholder approval is required and no general meeting will be held. The information contained in this circular is for Shareholders' information only.

28 November 2007

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

"Acquisition"	the proposed acquisition by the Company of a 27.3% equity interest in Harbin Distillery under the terms of the Sale and Purchase Agreement
"Announcement"	the announcement dated 12 November 2007 made by the Company in relation to the Acquisition
"associate"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	any day (excluding Saturdays) on which banks generally are open for business in Hong Kong
"CEC Ethanol"	CEC Ethanol (Northeast) Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
"Company"	Wealthmark International (Holdings) Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange
"Consideration Shares"	50,040,000 Shares to be allotted and issued to the Vendor for the full settlement of the consideration for the Acquisition pursuant to the terms of the Sale and Purchase Agreement
"connected person"	has the meaning ascribed to it under the Listing Rules
"connected transaction"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Harbin Distillery"	哈爾濱中國釀酒有限公司 (Harbin China Distillery Co., Ltd.), a limited liability company organized as a Sino-foreign joint venture company established in the PRC, and a subsidiary of CEC Ethanol
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board comprising Dr. Loke Yu, Dr. Leung Kwan-Kwok and Mr. Zuchowski Sam
"Independent Shareholders"	Shareholders that are not persons who have a material interest in the transactions contemplated under the Sale and Purchase Agreement or associates of such persons
"Latest Practicable Date"	26 November 2007, 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 of Hong Kong Limited
"Partners Capital"	Partners Capital International Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities for the purposes of the SFO, is the independent financial adviser to the Independent Board Committee and the Independent Shareholders
"PRC"	the People's Republic of China, which for the purposes of this circular shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the sale and purchase agreement dated 9 November 2007 between the Vendor, the Company and CEC Ethanol
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	share(s) of HK$0.10 each in the capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendor"	哈爾濱工業資產經營有限責任公司 (Harbin Light Industry Asset Management Co., Ltd.), a State-owned enterprise established in the PRC

WEALTHMARK INTERNATIONAL (HOLDINGS) LIMITED
和寶國際控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock code: 039)

Executive Directors:
Mr. Lo Peter *(Chairman)*
Mr. Li Wentao *(Chief Executive Officer)*
Mr. Sun David Lee
Mr. Zhao Difei
Mr. Li Jian Quan
Mr. Lu Gui Pin

Non-executive Director:
Mr. Yeung Ting-Lap Derek Emory

Independent Non-executive Directors:
Dr. Loke Yu
Dr. Leung Kwan-Kwok
Mr. Zuchowski Sam

Registered office:
P.O. Box 309GT
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

Head office and principal place of business in Hong Kong:
2116 Hutchison House
10 Harcourt Road
Hong Kong

28 November 2007

To the shareholders of the Company

Dear Sir and Madam,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION

ACQUISITION OF EQUITY INTEREST IN HARBIN CHINA DISTILLERY CO., LTD.

1. INTRODUCTION

As announced by the Company on 12 November 2007, the Company and its wholly-owned subsidiary, CEC Ethanol, entered into the Sale and Purchase Agreement with the Vendor for the acquisition of a 27.3% equity interest in Harbin Distillery held by the Vendor.

Harbin Distillery is a non-wholly owned subsidiary of the Company, with CEC Ethanol holding a 72.7% equity interest in it. On completion of the Acquisition, Harbin Distillery will become a wholly-owned subsidiary of the Company, with the Company holding the other 27.3%.

As a substantial shareholder of Harbin Distillery, the Vendor is a connected person of the Company as defined in the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction which is subject to the Independent Shareholders' approval under Chapter 14A of the Listing Rules. An independent board committee of the Company has been formed to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement, and Partners Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders on the same. In addition, based on the relevant size tests, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its respective ultimate beneficial owners are independent third parties not connected with the directors, the chief executive or the substantial shareholders of the Company or any of its subsidiaries or their respective associates.

The purpose of this circular is to provide you with details on the transactions contemplated by the Sale and Purchase Agreement, the recommendation of the Independent Board Committee and the advice of Partners Capital in respect of the same.

2. SALE AND PURCHASE AGREEMENT

Parties

(1) The Vendor (as vendor)

(2) The Company (as purchaser)

(3) CEC Ethanol (in acknowledgement of the transaction as the other equity owner of Harbin Distillery)

Assets to be acquired

The Company has agreed to acquire a 27.3% equity interest in Harbin Distillery from the Vendor. On completion of the Acquisition, Harbin Distillery will become a wholly-owned subsidiary of the Company, with CEC Ethanol holding 72.7% of Harbin Distillery and the Company holding the other 27.3%.

Consideration

The consideration payable by the Company for the Acquisition is RMB60,000,000 (approximately HK$62,550,000), which will be satisfied by the issuance of the Consideration Shares by the Company to the Vendor at an issue price of HK$1.25 per Share, credited as fully paid.

The consideration has been determined after arm's length negotiations between the parties based on the amount of registered capital paid by the Vendor in respect of its 27.3% equity interest in Harbin Distillery, which was RMB60,000,000 (approximately HK$62,550,000), being the original purchase cost of such interest to the Vendor.

The issue price of the Consideration Shares of HK$1.25 per Consideration Share was determined after arm's length negotiations between the parties with reference to the recent market price of the Shares. The issue price represents:

(i) a premium of approximately 4.2% to the closing price of HK$1.20 per Share as quoted on the Stock Exchange on 9 November 2007, being the last trading day prior to the suspension of trading in the Shares pending the release of the Announcement;

(ii) a discount of approximately 2.2% to the average closing price of HK$1.278 per Share over the last 5 trading days up to and including 9 November 2007 as quoted on the Stock Exchange;

(iii) a discount of approximately 4.6% to the average closing price of HK$1.31 per Share over the last 30 trading days up to and including 9 November 2007 as quoted on the Stock Exchange; and

(iv) a premium of approximately 26.3% to the average closing price of HK$0.99 per Share at the Latest Practicable Date.

