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

If you have sold or transferred all your shares in Smart Union Group (Holdings) Limited (the “**Company**”), you should at once hand this circular and the accompanying 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 transferee.

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The logo for Smart Union, featuring the words "Smart Union" in a white, cursive script font, centered within a dark grey rounded rectangular box. Below the box is a solid black horizontal bar.

SMART UNION GROUP (HOLDINGS) LIMITED

合俊集團（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2700)

**DISCLOSEABLE TRANSACTIONS:
(1) DISPOSAL OF PRC PROPERTY;
(2) ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
GOLDBUSH DESIGN LIMITED**

A letter from the board of directors of the Company is set out on pages 5 to 12 of this circular.

19 August 2008

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DEFINITIONS

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

“Accounts Date”	30 June 2008, the date of the pro forma management accounts of the Goldbush
“Acquisition”	acquisition of the Goldbush Share and Goldbush Loan pursuant to the Acquisition Agreement
“Acquisition Agreement”	the Acquisition Agreement entered into between Top Pride, as vendor and SU Investments, a wholly own subsidiary of the Company, as purchaser regarding the sale and purchase of the Goldbush Share and Goldbush Loan
“acting in concert”	has the meaning ascribed to this term under the Hong Kong Code on Takeovers and Mergers
“associates”	has the meaning ascribed to this term under the Listing Rules
“Business Day”	a day (other than a Saturday) on which licensed banks are open for business in Hong Kong throughout their normal business hours
“Company”	Smart Union Group (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the PRC Property in accordance with the Disposal Agreement; the completion of the sale and purchase of the Goldbush Share and Goldbush Loan in accordance with the Acquisition Agreement or completion of the Subscription Agreement, as the case may be
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Directors”	the directors of the Company
“Disposal”	the disposal by SU Qingyuan of the PRC Property subject to and upon the terms and conditions of the Disposal Agreement

DEFINITIONS

“Disposal Agreement”	the sale and purchase agreement dated 29 July 2008 entered into between SU Qingyuan and Top Bright in relation to the Disposal
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal with Shares at the annual general meeting of the Company held on 22 May 2008
“Goldbush”	Goldbush Design Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is owned by Top Pride
“Goldbush Loan”	all obligations, liabilities and debts owing or incurred by Goldbush to Top Pride on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion which as at 30 June 2008 amount to HK\$7,142,059.21
“Goldbush Share”	one share of US\$1.00 each in the issued share capital of Goldbush, representing the entire issued share capital of Goldbush
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the Listing Rules
“Latest Practicable Date”	15 August 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Patents”	the patents in respect of (a) interactive toy play set with sensor of Patent No. US6,719,603B2; (b) interactive toy play set of Patent No. US6,641,455B2 legally and beneficially owned by Goldbush pursuant to Patent Assignments dated 18 July 2008, assigned from (i) the ultimate beneficial owner of Top Pride and Top Bright whom being the inventor of the patents to Goldbush, and (ii) Thinking Technology to Goldbush respectively.
“PRC”	the People’s Republic of China, and for the purpose of this circular excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Property”	a parcel of land with the site area of approximately 100,000.1m ² , various buildings and structures (including but not limited to the factory complex, staff quarter, three warehouse, canteen and working area) located at Sijiu Jiangao Village, Tangtang Town, Fogang County, Qing Yuan city, Guangdong Province, the PRC with total building area of not less than 51,715m ²
“SFO”	Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of Shares from time to time
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SU China”	Smart Union China Investments Limited, a wholly owned subsidiary of the Company and one of the guarantor of the Disposal Agreement
“SU Investments”	Smart Union Investments Limited, a wholly owned subsidiary of the Company and the purchaser of the Acquisition Agreement

DEFINITIONS

“SU Qingyuan”	Smart Union Qingyuan Industrial Limited, a wholly foreign own enterprise, a wholly owned subsidiary of SU China, the vendor to the Disposal Agreement
“Thinking Technology”	Thinking Technology, Inc. a company registered in accordance with the Laws of the Bahamas whose registered office is situate at Bolam House, King and George Streets, P.O. Box CB 11.343, Nassau, Bahamas
“Top Bright”	Top Bright Investments Limited, a company incorporated in Hong Kong, the purchaser of the Disposal Agreement, the entire issued share capital of which is owned by an Independent Third Party
“Top Pride”	Top Pride Limited, a company incorporated in the British Virgin Islands, the vendor to the Acquisition Agreement, the entire issued share capital of which is owned by an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“m ² ”	square metre
“%”	per cent.

