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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in Hop Fung Group Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**合豐集團控股有限公司**  
**HOP FUNG GROUP HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 2320)**

**DISCLOSEABLE TRANSACTION**  
**ACQUISITION OF ASSETS**

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## DEFINITIONS

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

“Acquisition”	the acquisition of the Paper Production Line pursuant to the Agreement
“Additional Acquisitions”	additional or further acquisitions of ancillary equipment and services for the kraft linerboard Paper Production Line
“Agreement”	the agreement dated 31st May 2006 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Board”	the board of Directors
“Company”	Hop Fung Group Holdings Limited
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	27th June 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Paper Production Line”	a kraft linerboard paper production line custom built in accordance with the specifications of the Company
“PRC”	the People’s Republic of China which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Green Forest (QingXin) Paper Industrial Limited, a company incorporated in the PRC, and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC. For the purpose of this circular and for reference purpose only, RMB has been translated to HK\$ as to HK\$1 to RMB1.034. No representation is made that such amounts were or could be exchanged at such rate

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	維美德西安造紙機械有限公司 (Valmet-Xian Paper Machinery Co., Ltd.). To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiry by the Directors, such vendor and its ultimate beneficial owner are not connected persons (as defined in the Listing Rules) of the Company

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## LETTER FROM THE BOARD

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合豐集團控股有限公司

**HOP FUNG GROUP HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2320)**

*Executive Directors:*

Mr. Hui Sum Kwok  
Mr. Hui Sum Ping  
Mr. Hui Sum Tai  
Mr. Wong Wing Por  
Ms. Hui Yuen Li

*Independent non-executive Directors:*

Mr. Liu Kwok Fai, Alvan  
Mr. Chee Man Sang, Eric  
Mr. Wong Chu Leung

*Registered Office:*

Century Yard  
Cricket Square  
Hutchins Drive  
P.O. Box 2681 GT  
George Town  
Grand Cayman  
British West Indies

*Principal place of business*

*in Hong Kong:*

Workshops E, F and H, on 22nd Floor  
Superluck Industrial Centre (Phase 2)  
No. 57 Sha Tsui Road and  
Nos. 30-38 Tai Chung Road  
Tsuen Wan  
New Territories  
Hong Kong

5th July 2006

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION ACQUISITION OF ASSETS**

#### **INTRODUCTION**

As announced by the Board on 20th June 2006, its indirect wholly-owned subsidiary, Green Forest (QingXin) Paper Industrial Limited has entered into the Agreement with the Vendor to purchase the main unit of a kraft linerboard Paper Production Line at a total consideration of RMB65,988,000 (equivalent to approximately HK\$63,818,182). In addition, the Group also proposes to make additional acquisitions for the Paper Production Line in the future.

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## LETTER FROM THE BOARD

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Based on the relevant percentage ratios, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide the Shareholders with the information in respect of the Agreement and the additional acquisitions.

### THE AGREEMENT

**Date:** 31st May 2006

**Parties:** Vendor: 維美德西安造紙機械有限公司 (Valmet-Xian Paper Machinery Co., Ltd.) being a manufacturer of paper production line in the PRC. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry by the Directors, the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules)

Purchaser: Green Forest (QingXin) Paper Industrial Limited, an indirect wholly-owned subsidiary of the Company, engaged in the manufacture and sale of corrugating medium

**Asset:** a Paper Production Line to be assembled in Qing Yuan

**Consideration:** The consideration of an aggregate amount of RMB65,988,000 (equivalent to approximately HK\$63,818,182) payable in cash was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms by reference to the current market value of paper production lines. As such paper production lines are of the same nature and similar specifications, the Directors consider the current market value was relevant in determining the consideration.

The Purchaser is required to pay RMB6,600,000 (equivalent to approximately HK\$6,382,979) as a non-refundable deposit before 30th June 2006.