The Consideration Shares represent approximately 8.84% of the existing share capital of the Company and will represent approximately 8.12% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. The Consideration Shares will be issued under the general mandate granted to the Directors at the extraordinary general meeting of the Company held on 16 July 2007. As at the Latest Practicable Date, such general mandate has not been utilized by the Company.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

There is no restriction on the subsequent sale of the Consideration Shares under the Sale and Purchase Agreement.

The Directors are of the view that the terms of the Sale and Purchase Agreement, including the consideration payable thereunder, are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The Acquisition is conditional upon the fulfillment of, among other things, the following conditions precedent:

(a) the Vendor having obtained the requisite internal approvals for the transfer of the equity interest under the Sale and Purchase Agreement;

(b) Harbin Distillery having approved the necessary amendments to its articles of association;

(c) the necessary governmental approvals required for the transfer of the equity interest pursuant to the Sale and Purchase Agreement having been obtained;

(d) the Vendor having completed the necessary registration procedures in respect of the transfer of the equity interest in Harbin Distillery with the Administration of Commerce and Industry in Harbin Municipality;

(e) the Company having obtained the necessary shareholder approvals in accordance with the requirements of the Listing Rules; and

(f) the Stock Exchange having granted or agreed to grant the listing of and permission to deal in the Consideration Shares on the Stock Exchange.

As at the Latest Practicable Date, except for condition (e) which has been fulfilled, the fulfillment of each of the conditions mentioned above remains pending.

Completion

Completion will take place on the tenth Business Day immediately after the day when all the conditions precedent as set out above in the sub-section headed “Conditions precedent” have been satisfied.

3. SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the date of this circular and immediately after issue of the Consideration Shares upon completion of the Acquisition (assuming there is no other change in the share capital of the Company from the date of signing of the Sale and Purchase Agreement through completion):

	As at the date of this circular		**Upon completion of the Acquisition and the issue of the Consideration Shares**	
	No. of Shares	*%*	*No. of Shares*	*%*
Connected persons:				
– Orientelite Investments Limited	195,000,000	34.45	195,000,000	31.65
– CEC Agricapital Group Limited	128,960,000	22.79	128,960,000	20.93
– Winning Heart Investments Limited	4,000,000	0.71	4,000,000	0.65
– Li Jian Quan	6,640,000	1.17	6,640,000	1.08
– Lu Gui Pin	6,720,000	1.19	6,720,000	1.09
– Peter Lo	3,760,000	0.66	3,760,000	0.61
– Kan Daphne Duen Lai	100,000	0.02	100,000	0.02
Sub-total:	345,180,000	60.99	345,180,000	56.03
Vendor	–	–	50,040,000	8.12
Other public Shareholders	220,820,000	39.01	220,820,000	35.85
Total:	566,000,000	100.00	616,040,000	100.00

Notes:

(1) CEC Agricapital Group Limited is a wholly-owned subsidiary of Orientelite Investments Limited.

(2) Messrs. Li Jian Quan, Lu Gui Pin and Peter Lo are Directors.

(3) Winning Heart Investments Limited is an associate of Mr. Li Jian Quan.

(4) Ms. Kan Daphne Duen Lai is the spouse of Mr. David Lee Sun, a Director.

(5) The Vendor is currently a connected person of the Company but will cease to be so after completion of the Acquisition.

The Acquisition will not result in a change of control of the Company.

4. INFORMATION RELATING TO HARBIN DISTILLERY

Harbin Distillery is a Sino-foreign equity joint venture established in the PRC on 23 June 2006 by CEC Ethanol and the Vendor, with an equity ownership of 72.7% and 27.3%, respectively. Harbin Distillery commenced operations at the beginning of 2007 and is engaged in the sale and distribution of ethanol to traditional Chinese white spirits and overseas shochu producers. The Vendor manages certain State-owned assets under authority of the Harbin branch of the State-owned Assets Supervision and Administration Commission.

The following table shows certain audited financial information relating to Harbin Distillery for the period commencing from 23 June 2006, being the date of establishment of Harbin Distillery, to 31 December 2006, prepared in accordance with Hong Kong Financial Reporting Standards:

	Period from 23 June 2006 to 31 December 2006 *HK$'000* *(audited)*
Net loss before tax	659
Net loss after tax	659
Net asset value	148,438
Turnover	–
Total assets	148,438

Upon completion of the Acquisition, Harbin Distillery will become a wholly-owned subsidiary of the Company. Harbin Distillery will continue to be accounted for as a subsidiary of the Company and its financial results (including earnings and assets and liabilities) will be fully consolidated into and reflected in the financial statements of the Group. The Acquisition is not expected to have any material effect on the assets, earnings and liabilities of the Company.

5. REASONS FOR AND BENEFITS OF THE ACQUISITION

Since July 2007, the Group has been principally engaged in the sale and distribution of ethanol, as well as limited production of ethanol. Harbin Distillery is one of the Group's two principal operating subsidiaries. The Directors believe that the Group would benefit from administrative and management efficiencies by being the sole-owner of Harbin Distillery.

6. GENERAL

Under Chapter 14 and Chapter 14A of the Listing Rules, respectively, the Acquisition constitutes a discloseable transaction and a connected transaction for the Company that is subject to the Independent Shareholders' approval.

7. RECOMMENDATION

An Independent Board Committee of the Company has been formed to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement, and Partners Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

The Independent Board Committee, having taken into account the advice of Partners Capital, is of opinion that the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned and accordingly, recommends that the Independent Shareholders approve the Sale and Purchase Agreement.