Smart Union

SMART UNION GROUP (HOLDINGS) LIMITED

合俊集團（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2700)

Executive Directors:

Mr. Wu Kam Bun (*Chairman*)

Mr. Lai Chiu Tai (*Vice-Chairman*)

Mr. Lo Kwok Choi

Mr. Ho Wai Wah

Mr. Wong Wai Chuen

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:

Dr. Lui Sun Wing

Mr. Li Chak Hung

Mr. Tang Koon Yiu Thomas

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

Rooms 217-222

Advanced Technology Centre

2 Choi Fat Street

Sheung Shui

New Territories

Hong Kong

19 August 2008

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTIONS:
(1) DISPOSAL OF PRC PROPERTY;
(2) ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
GOLDBUSH DESIGN LIMITED**

INTRODUCTION

Reference is made to the announcement of the Company dated 1 August 2008 in respect of (1) the Disposal Agreement entered into among, SU Qingyuan, as the vendor, an indirect wholly-owned subsidiary of the Company; Top Bright, as the purchaser, an Independent Third Party; SU China, as the guarantor, an indirect wholly-owned subsidiary of the Company; and the Company, as another guarantor in respect of disposal of the PRC Property; (2) the Acquisition Agreement entered into between, SU Investments, as the purchaser, a wholly-owned subsidiary of the Company and Top Pride, as the vendor, an Independent Third Party, in respect of acquisition of the Goldbush Share and Goldbush Loan.

LETTER FROM THE BOARD

The Disposal and the Acquisition both constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with further details regarding the Disposal Agreement and Acquisition Agreement.

(1) DISPOSAL AGREEMENT

Date: 29 July 2008 (after trading hours)

Parties: (1) Vendor: Smart Union Qingyuan Industrial Limited, the vendor to the Disposal Agreement

(2) Purchaser: Top Bright Investments Limited, the purchaser to the Acquisition Agreement

(3) Guarantors: SU China, one of the guarantors to the Disposal Agreement

The Company, one of the guarantors to the Disposal Agreement

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Top Bright and its ultimate beneficial owner is an Independent Third Party. The ultimate beneficial owners of Top Bright and Top Pride are the same.

Assets to be disposed of

The PRC Property including but not limited to the land and the building located at Sijiu Jiangaog Village, Tangtang Town, Fogang County, Qing Yuan City, Guangdong Province, the PRC.

Consideration

The consideration for the Disposal is HK\$27,000,000 and shall be paid by Top Bright in the manner as follows:

- (1) as to HK\$10,000,000 to be satisfied in cash by Top Bright delivering to SU Qingyuan to a designated account of SU Qingyuan upon signing of the Disposal Agreement;
- (2) as to HK\$7,000,000 to be satisfied in cash by Top Bright delivering to SU Qingyuan to a designated account of SU Qingyuan on Completion;

LETTER FROM THE BOARD

- (3) as to HK\$10,000,000 to be satisfied by the transfer of Goldbush Share and Goldbush Loan by Top Bright to SU Qingyuan (or its nominee) in accordance with the terms and conditions of the Acquisition Agreement.

The consideration for the Disposal was arrived at after arm's length negotiations between the parties to the Disposal Agreement and have taken into account (i) the net book value of the PRC Property of approximately HK\$54.3 million; (ii) the remote location of Qing Yuan area, and there is no open property market and lack of immediate willing buyers for the factory building in that county district; (iii) the Group is now negotiating with Top Bright for leasing back of the PRC Property, such that there will not be any material disruption to the Group production operation; (iv) adverse effect of the flooding incidents in Zhangmutou in the productivity of the Group, the Group requires more working capital for its operation; and (v) the Disposal enables the Group to realize cash for future operation and development. As such the Directors are of the view that, despite the expected loss resulting from the Disposal, the consideration and the terms of the Disposal Agreement are fair and reasonable, and is in the interests of the Group and the Shareholders as a whole.