The first installment of RMB10,000,000 (equivalent to approximately HK\$9,671,180) will be paid before 31st January 2007 whilst the second installment of RMB9,795,200 (equivalent to HK\$9,473,114) will be paid before 31st March 2007. For each portion of the Paper Production Line delivered, 60% of the portion will be paid within 5 days upon receipt. It is expected that all of the consideration will be paid on or before 20th October 2007.

**Other Information:** The Agreement was entered into in the ordinary and usual course of business of the Group.

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## LETTER FROM THE BOARD

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### PROPOSED ADDITIONAL ACQUISITIONS OF ASSETS

The Group also proposes to make additional acquisitions for the Paper Production Line in the future from either the Vendor or other suppliers depending on the price, quality and availability of the equipment and services required in relation to the additional acquisitions. If any individual additional acquisitions, (a) by itself, or (b) in aggregate with the Acquisition if appropriate constitutes a notifiable transaction under the Listing Rules, the Company shall comply with the requirements of the Listing Rules.

### REASONS FOR THE ACQUISITION

The Group is principally engaged in the manufacture and sale of corrugated paper-ware products including corrugated paper boards and carton boxes. The Group's primary raw materials for production are corrugating medium and kraft linerboard. In order to secure a stable supply of raw materials and reduce dependence on suppliers, the Group integrates vertically the operation by acquiring a corrugating medium paper production line in 2004 (as detailed in the related announcement and circular). The Acquisition was to further enhance the Group's upstream production of kraft linerboard.

The Purchaser is principally engaged in the manufacture and sale of corrugating medium.

The Directors consider that the terms of the Agreement are arrived at after arm's length negotiations based on normal commercial terms which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Apart from the payments required for the Acquisition, the Group does not expect there will be any material impact on the earnings of the Group until the Paper Production Line commences operation. Upon completion of the Acquisition, the fixed assets of the Group will be increased. The Acquisition will be funded by bank borrowings and/or internal resources. To the extent that the Acquisition will be financed by bank borrowings, the Group's bank borrowings and, in turn the liabilities will be increased.

### GENERAL

During the previous 12 months, the Group had not purchased anything from the Vendor.

Based on the relevant percentage ratios, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

### ADDITIONAL INFORMATION

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

Yours faithfully,  
For and on behalf of  
**Hop Fung Group Holdings Limited**  
**Hui Sum Kwok**  
*Chairman*

## RESPONSIBILITY STATEMENT

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

## 1. DISCLOSURE OF INTERESTS

**Interests and short positions of Directors in the share capital of the Company and its associated corporations**

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executives had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including the interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, would be required to be notified to the Company and the Stock Exchange.

***Directors' interests in the Company and its associated corporations:****(i) Shares*

Name of director	Company/Name of associated corporation	Capacity	Number and class of securities	Approximate percentage of issued share capital
Mr. Hui Sum Kwok	Company	Founder of a discretionary trust/ interest of controlled corporations	252,000,000 shares Long position (Note 1)	65.70%
Mr. Hui Sum Kwok	Company	Beneficial owner	3,886,000 shares Long position	1.01%
Mr. Hui Sum Kwok	Company	Interest of spouse	500,000 shares Long position	0.13%
Mr. Hui Sum Ping	Company	Founder of a discretionary trust/ interest of controlled corporations	252,000,000 shares Long position (Note 1)	65.70%
Mr. Hui Sum Ping	Company	Beneficial owner	3,236,000 shares Long position	0.84%