The letter from Partners Capital containing its advice and recommendation to the Independent Board Committee is set out on pages 11 to 23 of this circular. The letter from the Independent Board Committee to the Independent Shareholders containing their recommendation is set out on page 10 of this circular.

8. SHAREHOLDERS' APPROVAL

Under the Listing Rules, the transactions contemplated under the Sale and Purchase Agreement are subject to the approval of the Independent Shareholders at a general meeting at which voting is taken by poll. To the best knowledge of the Directors, no Shareholder has a material interest in the transactions contemplated under the Sale and Purchase Agreement and therefore no Shareholder is required to abstain from voting at any general meeting convened for the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder. The Stock Exchange has granted a waiver in accordance with Rule 14A.43 of the Listing Rules for the transactions contemplated by the Sale and Purchase Agreement to be approved by a written Shareholders' approval in lieu of holding a general meeting. In this connection, Orientelite Investments Limited and its wholly-owned subsidiary, CEC Agricapital Group Limited, each holding 195,000,000 and 128,960,000 shares of the Company, respectively, representing in the aggregate approximately 57.24% of the issued share capital of the Company and voting rights in general meeting, have given their written approval on 22 November 2007 for the Company to enter into the Sale and Purchase Agreement and the transactions contemplated thereunder. Accordingly, no separate shareholder approval is required and no general meeting will be held. The information contained in this Shareholders' circular is for information only.

Yours faithfully,
For and on behalf of the Board
Wealthmark International (Holdings) Limited
David Lee Sun
Executive Director

WEALTHMARK INTERNATIONAL (HOLDINGS) LIMITED
和寶國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 039)

28 November 2007

To the Independent Shareholders

Dear Sir and Madam,

DISCLOSEABLE TRANSACTION
AND
CONNECTED TRANSACTION

ACQUISITION OF EQUITY INTEREST IN HARBIN CHINA DISTILLERY CO., LTD.

We have been appointed as the Independent Board Committee to give a recommendation to the Independent Shareholders in connection with the Sale and Purchase Agreement, details of which are set out in the Letter from the Board contained in the circular to the Shareholders dated 28 November 2007 (the "**Circular**"), of which this letter forms a part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the terms of the Sale and Purchase Agreement and the advice and opinion of Partners Capital in relation thereto as set out on pages 11 to 23 of the Circular, we are of the opinion that the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Shareholders as a whole are concerned and the Acquisition is in the interests of the Company and its shareholders as a whole.

Yours faithfully,
For and on behalf of the Independent Board Committee
Dr. Loke Yu, Dr. Leung Kwan-Kwok and Mr. Zuchowski Sam
Independent Non-executive Directors

The following is the full text of the letter of advice from Partners Capital to the Independent Board Committee and the Independent Shareholders dated 28 November 2007 for incorporation in this circular.

博大資本國際有限公司
Partners Capital International Limited

Partners Capital International Limited
Unit 3906, 39/F, COSCO Tower
183 Queen's Road Central
Hong Kong

28 November 2007

*To the Independent Board Committee
and the Independent Shareholders*

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTION –
ACQUISITION OF EQUITY INTEREST IN
HARBIN CHINA DISTILLERY CO., LTD.**

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement, particulars of which are set out in the circular (the "Circular") dated 28 November 2007, in which this letter is reproduced, which has been despatched by the Company to the Independent Shareholders in relation to the Sale and Purchase Agreement. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as ascribed to them under the section headed "Definitions" in the Circular.

As set out in the letter from the Board (the "Letter from the Board"), on 9 November 2007, the Company and its wholly-owned subsidiary, CEC Ethanol, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Company has agreed to acquire a 27.3% equity interest in Harbin Distillery from the Vendor. Harbin Distillery is a non-wholly-owned subsidiary of the Company. Upon completion of the Acquisition, Harbin Distillery will become a wholly-owned subsidiary of the Company. As a substantial shareholder of Harbin Distillery, the Vendor is a connected person of the Company as defined in the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction, and based on the relevant size tests, it is subject to the Independent Shareholders' approval under Chapter 14A of the Listing Rules. In addition, based on the relevant size tests, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. As further set out in the Letter from the Board, to the best knowledge of the Directors, no Shareholder has a material interest in the transactions contemplated under the Sale and Purchase Agreement and accordingly no Shareholder is required to abstain from voting at any general meeting convened for the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder. Furthermore, Orientelite Investments Limited, the controlling shareholder of the Company, beneficially holds in the aggregate approximately 57.24% of the issued share capital of the Company and voting rights in general meeting as at the Latest Practicable Date. It has indicated to the

Company that it will vote in favour of any resolution to be proposed at any general meeting to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. As no Shareholder is required to abstain from voting on the Acquisition, the Acquisition may, subject to compliance with other applicable requirements under the Listing Rules, be approved by a written Shareholders' approval. Accordingly, application has been made to the Stock Exchange under Rule 14A.43 of the Listing Rules for the Acquisition under the Sale and Purchase Agreement to be approved by a written Shareholders' approval in lieu of holding a general meeting. The Stock Exchange has granted a waiver in accordance with Rule 14A.43 of the Listing Rules for the transactions under the Sale and Purchase Agreement to be approved by a written Shareholders' approval in lieu of holding a general meeting. In this connection, Orientelite Investments Limited and its wholly-owned subsidiary, CEC Agricapital Group Limited, each holding 195,000,000 and 128,960,000 shares of the Company, respectively, representing in the aggregate approximately 57.24% of the issued share capital of the Company and voting rights in general meeting, have each given its written approval on 22 November 2007 for the Company to enter into the Sale and Purchase Agreement and the transactions contemplated thereunder.