Conditions precedent

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

- (1) legal opinion on the laws of the PRC to be issued by a firm of PRC lawyers acceptable to the Purchaser covering such matters relevant to the transactions contemplated under the Disposal Agreement in such form and substance to the satisfaction of the Purchaser having been obtained including but not limited to an opinion that the Vendor is the legal and beneficial owner, user, and occupier of the PRC Property free from incumbrances at the time and immediately before completion and the Purchaser shall be the legal and beneficial owners, user and occupier of the PRC Property free from incumbrances and the Vendor shall cease to have any interest therein or thereon after completion;
- (2) all necessary approvals, consents, authorizations or other approvals of any kind in connection with the entering into and performance of the terms of the Disposal Agreement which may required from any regulatory authority and under any existing contractual arrangements of the Purchaser including loans, security and other finance documentation and the satisfaction of any regulatory requirements to which the Purchaser is subjected to and/or such other party or authority may request; and
- (3) the Acquisition Agreement having become unconditional (save for the conditions for the Disposal Agreement to become unconditional).

LETTER FROM THE BOARD

If any of the conditions set out above have not been satisfied on or before 12:00 noon on 20 August 2008, or such later date as the parties may agree, the Disposal Agreement shall cease and determine and neither party shall have any obligations and liabilities hereunder save for any antecedent breaches of the terms thereof.

Condition subsequent

The parties agreed a condition subsequent in additional to the conditions precedent, upon Completion, SU Qingyuan shall within four months complete all necessary transfer and registration of the legal title to the PRC Property in favour of Top Bright (or its nominee PRC company) and all consents, approvals, permits, authorisations or clearances (as the case may be) that Top Bright considers appropriate pursuant to the applicable laws for the execution, implementation and completion of the sale and purchase the PRC Property having been obtained and for continuation of the business of SU Qingyuan, and all such consents, approvals, permits, authorisations and clearances not having been revoked or withdrawn.

If the condition subsequent not fulfilled within four months from the Completion or such later date as the parties may determine, the Purchaser may at its sole discretion unwind the transactions to the extent completed as contemplated in the Disposal Agreement, including (i) repay and/or procure the repayment to Top Bright the money paid by Top Bright together with interest accrued at the best lending rate for Hong Kong dollar as quoted by The Bank of China, Hong Kong compounded monthly calculated from the date of payment by Top Bright until the date the full amount of the money as paid and interest accrued is repaid to Top Bright; and (ii) procure the unwinding of the Goldbush Agreement.

In case the condition subsequent is not fulfilled, the Company will make further announcement in compliance with the Listing Rules.

Completion

Completion will take place within three Business Days after all the conditions as stated above have been satisfied or waived (as the case may be) which shall be simultaneously with the completion of the Acquisition Agreement.

It is the intention of the parties to the Disposal Agreement to negotiation for lease back of the PRC Property to the Group. Subsequent announcement will be published if necessary, in compliance with the Listing Rules.

LETTER FROM THE BOARD

(2) ACQUISITION AGREEMENT

Date: 29 July 2008 (after trading hours)

Parties: (1) Top Pride, the vendor to the Acquisition Agreement
(2) SU Investments Limited, the purchaser to the Acquisition Agreement

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Top Pride and its ultimate beneficial owner is an Independent Third Party. The ultimate beneficial owners of Top Pride and Top Bright are the same.

Assets to be acquired

Pursuant to the Acquisition Agreement, SU Investments has agreed to acquire and Top Pride as agreed to sell: (i) the Goldbush Share being one share of US\$1.00 in the share capital of Goldbush, representing the entire issued share capital of Goldbush; and (ii) the Goldbush Loan, which amounts to approximately HK\$7,142,059.21 as at 30 June 2008.

Consideration

The consideration for the sale and purchase of the Goldbush Share and Goldbush Loan is HK\$10,000,000, which shall be applied to set off part of the consideration for the sale and purchase of the PRC Property in accordance with the terms and conditions of the Disposal Agreement.

The consideration for the Acquisition was arrived at after arm's length negotiations between the parties to the Acquisition Agreement and has taken into account the net assets value of Goldbush amount to approximately HK\$7.80 and the Goldbush Loan amounts to approximately HK\$7,142,059.21. As the Company is acquiring both the Goldbush Shares and Goldbush Loan, and which the Goldbush Loan of approximately HK\$7,142,059.21 will be assigned, accordingly, the remaining amount of approximately HK\$2,857,940.79 will be a premium for the future benefit which would be obtained from the Patents and the utilization of the Patents related manufacturing moulds and tools. The Company considers that the consideration for the Acquisition to be fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

Condition

- (1) SU Investments being satisfied with the results of the due diligence review on Goldbush to be conducted;
- (2) all necessary consents and approvals required to be obtained on the part of Top Pride and SU Investments in respect of the Acquisition Agreement and the transactions contemplated thereby having been obtained;
- (3) the warranties as stated in the Acquisition Agreement remaining true and accurate in all respects;
- (4) the Disposal Agreement having become unconditional (save for the conditions for the Acquisition Agreement to become unconditional).