**APPENDIX**
**GENERAL INFORMATION**

Name of director	Company/Name of associated corporation	Capacity	Number and class of securities	Approximate percentage of issued share capital
Mr. Hui Sum Tai	Company	Beneficial owner	3,800,000 shares Long position	0.99%
Mr. Wong Wing Por	Company	Founder of a discretionary trust/ interest of controlled corporations	Nil ( <i>Note 1</i> )	–
Mr. Wong Wing Por	Company	Beneficial owner	2,700,000 shares Long position	0.70%
Ms. Hui Yuen Li	Company	Beneficial owner	500,000 shares Long position	0.13%
Mr. Liu Kwok Fai, Alvan	Company	Beneficial owner	250,000 shares Long position	0.07%
Mr. Hui Sum Kwok	Hop Fung Industries Limited ("Hop Fung Industries")	Founder of a discretionary trust/ interest of controlled corporations	7,886 shares of US\$0.01 each Long position ( <i>Notes 1 and 2</i> )	78.86%
Mr. Hui Sum Ping	Hop Fung Industries	Founder of a discretionary trust/ interest of controlled corporations	7,886 shares of US\$0.01 each Long position ( <i>Notes 1 and 2</i> )	78.86%
Mr. Wong Wing Por	Hop Fung Industries	Founder of a discretionary trust/ interest of a controlled corporation	1,257 shares of US\$0.01 each Long position ( <i>Notes 1 and 2</i> )	12.57%
Mr. Hui Sum Kwok	Hop Fung Industries (Holdings) Limited ("Hop Fung Industries BVI")	Beneficial owner/founder of a discretionary trust/ interest of a controlled corporation	5,000 shares of US\$0.01 each Long position ( <i>Notes 1 and 3</i> )	50%
Mr. Hui Sum Ping	Hop Fung Industries BVI	Beneficial owner/founder of a discretionary trust/ interest of a controlled corporation	5,000 shares of US\$0.01 each Long position ( <i>Notes 1 and 3</i> )	50%
Mr. Hui Sum Kwok	Gong Ming Hop Fung Paper Ware Factory Limited ("Hop Fung GM")	Interest of controlled corporations/short position of controlled corporations	3,000,000 non-voting deferred shares of HK\$1 each Long and short positions ( <i>Notes 1 and 4</i> )	100%

Name of director	Company/Name of associated corporation	Capacity	Number and class of securities	Approximate percentage of issued share capital
Mr. Hui Sum Ping	Hop Fung GM	Founder of a discretionary trust/interest of controlled corporations/short position of controlled corporations	3,000,000 non-voting deferred shares of HK\$1 each Long and short positions (Notes 1 and 4)	100%
Mr. Wong Wing Por	Hop Fung GM	Interest of controlled corporations/short position of a controlled corporation	Nil (Notes 1 and 4)	–
Mr. Hui Sum Kwok	Fung Kong Hop Fung Paper Ware Factory Limited ("Hop Fung FG")	Interest of controlled corporations/short position of controlled corporations	3,000,000 non-voting deferred shares of HK\$1 each Long and short positions (Notes 1, 4 and 5)	100%
Mr. Hui Sum Ping	Hop Fung FG	Founder of a discretionary trust/interest of controlled corporations/short position of controlled corporations	3,000,000 non-voting deferred shares of HK\$1 each Long and short positions (Notes 1, 4 and 5)	100%
Mr. Wong Wing Por	Hop Fung FG	Interest of a controlled corporation/short position of a controlled corporation	Nil (Notes 1, 4 and 5)	–
Mr. Hui Sum Kwok	Applewood Forest Limited	Founder of a discretionary trust	1 share of US\$1 Long position (Notes 1 and 6)	100%
Mr. Hui Sum Kwok	Profit Luck Limited	Founder of a discretionary trust	100 shares of HK\$1 Long position (Notes 1, 6 and 7)	100%

*Notes:*

1. The 252,000,000 shares are owned by Hop Fung Industries. The issued share capital of Hop Fung Industries is owned as to 78.86%, 12.57% and 8.57% by Hop Fung Industries BVI, Delight Ocean Limited (“Delight”) and Mr. Shum Lit Ki respectively.