Partners Capital International Limited is not connected with the directors, chief executive and substantial shareholders of the Company or the Vendor or any of their respective subsidiaries or their respective associates and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby Partners Capital International Limited will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular as provided by the executive Directors were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the executive Directors regarding the Group and the Sale and Purchase Agreement including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the executive Directors respectively in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the executive Directors. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, the Vendor, Harbin Distillery and their respective associates, nor have we carried out any independent verification of the information supplied to us.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the terms of the Sale and Purchase Agreement, we have considered the following principal factors and reasons:

1. Background of and reasons for entering into of the Sale and Purchase Agreement

Since July 2007, the Group has been principally engaged in the sale and distribution of ethanol, as well as limited production of ethanol. Harbin Distillery is one of the Group's two principal operating subsidiaries.

(i) Background of Harbin Distillery

As set out in the Letter from the Board, Harbin Distillery is a Sino-foreign equity joint venture established in the PRC on 23 June 2006 by CEC Ethanol and the Vendor, with an equity ownership of 72.7% and 27.3%, respectively. Harbin Distillery commenced operations at the beginning of 2007 and is engaged in the sale and distribution of ethanol to traditional Chinese white spirits and overseas shochu producers. The Vendor manages certain State-owned assets under authority of the Harbin branch of the State-owned Assets Supervision and Administration Commission.

(ii) Reasons for entering into of the Sale and Purchase Agreement

As further set out in the Letter from the Board, Harbin Distillery is one of the Group's two principal operating subsidiaries. The Directors believe that the Group would benefit from administrative and management efficiencies by being the sole-owner of Harbin Distillery.

Since its establishment, Harbin Distillery has engaged in the sale and distribution of ethanol to traditional Chinese white spirits and overseas shochu producers. At present, approximately 40% of the customers of Harbin Distillery are overseas shochu producers. Harbin Distillery is currently developing a 150,000 tonne ethanol production facility in the Harbin LiMin Economic & Technological Development Zone. As the facility is under construction, Harbin Distillery is not presently engaged in any ethanol production. It is currently expected that construction with respect to a 60,000 tonne production capacity can be completed by mid 2008, and construction with respect to the remaining 90,000 tonne production capacity can be completed in 2010. As advised by the Company, it is intended that Harbin Distillery would enter into the ethanol market initially through the consumable ethanol sector and will penetrate the fuel ethanol sector, which may be achieved by any combination of (i) applying for production licenses from the Chinese government; (ii) forming joint ventures with licensed producers in the PRC; (iii) technology licensing to licensed producers in the PRC; and (iv) expanding into overseas markets through exporting, forming joint venture or technology licensing.

According to a research report focusing on the liquor industry in the PRC prepared by China Commodity Marketplace (www.chinaccm.com)[1], the total production of liquor in the PRC for the first quarter of 2007 reached 8.6 million tonnes, representing an increase of approximately 21.4% as compared to that of the previous corresponding period. In addition, the output of liquor in the PRC for the two months ended 2007 amounted to approximately RMB38.8 billion. According to another research report focusing on the traditional Chinese white spirit in the PRC prepared by China Commodity Marketplace, the realized sales of traditional Chinese white spirit in the PRC reached RMB73.4 billion for the eight months ended 31 August 2007, representing an increase of approximately 34% as compared to the last corresponding period in 2006. According to the World Business Report dated 15 August 2007, the profit growth of traditional Chinese white spirit market in the PRC was faster than its revenue growth in the past few years.

On the other hand, as advised by the Directors, the Acquisition could potentially also provide an alternative energy opportunity. The worldwide ethanol market is growing and is expected to grow rapidly in the coming years due to governmental policies of using ethanol as fuel or a fuel additive in many countries, including China. According to the National Development and Reform Commission and the Eleventh Five-year Plan, the PRC Government plans to expand fuel ethanol production capacity and consumption substantially in the coming years. By 2020 fuel ethanol consumption is expected to reach 10 million tonnes. Given the existing shortage in capacity and these aggressive targets, there is a great market potential for producers who can manufacture ethanol on a cost-effective basis. While there are certain barriers imposed for entry to this market, such as required government licenses and approvals, the Group intends to actively explore this potentially enormous opportunity.

On the above basis, and in light of the positive market outlook of Harbin Distillery's ethanol business segment, we consider that the entering into of the Sale and Purchase Agreement represents an opportunity to increase the Group's investment in and exposure to the ethanol business in the PRC.

2. Terms of the Sale and Purchase Agreement

(i) Consideration

Pursuant to the Sale and Purchase Agreement, the Company will acquire 27.3% equity interest in Harbin Distillery from the Vendor at a consideration of RMB60,000,000 (approximately HK$62,550,000) which will be satisfied by way of issue of the Consideration Shares. As set out in the Letter from the Board, the Consideration has been determined after arm's length negotiations between the parties and based on the amount of registered capital paid by the Vendor in

1 China Commodity Marketplace is an institute specialised in provision of market intelligence in the pricing and trends in the raw materials and end products of various industries such as timber, agriculture, automobile, petroleum in the PRC

respect of its 27.3% equity interest in Harbin Distillery, which was RMB60,000,000 (approximately HK$62,550,000), being the original purchase cost of such interest to the Vendor.

For the purpose of assessing of the fairness and reasonableness of the Consideration, the following approaches are adopted:

- *Price/earnings multiple*

  As Harbin Distillery is engaged in the sale and distribution of ethanol to traditional Chinese white spirits and overseas shochu producers, reference to price/earnings multiple is the most common approach adopted by the investment community in valuing such kind of revenue-generating entities. However, given that Harbin Distillery was established in the PRC on 23 June 2006 and the year end date of Harbin Distillery is 31 December, there were no full year financial results of Harbin Distillery available for comparison by adopting the price-earnings multiple approach.