If any of the conditions set out above have not been satisfied on or before 12:00 noon on 20 August 2008, or such later date as the parties may agree, the Acquisition Agreement shall cease and determine and neither party shall have any obligations and liabilities hereunder save for any antecedent breaches of the terms thereof.

Completion

Completion will take place within three Business Days after all the conditions as stated above have been satisfied or waived (as the case may be) which shall be simultaneously with the completion of the Disposal Agreement.

INFORMATION ON THE PRC PROPERTY

The PRC Property is a factory complex situated at Sijiu Jiangaog Village, Tangtang Town, Fogang County, Qing Yuan City, Guangdong Province, the PRC. The total area of the land of PRC Property is approximately 100,000.1m² and the total gross floor area of the buildings on the said land which form part of the PRC Property including Factory, Dormitory, 3 warehouses, canteen, workshop and other buildings is approximately 51,715m². The PRC Property has been served as the production facilities of the Group.

Top Bright is a company incorporated in Hong Kong, which is principally engaging in investment holding. Its entire issued share capital is owned by the ultimate beneficial owner of Top Pride, an Independent Third Party.

INFORMATION ON GOLDBUSH

Goldbush is a company incorporated in the British Virgin Islands on 9 January 2008, principally engaged in investment holding, its entire issued share capital is owned by Top Pride. Goldbush is the legal and beneficial owner of the Patents granted in the United State of America.

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The Patents cover some interactive toy play sets with or without sensor are originally invented by the ultimate beneficial owner of Top Bright and Top Pride, which together with the related manufacturing moulds and tools for manufacturing of two interactive electronic toys known as “Interactive Workbench” and “Cool Sounds Kitchen” were subsequently assigned to Goldbush. The Patents effectively granted the inventor, its assignee and/or successor a monopoly and exclusive rights on the invention including but not limited to manufacturing of the products for a period of 20 years from 29 August 2002. To the best of the knowledge of Top Pride, the Patents are not subject to any existing or subsisting third party rights or licence or agreement to grant any licence to any third party.

Top Pride is a company incorporated in the British Virgin Islands, which is principally engaging in investment holding. Its entire issued share capital is owned by the same ultimate beneficial owner of Top Bright, an Independent Third Party.

REASONS FOR THE DISPOSAL AND THE ACQUISITION

The Group is principally engaged in manufacturing and trading of toys and recreational products on an OEM basis. The Group will continue to carry on its existing business after Completion.

During the year 2007, the toy industry is facing amid difficulties and challenges and the Group cannot escape from the problems caused by the industry and business environment. The product recall incident badly affected the toy industry which has eroded the confidence of various markets, investors and regulators which consequently induce the strict control on painting process, operation system and safety concern. As such, the Group’s testing cost, control cost and operation cost incurred in manufacturing and product procurement have been tremendously increased.

In addition, the recent heavy rain and flooding incident in Zhangmutou, Dongguan, the PRC directly affect the productivity and operation of the Group, as such, the Group requires more working capital for its operation.

The Disposal enables the Company to (i) re-allocate all its resources and the management focus to its remaining business for more efficient management, (ii) realize cash for future development and investment of the Group. In addition, the intention and negotiation by the parties of leasing back the PRC Property to the Group may allow the Group to keep its existing operation but with better cash position.

The Acquisition, through the indirect acquisition of the Patents rights and the related manufacturing moulds and tools for manufacturing of two interactive electronic toys known as “Interactive Workbench” and “Cool Sounds Kitchen” introduces a good opportunity for the Group to (i) capture the huge market potential of the toy’s industry; (ii) strengthen the Group’s business model by upward integrating into the sales and distribution section of the toy’s industry in which the Group has not tapped previously; (iii) develop high-end products with proprietary ownership and direct sales channel and reduce the reliance of the thin-margin

LETTER FROM THE BOARD

manufacturing business, i.e. gradually transform the OEM manufacturer to a toy company. As such, the Group could expand its business by producing and selling its own toys products thereafter in addition to its current OEM business.