The issued share capital of Hop Fung Industries BVI is owned as to 11.81%, 11.81%, 38.19% and 38.19% by Mr. Hui Sum Kwok, Mr. Hui Sum Ping, Fullwood Holdings Limited (“Fullwood”) and Goldspeed Holdings Limited (“Goldspeed”) respectively. Fullwood is wholly owned by Pinecity Investments Limited (“Pinecity”) and Pinecity is wholly owned by HSBC International Trustee Limited (“HSBC”) in its capacity as the trustee of Hui & Wong 2004 Family Trust, a discretionary trust the founder of which is Mr. Hui Sum Kwok and the discretionary objects of which include family members of Mr. Hui Sum Kwok. Goldspeed is wholly owned by Goldkeen Assets Management Limited (“Goldkeen”) and Goldkeen is wholly owned by HSBC in its capacity as the trustee of HSP 2004 Family Trust, a discretionary trust the founder of which is Mr. Hui Sum Ping and the discretionary objects of which include family members of Mr. Hui Sum Ping. Accordingly, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping will be deemed to be interested in the 252,000,000 shares under the SFO.

Delight is wholly owned by Richfaith Assets Management Limited (“Richfaith”) and Richfaith is wholly owned by HSBC in its capacity as the trustee of Wong’s 2004 Family Trust, a discretionary trust the founder of which is Mr. Wong Wing Por and the discretionary objects of which include family members of Mr. Wong Wing Por.

2. Hop Fung Industries is a holding company of the Company and therefore an associated corporation of the Company under the SFO. The entire issued share capital of Hop Fung Industries is US\$100 divided into 10,000 shares of US\$0.01 each which is owned as to 7,886, 1,257 and 857 shares by Hop Fung Industries BVI, Delight and Mr. Shum Lit Ki respectively. Under the SFO, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is deemed to be interested in the 7,886 shares of US\$0.01 each and Mr. Wong Wing Por is deemed to be interested in the 1,257 shares of US\$0.01 each in Hop Fung Industries.
3. Hop Fung Industries BVI is a holding company of the Company and therefore an associated corporation of the Company under the SFO. The entire issued share capital of Hop Fung Industries BVI is US\$100 divided into 10,000 shares of US\$0.01 each which is owned as to 1,181, 1,181, 3,819 and 3,819 shares by Mr. Hui Sum Kwok, Mr. Hui Sum Ping, Fullwood and Goldspeed respectively. Under the SFO, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is interested and/or deemed to be interested in an aggregate of 5,000 shares of US\$0.01 each in Hop Fung Industries BVI.
4. Hop Fung GM is a subsidiary of the Company and therefore an associated corporation of the Company under the SFO. The entire issued share capital of Hop Fung GM is HK\$3,000,100 divided into 100 ordinary shares of HK\$1 each and 3,000,000 non-voting deferred shares of HK\$1 each. The 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung GM are beneficially owned by Hop Fung Group (HK) Limited (“Hop Fung Group HK”) which is owned as to 78.86%, 12.57% and 8.57% by Hop Fung Holdings Limited (“Hop Fung Holdings (BVI)”), Mr. Wong Wing Por and Mr. Shum Lit Ki respectively.

The issued share capital of Hop Fung Holdings (BVI) is owned as to 50%, 11.81% and 38.19% by Mr. Hui Sum Kwok, Mr. Hui Sum Ping and Goldspeed respectively. Under the SFO, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is deemed to be interested in the 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung GM.

Pursuant to an option deed dated 19th August 2003, Hop Fung Group HK and its nominee granted to Hop Fung Group Company Limited (“Hop Fung Group (BVI)”), a wholly owned subsidiary of the Company, an option to purchase from them such 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung GM. Accordingly, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is deemed to have a short position in the underlying shares of the option granted under the option deed pursuant to the SFO.

5. Hop Fung FG is a subsidiary of the Company and therefore an associated corporation of the Company under the SFO. The entire issued share capital of Hop Fung FG is HK\$3,000,100 divided into 100 ordinary shares of HK\$1 each and 3,000,000 non-voting deferred shares of HK\$1 each. The 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung FG are beneficially owned by Hop Fung Group HK. Under the SFO, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is deemed to be interested in the 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung FG.