  For information purpose, according to the management accounts of Harbin Distillery, the unaudited net profit after tax of Harbin Distillery for the nine months ended 30 September 2007 was approximately RMB2.2 million. For the period from 23 June 2006 to 31 December 2006, Harbin Distillery recorded a net loss after tax of approximately RMB659,000.

- *Net asset value*

  In addition to price/earnings multiples, we also assess the Consideration by reference to the net assets value of Harbin Distillery. According to the joint venture contract, the capital contribution of Harbin Distillery responsible by the Vendor at the time of the establishment of Harbin Distillery was RMB60 million. According to the capital verification report of Harbin Distillery dated 24 September 2007, the Vendor has contributed RMB50 million by way of injecting intangible assets with value of RMB50 million into Harbin Distillery and will contribute equipment with value of RMB10 million into Harbin Distillery before completion of the Sale and Purchase Agreement. According to the management accounts of Harbin Distillery for the nine months ended 30 September 2007, the unaudited net assets of Harbin Distillery as at 30 September 2007 were approximately RMB212.2 million. According to the capital verification report dated 16 November 2007, the Vendor has contributed the outstanding capital contribution of RMB10 million into Harbin Distillery by injecting cash instead of equipment. Thus, the Consideration is equal to the contribution made by the Vendor in respect of its interest of 27.3% in Harbin Distillery and represents a discount of 1.1% to the net assets of Harbin Distillery adjusted for the outstanding capital contribution of RMB10 million by the Vendor. Moreover, given that Harbin Distillery was established on 23 June 2006 and it is currently developing a 150,000 tonne ethanol production facility in the Harbin LiMin Economic & Technological Development Zone, we consider that Harbin Distillery is still at its initial stage of development and it is justifiable to acquire 27.3% interest in the registered capital of Harbin Distillery by the Company from the Vendor on a dollar-for-dollar basis.

Based on the above analysis, we consider that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

3. Mode of settlement of the Consideration

Pursuant to the Sale and Purchase Agreement, the Company will acquire 27.3% equity interest in Harbin Distillery from the Vendor at a consideration of RMB60,000,000 (approximately HK$62,550,000) which will be satisfied by way of issue of the Consideration Shares. Based on the issue price of HK$1.25 (the "Issue Price"), the number of Consideration Shares to be issued will be 50,040,000. As stated in the Letter from the Board, the Issue Price of HK$1.25 was determined after arm's length negotiations between the parties with reference to the recent market price of the Shares.

For our assessment purpose, we note that the Issue Price of HK$1.25 per Consideration Share represents:–

(i) a premium of approximately 4.2% over the closing price of HK$1.20 per Share as quoted on the Stock Exchange on 9 November 2007, being the last trading day prior to the signing of the Sale and Purchase Agreement (the "Last Trading Day");

(ii) a discount of approximately 2.2% to the average closing price of approximately HK$1.278 per Share for the last five trading days up to and including the Last Trading Day;

(iii) a premium of approximately 3.6% over the average closing price of approximately HK$1.206 per Share for the last 10 trading days up to and including the Last Trading Day;

(iv) a discount of approximately 4.6% to the average closing price of approximately HK$1.31 per Share for the last 30 trading days up to and including the Last Trading Day;

(v) a discount of approximately 29.9% to the average closing price of approximately HK$1.782 per Share for the last 90 trading days up to and including the Last Trading Day;

(vi) a premium of approximately 26.3% over the average closing price of approximately HK$0.99 per Share on the Latest Practicable Date;

(vii) a premium of approximately 961 times over the net asset value per Share of HK$0.0013 as at 31 December 2006 based on the latest published audited financial information of the Group as shown in the Company's 2006 annual report and the total number of issued Shares as at the Latest Practicable Date;

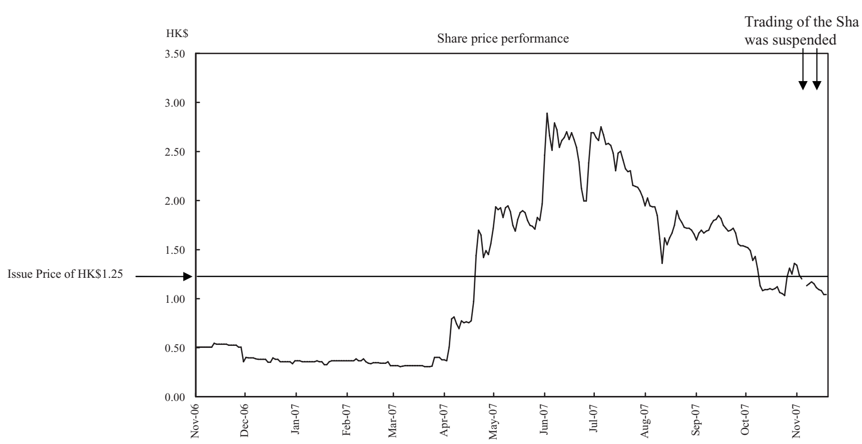
(viii) a premium of approximately 230.3% over the pro forma net asset value per Share of HK$0.3785 as at 31 December 2006 as set out in the circular of the Company dated 29 June 2007 in relation to the acquisition of majority stake in Harbin Distillery and BAPP Ethanol Holdings Limited; and

(ix) a premium of approximately 792.9% over the net asset value per Share of HK$0.14 as at 30 June 2007 based on the latest published unaudited financial information of the Group as shown in the Company's 2007 interim report and the total number of issued Shares as at the Latest Practicable Date.