The Directors consider the terms of the Disposal Agreement and the Acquisition Agreement were entered into by the parties thereto after arm's length negotiations and on normal commercial terms and the terms of the Disposal Agreement and the Acquisition Agreement are fair and reasonable and are in the interest of the Company and its Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND THE ACQUISITION

Upon completion of the Disposal, the Group will cease holding any interests in the PRC Property.

Upon completion of the Acquisition, Goldbush shall become an indirect wholly-owned subsidiary of the Company and its accounts will be consolidated into the Group's accounts as subsidiary of the Company.

As Goldbush was incorporated on 9 January 2008, there is no track record of revenue, profit before and after taxation for the past two years. According to its unaudited financial statements of Goldbush, the total assets of which amount to HK\$7,142,059.21.

It is estimated that, upon completion of the Disposal and Acquisition, the Group will record a loss on disposal of the PRC Property of approximately HK\$27.3 million which is based on the net book value of the PRC Property of approximately HK\$54.3 million minus the disposal consideration of HK\$27 million. Such loss on disposal will be reflected in the consolidated financial statements of the Group in the year ending 31 December 2008. The net proceeds of the Disposal of approximately HK\$26.9 million will be applied towards the general working capital of the Group.

ADDITIONAL INFORMATION

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

By order of the Board
Smart Union Group (Holdings) Limited
Wu Kam Bun
Chairman

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 concerning the Company and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company and their respective associates 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 (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 the director is taken or deemed to have under such provisions of the SFO, (b) the Model Code for Securities Transactions by Directors of Listed Issuers or (c) which were required to be entered into the register pursuant to section 352 of the SFO were as follows:

Name	Number or attributable number of Shares held or short positions	Capacity		Approximate percentage or attributable percentage of shareholding (%)
		Interest of controlled corporations	Beneficial owner	
Wu Kam Bun	182,442,000 (L)	179,288,000 (L) (Note 1)	3,154,000 (L) (Note 2)	39.62
Lai Chiu Tai	179,588,000 (L)	179,288,000 (L) (Note 1)	300,000 (L) (Note 3)	39.00
Lo Kwok Choi	500,000 (L)	–	500,000 (L) (Note 4)	0.11
Ho Wai Wah	500,000 (L)	–	500,000 (L) (Note 4)	0.11
Wong Wai Chuen	1,000,000 (L)	–	1,000,000 (L) (Note 4)	0.22

Name	Number or attributable number of Shares held or short positions	Capacity		Approximate percentage or attributable percentage of shareholding (%)
		Interest of controlled corporations		
		Beneficial owner		
Tang Koon Yiu Thomas	80,000 (L)	–	80,000 (L) (Note 4)	0.02
Li Chak Hung	80,000 (L)	–	80,000 (L) (Note 4)	0.02
Law Yuet Yee	1,000,000 (L)	–	1,000,000 (L) (Note 5)	0.22
Ho Chi Kwong	650,000 (L)	–	650,000 (L) (Note 5)	0.14
Chu Wai Fun	200,000 (L)	–	200,000 (L) (Note 5)	0.04

L: Long Position

Note:

1. The 179,288,000 Shares were owned by Smart Place Investments Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is held as to 38.5% by Mr. Wu Kam Bun, 38.5% by Mr. Lai Chiu Tai, 10% by Mr. Ho Wai Wah, 10% by Mr. Lo Kwok Choi, and 3% by Mr. Wong Wai Chuen, all being executive Directors. Mr. Wu and Mr. Lai are deemed to be interested in the 179,288,000 Shares held by Smart Place Investments Limited by virtue of the SFO.
2. The interests in 3,154,000 Shares represent 2,854,000 Shares and 300,000 Shares to be allotted and issued upon the exercise of the share options granted to Mr. Wu Kam Bun under the share option scheme of the Company.
3. The interests in 300,000 Shares represent 300,000 Shares to be allotted and issued upon the exercise of the share options granted to Mr. Lai Chiu Tai under the share option scheme of the Company.
4. The interests in Shares represent Shares to be allotted and issued upon the exercise of the share options granted to Directors under the share option scheme of the Company.
5. The interests in Shares represent Shares to be allotted and issued upon the exercise of the share options granted to chief executives under the share option scheme of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed

to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity	Number or attributable number of Shares held or short positions	Approximate percentage or attributable percentage of shareholding (%)
Ip Chor Wan (<i>Note 1</i>)	Interest of spouse	182,442,000 (L)	39.62
Chan Wai Ling (<i>Note 2</i>)	Interest of spouse	179,588,000 (L)	39.00
Smart Place Investments Limited	Beneficial owner	179,288,000 (L)	38.93
Tang Xue Jin	Beneficial owner	118,000,000 (L)	25.62
Miao Jun Lin (<i>Note 3</i>)	Interest of spouse	43,000,000 (L)	9.34
Zhong Sheng Jian (<i>Note 3</i>)	Interest of corporation controlled	43,000,000 (L)	9.34
Yanlord Holdings Pte Limited (<i>Note 3</i>)	Interest of corporation controlled	40,000,000 (L)	8.69
Yanlord Capital Pte Limited (<i>Note 3</i>)	Beneficial owner	40,000,000 (L)	8.69
Wong Ying Wai (<i>Note 4</i>)	Interest of corporation controlled	168,000,000 (L)	36.48
Starmate Development Inc. (<i>Note 4</i>)	Person having security interest in shares	168,000,000 (L)	36.48

L: Long Position

Notes:

- Ms. Ip Chor Wan is the wife of Mr. Wu Kam Bun. She is deemed to be interested in all the shares in which Mr. Wu Kam Bun is interested by virtue of the SFO.

2. Ms. Chan Wai Ling is the wife of Mr. Lai Chiu Tai. She is deemed to be interested in all the shares in which Mr. Lai Chiu Tai is interested by virtue of the SFO.
3. 40,000,000 Shares were beneficially held by Yanlord Capital Pte Limited, a company incorporated in Singapore, which is wholly controlled by Yanlord Holdings Pte Limited. Zhong Sheng Jian is the controlling shareholder of Yanlord Holdings Pte Limited and Miao Jun Lin is the spouse of Zhong Sheng Jian, accordingly, Zhong Sheng Jian and Miao Jun Lin are deemed to be interested in all 40,000,000 Shares.
4. Starmate Development Inc. has a security interest in 168,000,000 Shares. It is wholly controlled by Wong Ying Wai, accordingly, Wong Ying Wai is deemed to be interested in all 168,000,000 Shares.

(c) Substantial shareholders of other members of the Group

As at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange 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.

As at the Latest Practicable Date, the executive Directors, namely Wu Kam Bun, Lai Chiu Tai, Ho Wai Wah, Lo Kwok Choi, and Wong Wai Chuen, were directors of Smart Place Investments Limited, which was interested in 179,288,000 Shares.

3. 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 2 September 2006 and may be terminated by either party by giving not less than three months' written notice at the end of the initial term or any time thereafter.

The former service contracts entered into by the Company and each of the independent non-executive Directors were expired on 1 September 2007. On 1 September 2007, each of the independent non-executive Directors entered into a new service contract with the Company for a term of one year commencing on 1 September 2007 and either the Company or the independent non-executive Directors may terminate the appointment by giving the other a prior notice of not less than three months in writing before its expiration.

Save as disclosed above, none of the directors of the Company has a contract of service with the Company or any of its subsidiaries not determinable by the Company within one year without payment of compensation (other than statutory compensation).

4. LITIGATION

So far as the Directors are aware, no member of the Group is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

5. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or their respective associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Group or, any other conflicts of interest within the Group.

6. 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.
- (b) The head office and principal place of business of the Company in Hong Kong is located at Rooms 217-222, Advanced Technology Centre, 2 Choi Fat Street, Sheung Shui, New Territories, Hong Kong.
- (c) The principal share registrar and transfer office of the Company is Bank of Bermuda (Cayman) Limited whose address is at PO Box 513GT, Strathvale House, North Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited whose address is at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (e) The qualified accountant of the Company is Mr. Wong Wai Chuen. Mr. Wong is a fellow member of Association of Chartered Certified Accountants in the United Kingdom and an associate of Hong Kong Institute of Certified Public Accountants. Mr. Wong obtained a master degree of science in information systems in 1998 and a master degree of science in finance in 2002 from the Hong Kong Polytechnic University and City University of Hong Kong respectively.

- (f) The company secretary of the Company is Mr. Siu Wai Man. He holds a master degree of arts in arbitration and dispute resolution from City University of Hong Kong and a master degree of science in financial management from the University of London. He is a member of the Chartered Institute of Arbitrators in the United Kingdom, a fellow of The Association of Chartered Certified Accountants in the United Kingdom and an associate of the Hong Kong Institute of Certified Public Accountants.

- (g) The English text of this circular shall prevail over their respective Chinese text in case of inconsistency.