Pursuant to an option deed dated 19th August 2003, Hop Fung Group HK and its nominee granted to Hop Fung Group (BVI) an option to purchase from them such 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung FG. Accordingly, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is deemed to have a short position in the underlying shares of the option granted under the option deed pursuant to the SFO.

6. Applewood Forest Limited (“Applewood”) is a company incorporated in the British Virgin Islands. The entire issued share capital of Applewood is US\$1 comprises 1 share of US\$1 which is owned by HSBC in its capacity as the trustee of Hui & Wong 2004 Family Trust. Applewood is an associated corporation of the Company under the SFO. Under the SFO, Mr. Hui Sum Kwok is deemed to be interested in the 1 share of US\$1 in Applewood owned by HSBC in its capacity as the trustee of Hui & Wong 2004 Family Trust.
7. Profit Luck Limited (“Profit”) is a company incorporated in Hong Kong. The entire issued share capital of Profit is HK\$100 comprises 100 shares of HK\$1 each which is indirectly owned by HSBC through its wholly owned subsidiary, Applewood. Details of Applewood are set out in note 6 above.

(ii) *Share options*

Category	Option type (Note 1)	Date of grant	Exercisable price HK\$	Outstanding share options	Approximate percentage of issued share capital
Mr. Hui Sum Kwok	B	29.7.2004	1.330	450,000	0.12%
	C	4.11.2004	1.104	2,250,000	0.59%
Mr. Hui Sum Ping	B	29.7.2004	1.330	950,000	0.25%
	C	4.11.2004	1.104	2,250,000	0.59%
Mr. Hui Sum Tai	B	29.7.2004	1.330	70,000	0.02%
	C	4.11.2004	1.104	2,250,000	0.59%
Mr. Wong Wing Por	B	29.7.2004	1.330	970,000	0.25%
	C	4.11.2004	1.104	2,250,000	0.59%
Ms. Hui Yuen Li	B	29.7.2004	1.330	3,170,000	0.83%
Mr. Chee Man Sang, Eric	A	3.11.2003	1.130	250,000	0.07%

*Note:*

- The vesting period of the share options granted is determined by Directors at each time when the options are granted. Holders of share options granted under the Company's share option scheme may only exercise their options during the exercisable periods as follows:

Option type A	Option type B	Option type C	Maximum % of share options exercisable
3.5.2004 – 3.11.2004	1.1.2005 – 31.12.2005	1.3.2005 – 28.2.2006	up to 50%
4.11.2004 – 3.11.2005	1.1.2006 – 31.12.2006	1.3.2006 – 28.2.2007	up to 75% (to the extent not already exercised)
4.11.2005 – 3.11.2006	1.1.2007 – 31.12.2007	1.3.2007 – 29.2.2008	up to 100% (to the extent not already exercised)

## 2. SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors are aware of any person, who had an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or who is, 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 other member of the Group.

Name of shareholder	Capacity	Number of issued shares held	Note(s)	Approximate percentage of issued share capital
Hop Fung Industries	Beneficial owner	252,000,000	1	65.70%
Hop Fung Industries BVI	Interest of a controlled corporation	252,000,000	1, 2	65.70%
Fullwood	Interest of controlled corporations	252,000,000	1, 2, 3, 4	65.70%
Pinecity	Interest of controlled corporations	252,000,000	1, 2, 3, 4	65.70%
Goldspeed	Interest of controlled corporations	252,000,000	1, 2, 3, 5	65.70%
Goldkeen	Interest of controlled corporations	252,000,000	1, 2, 3, 5	65.70%
HSBC	Trustee of discretionary trust/interest of controlled corporations	252,000,000	1, 2, 3, 4, 5	65.70%
Mr. Hui Sum Kwok	Beneficial owner/founder of a discretionary trust/interest of controlled corporations/interest of spouse	256,386,000	1, 2, 3, 4, 6	66.85%
Mr. Hui Sum Ping	Beneficial owner/founder of a discretionary trust/interest of controlled corporations	255,236,000	1, 2, 3, 5, 7	66.55%
Value Partners Limited	Investment manager	25,712,000	8	6.70%
PI Investment Management Limited	Investment manager	23,234,000	–	6.06%