For the purpose of assessing the fairness and reasonableness of the Issue Price, the following approaches are further taken into consideration:

(a) Share price performance

For the purpose of further comparing the Issue Price with the market price of the Shares, we plot the closing price level of the Shares traded on the Stock Exchange from 1 November 2006 (being the 12-month period prior to the Announcement as 52-week benchmarking period is a commonly used tenure for analysis purpose) to 9 November 2007 (being the Last Trading Day) (the "Review Period") and further up to the Latest Practicable Date (the "Extended Review Period") as follows:



Source: Infocast

During the Review Period, the lowest closing price was HK$0.30 per Share recorded on 5, 19, 20 and 21 March 2007 respectively and the highest closing price was HK$2.90 per Share recorded on 11 June 2007 respectively. The trading of the Shares was suspended on 12 November 2007 pending the publication of the Announcement and the trading of the Shares resumed on 13 November 2007. The Issue Price represents a premium of approximately 316.7% over the lowest closing price per Share and a discount of approximately 56.9% to the highest closing price per Share during both the Review Period and the Extended Review Period and a premium of approximately 26.3% over the closing price of the Shares of HK$0.99 on the Latest Practicable Date.

We note that the Shares have been trading mainly around HK$0.50 during November 2006 to March 2007. Since April 2007, the closing price of the Shares has been increasing progressively and reached a peak of HK$2.90 on 11 June 2007. Thereafter, the closing price of the Shares was on a decreasing trend and reached a trough of HK$1.03 on 31 October 2007. We note that the Company has published an announcement dated 23 April 2007 stating that the Company was in preliminary discussions with its controlling shareholder, Orientelite Investments Limited, and other independent third parties regarding a potential reorganisation of the Company's assets. In addition, we also note that the Company published an announcement dated 23 May 2007 in respect of the acquisition of ethanol business (namely, a majority stake in Harbin Distillery and BAPP Ethanol Holdings Limited) and disposal of the businesses of trading and manufacturing of handbag products and related accessories, manufacturing of garments, provision of related subcontracting services. Furthermore, we note that the Company has undergone a placing of Shares in June 2007 and raised net proceeds of approximately HK$92 million. As at the Latest Practicable Date, the closing price per Share was HK$0.99.

(b) Price/earnings multiple

Since July 2007, the Group has been principally engaged in the sale and distribution of ethanol, as well as limited production of ethanol. Harbin Distillery is one of the Group's two principal operating subsidiaries. As the Company is principally engaged in the sale and distribution of ethanol, reference to price/earnings multiple is the most common approach adopted by the investment community in valuing such kind of revenue-generating entities. However, the Group has been loss making for the year ended 31 December 2006. Accordingly, it would not be feasible and meaningful to assess the Issue Price using the price-earnings multiple approach.

(c) Net asset value

In addition to price/earnings multiples, we also assess the Company by reference to its net asset value. For comparison purpose, we have identified 14 companies (the "Comparables") listed on the Shenzhen Stock Exchange and/or Shanghai Stock Exchange which are principally engaged in the manufacturing and distribution of traditional Chinese white spirits in the PRC and we consider that the Comparables are relevant and appropriate for comparison. We have reviewed and tabulated below the premia of the closing share prices of the Comparables as at 9 November 2007 over their respective net asset value as reported in their latest published financial reports:

Company name	**Year end date**	**Market capitalisation**	**Closing share price as at 9 November 2007**	**Latest published net asset value per share**	**Premium of the closing share price on 9 November 2007 over the latest published net asset value per share**
		(RMB million)	*(RMB)*	*(RMB)*	
Anhui Golden Seed Winery Company Limited	31 December	2,036	7.81	2.27	244.1%
Anhui Gujing Distillery Company Limited	31 December	3,340	15.79 *(Note 1)*	3.53	347.3%
Beijing Shunxin Agriculture Company Limited	31 December	6,447	14.70	4.74	210.1%
Gansu Huangtai Wine-Marketing Industry Company Limited	31 December	1,189	6.70	1.93	247.2%
Hebei Hengshui Laobaigan Liquor Company Limited	31 December	2,713	19.38	2.42	700.8%
Jiugui Liquor Company Limited	31 December	8,940	29.50	1.80	1,538.9%
Kweichow Moutai Company Limited	31 December	161,881	171.52	7.28	2,256.0%
Luzhou Lao Jiao Company Limited	31 December	52,728	60.51	2.68	2,157.8%
Shandong Hiking International Company Limited	31 December	1,763	11.39	1.03	1,005.8%
Shanxi Xinghuacun Fen Wine Factory Company Limited	31 December	12,356	28.54	2.72	949.3%
Sichuan Swellfun Company Limited	31 December	10,543	21.58	2.50	763.2%
Tuopai Yeast Liquor Company Limited, Sichuan	31 December	4,105	12.17	5.10	138.6%
Wuliangye Yibin Company Limited	31 December	138,020	36.36	2.49	1,360.2%
Xinjiang Yilite Industry Company Limited	31 December	4,414	10.01	2.06	385.9%
			Mean		878.9%
			Median		732.0%

	Year end date	Market capitalisation *(HK$ million)*	Closing share price as at 9 November 2007 *(HK$)*	Latest published net asset value per share *(HK$)*	Premium of the closing share price on 9 November 2007 over the latest published net asset value per share
The Company	**31 December**	**679.2**	**1.20**	**0.14** *(Note 2)*	**757.1%**
Issue Price (HK$)			**1.25**	**0.14**	**792.9%**

Source: www.hkex.com.hk, Infocast and Bloomberg

Notes:

1. The market capitalisation was calculated using the closing price of A share of Anhui Gujing Distillery Company Limited as at 9 November 2007.

2. The unaudited net asset per Share has not taken into account the effect of the acquisition of majority stakes in Harbin Distillery and BAPP Ethanol Holdings Limited in May 2007.

Upon comparison, we note that the premium of approximately 792.9% as represented by the Issue Price over the unaudited net asset value per Share of HK$0.14 as at 30 June 2007 lies above the median of that of the Comparables.

Based on the above and taking into account the premium of the Issue Price over the closing price of the Shares on the Last Trading Date, in particular, the premium of approximately 792.9% as represented by the Issue Price over the net asset value per Share of HK$0.14 lies above the median of that of the Comparables, we consider that the Issue Price is fair and reasonable so far as the Independent Shareholders are concerned.

4. Financial effects of the Sale and Purchase Agreement on the Group

(i) Earnings

Given that Harbin Distillery has been a non-wholly owned subsidiary of the Company, its results have been consolidated into the accounts of the Group with the elimination of a minority interest. Upon completion of the Acquisition, the Group will consolidate the financial results of Harbin Distillery in full. As set out in the Letter from the Board, Harbin Distillery recorded a net loss after tax of approximately RMB659,000 for the period from 23 June 2006 to 31 December 2006. According to the management accounts of Harbin Distillery, the unaudited net profit after tax of Harbin Distillery for the nine months ended 30 September 2007 was approximately RMB2.2 million. Assuming Harbin Distillery would record a net profit for the year ending 31 December 2007, the Acquisition is expected to have a further positive effect on the earnings of the Enlarged Group after completion of the Sale and Purchase Agreements given the impact of full consolidation.

(ii) Cashflow

As the consideration will be satisfied by way of issuance of the Consideration Shares, no negative impact on the cashflow of the Group is expected to arise from the Acquisition.

(iii) Net Asset Value

According to the interim report of the Company for the six months ended 30 June 2007, the consolidated net assets attributable to equity holders of the Company were approximately HK$79.9 million. Upon completion of the Acquisition, the Group will consolidate the financial assets and liabilities of Harbin Distillery fully without minority interest. According to the joint venture contract, the capital contribution of Harbin Distillery responsible by the Vendor at the time of the establishment of Harbin Distillery was RMB60 million. According to the capital verification report dated 16 November 2007, the Vendor has contributed RMB60 million by way of injecting intangible assets with value of RMB50 million and cash in the amount of RMB 10 million into Harbin Distillery respectively. According to the management accounts of Harbin Distillery for the nine months ended 30 September 2007, the unaudited net assets of Harbin Distillery as at 30 September 2007 were approximately RMB212.2 million, which has not reflected the capital contribution of RMB10 million in cash made by the Vendor in November 2007. We note that the consideration for the Acquisition is equal to the contribution made by the Vendor in respect of its 27.3% interest in Harbin Distillery and represents a discount of 1.1% to the net assets of Harbin Distillery after adjustment for the capital contribution of RMB10 million by the Vendor into Harbin Distillery. Assuming the expenses in relation to the issue of the Consideration Shares were minimal, the consolidated net assets attributable to equity holders of the Company are expected to be enhanced after completion of the Acquisition.

Based on the above, we consider that the transactions under the Sale and Purchase Agreement are expected to have a positive effect on the Group's net assets position.

(iv) Gearing

Based on the interim report of the Company as at 30 June 2007, total liabilities of the Group were approximately HK$145.2 million as at 30 June 2007 whilst the consolidated net assets attributable to equity holders of the Group as at 30 June 2007 were approximately HK$79.9 million. As at 30 June 2007, the gearing ratio of the Group (measured by total liabilities over net assets attributable to equity holders) was 181.7%. As illustrated in the sub-paragraph headed "Net Asset Value" above, the consolidated net assets attributable to equity holders of the Company are expected to increase upon completion of the Sale and Purchase Agreements. Based on the foregoing, the gearing ratio of the enlarged Group (measured by total liabilities over net assets attributable to equity holders) is expected to be reduced as the net assets of the Group would increase upon completion of the Sale and Purchase Agreement whilst, as set out in the Letter from the Board, there is no material effect on the liabilities of the Group as a result of the Acquisition.

On such basis that the Acquisition is expected to have a positive effect on the earnings, net assets and gearing of the Group, we are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

5. Potential dilution effect on the shareholding of the Company

Based on the Issue Price, 50,040,000 Shares will be issued upon Completion, representing (i) approximately 8.84% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 8.12% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

As disclosed in the table set out in the section headed "Shareholding structure of the Company" in the Letter from the Board, the shareholdings of the Independent Shareholders in the Company will be diluted from approximately 39.01% to 35.85% upon Completion.

We were advised by the executive Directors that they had considered various financing alternatives for satisfying the Consideration. The executive Directors were of the view that debt financing would adversely affect the gearing of the Company and the interest expenses thereof would inevitably impact the profitability of the Company. In light of the above and in view that the issue of the Consideration Shares will enlarge and strengthen capital base of the Company, the executive Directors consider that the issue of the Consideration Shares is the best financing alternative available to the Company at the moment to finance the Acquisition.

Taking into account the above factors, in particular, the following:

(i) the Issue Price represents a substantial premium over the net asset value per Share;

(ii) the issue of the Consideration Shares will enlarge and strengthen capital base of the Company thereby enhancing the net asset position and gearing position of the Group; and

(iii) the executive Directors consider that the issue of the Consideration Shares is the best financing alternative available to the Company at the moment to partly finance the Acquisition,

we are of the opinion that the issue of the Consideration Shares is an acceptable means of financing the majority portion of the Consideration and the shareholding dilution to the Independent Shareholders is acceptable so far as the Independent Shareholder are concerned.

RECOMMENDATION

Having considered the principal factors and reasons, we are of the opinion that the terms of the Sale and Purchase Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Stock Exchange has granted a waiver to the Company from strict compliance with the requirement under the Listing Rules to convene an extraordinary general meeting to approve the Acquisition. Based on the fact that no one has to abstain from voting and that we are of the view that the Acquisition is fair and reasonable so far as the Shareholders are concerned, no extraordinary general meeting will be held by the Company and no voting by the Shareholders is required.

Yours faithfully,
For and on behalf of
Partners Capital International Limited

Alan Fung	**Harry Yu**
Managing Director	*Executive Director*

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. SHARE CAPITAL

The authorized and issued share capital of the Company as at the Latest Practicable Date were, immediately upon the issue of Consideration Shares (assuming there is no change from the current shareholding structure) will be as follows:

As at the Latest Practicable Date		*HK$*
Authorised share capital		
1,000,000,000	Shares	100,000,000
Issued and fully paid share capital		
566,000,000	Shares	56,600,000
Upon the issue of the Consideration Shares		
Issued and fully paid share capital		
566,000,000	Shares	56,600,000
50,040,000	new Shares	5,004,000
616,040,000	Shares	61,604,000

3. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES

Save as disclosed below, as at the Latest Practicable Date, neither the Directors nor the Chief Executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (a) 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 have taken on were deemed to have under such provisions of the SFO), or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules:

Long positions

Name of director	Capacity in which Shares are held	Number of Shares interested	Number of underlying share options	Approximate shareholding
Li Jian Quan	Interest of controlled corporation	4,000,000	–	0.71%
Li Jian Quan	Beneficial owner	6,640,000	3,320,000	1.76%
Lu Gui Pin	Beneficial owner	6,720,000	2,500,000	1.63%
Peter Lo	Beneficial owner	3,760,000	3,320,000	1.25%
David Lee Sun	Family interest	100,000	3,320,000	0.60%
Li Wentao	–	–	3,320,000	0.59%
Zhao Difei	–	–	3,320,000	0.59%

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

Save as disclosed below, the Directors are not aware of any person (not being 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 was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Name	Capacity in which Shares are held	Number of Shares interested	% of issued share capital of the Company
China Enterprise Capital Limited *(note)*	Interest of controlled corporations	323,960,000	57.24
Orientelite Investments Limited *(note)*	Beneficial owner	195,000,000	34.45
	Interest of controlled corporation	128,960,000	22.79
CEC Agricapital Group Limited	Beneficial owner	128,960,000	22.79

Note: CEC Agricapital Group Limited is a wholly-owned subsidiary of Orientelite Investments Limited which is in turn a wholly-owned subsidiary of China Enterprise Capital Limited.

The Directors are not aware that any Director or proposed Director is a director or employee of the entities which had interests or short positions in shares or underlying shares of the Company as disclosed above.

5. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have issued letters which are contained in this circular:

Name	Qualifications
Partners Capital	A licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities for the purposes of the SFO

Partners Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its respective name, in the form and context in which it appears.

As at the Latest Practicable Date, Partners Capital was not beneficially interested in the share capital of any member of the Group, nor did they have any rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any interest, either direct or indirect, in any assets which had been since 31 December 2006 (being the date to which the latest published audited accounts of the Group were made up) acquired or disposed of by or leased to any member of the Group or which were proposed to be acquired or disposed of by or leased to any member of the Group.

Partners Capital has not 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 December 2006 (being the date to which the latest published audited accounts of the Group were made up).

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or was proposing to enter, into any service contract with any member of the Group which is not determinable within one year without payment of compensation (other than statutory compensation).

8. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

No Director has any interest, and as far as each Director is aware none of his associates has any interests, in any business which competes or is likely to compete, either directly or indirectly, with the existing business of the Group.

In addition, none of the Directors or his respective associates has any interest, either directly or indirectly, in any assets which had been since 31 December 2006 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group.

None of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant to the Group's business.

9. PROCEDURE BY WHICH THE SHAREHOLDERS MAY DEMAND A POLL

Pursuant to the Article 80 of the articles of association of the Company, at any general meeting a resolution put to the vote the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:

(i) the Chairman of the meeting; or

(ii) at least five members present in person or by proxy and entitled to vote; or

(iii) any member or members present in person (or in the case of a corporation, by its duly authorized representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or

(iv) any member or members present in person (or in the case of a corporation, by its duly authorized representative) or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Unless a poll is so demanded and not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Company's book containing the minutes of proceedings of meetings of the Company shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

10. NO MATERIAL ADVERSE CHANGE

In the view of the Directors, there has been no material adverse change in the Group's financial or trading position since 31 December 2006.

11. MISCELLANEOUS

(a) The qualified accountant and secretary of the Company is Ms. Chan So Fong, FCCA, CPA. Ms. Chan is a Fellow Member of the Association of Chartered Certified Accountants and an Associate Member of the Hong Kong Institute of Certified Public Accountants.

(b) The registered office of the Company is situated at P.O. Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. The Company's head office and principal place of business in Hong Kong is situated at 2116 Hutchison House, 10 Harcourt Road, Hong Kong.

(c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(d) The English language text of this document shall prevail over the Chinese language text.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business at 2116 Hutchison House, 10 Harbour Road, Hong Kong, during normal business hours from the date of this circular up to and including 12 December 2007:

(i) the Sale and Purchase Agreement;

(ii) the letter from the Independent Board Committee as set out on page 10 of this circular;

(iii) the letter from Partners Capital as set out on pages 11 to 23 of this circular;

(iv) the written consent referred to in the paragraph headed "Experts and consents" of this appendix; and

(v) this circular.