*Notes:*

1. The 252,000,000 shares are owned by Hop Fung Industries.
2. The issued share capital of Hop Fung Industries is owned as to 78.86%, 12.57% and 8.57% by Hop Fung Industries BVI, Delight and Mr. Shum Lit Ki respectively and Hop Fung Industries BVI is deemed to be interested in the 252,000,000 shares under the SFO.
3. The issued share capital of Hop Fung Industries BVI is owned as to 11.81%, 11.81%, 38.19% and 38.19% by Mr. Hui Sum Kwok, Mr. Hui Sum Ping, Fullwood and Goldspeed respectively.
4. The entire issued share capital of Fullwood is indirectly held by HSBC through its 100% controlled corporation, Pinecity in its capacity as the trustee of Hui & Wong 2004 Family Trust, a discretionary trust the founder of which is Mr. Hui Sum Kwok and the discretionary objects of which include family members of Mr. Hui Sum Kwok. Accordingly, each of Fullwood, Pinecity, HSBC and Mr. Hui Sum Kwok is deemed to be interested in the 252,000,000 shares under the SFO.
5. The entire issued share capital of Goldspeed is indirectly held by HSBC through its 100% controlled corporation, Goldkeen in its capacity as the trustee of HSP 2004 Family Trust, a discretionary trust the founder of which is Mr. Hui Sum Ping and the discretionary objects of which include family members of Mr. Hui Sum Ping. Accordingly, each of Goldspeed, Goldkeen, HSBC and Mr. Hui Sum Ping is deemed to be interested in the 252,000,000 shares under the SFO.
6. Ms. Wong Mui is directly interested in 500,000 shares in the Company and is deemed to be interested in 255,886,000 shares under the SFO as she is the spouse of Mr. Hui Sum Kwok, a director of the Company.
7. Ms. Jian Jian Yi is deemed to be interested in 255,236,000 shares under the SFO as she is the spouse of Mr. Hui Sum Ping, a director of the Company.
8. Mr. Cheah Cheng Hye is deemed to be interested in 25,712,000 shares in the Company, as he beneficially owns 32.77% of Value Partners Limited.

**3. LITIGATION**

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or arbitration of material importance is pending or threatened against the Group.

**4. SERVICE AGREEMENTS**

Each of Mr. Hui Sum Kwok, Mr. Hui Sum Ping, Mr. Hui Sum Tai, Mr. Wong Wing Por and Ms. Hui Yuen Li has entered into a service agreement with the Company for a term of one year commencing 15th September 2005, of which, the annual salaries of each of the abovementioned Directors is HK\$724,100, HK\$724,100, HK\$530,400, HK\$591,500 and HK\$479,310 respectively.

Each of Mr. Liu Kwok Fai, Alvan, Mr. Chee Man Sang, Eric and Mr. Wong Chu Leung has entered into an appointment letter agreement with the Company for a term of one year commencing 15th September 2005 with an annual director's fee of HK\$98,000, HK\$98,000 and HK\$50,000 respectively.

**5. COMPETITION INTERESTS**

None of the Directors and their respective associates (as defined in the Listing Rules) have any interest in a business, which competes or may compete with the business of the Group.

**6. MISCELLANEOUS**

- (a) The company secretary as well the qualified accountant of the Company is Ms. Hui Yuen Li. She 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 located at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies. The principle place of business of the Company in Hong Kong is located at Workshops E, F and H, on 22nd Floor, Superluck Industrial Centre (Phase 2), No. 57 Sha Tsui Road and Nos. 30-38 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong.
- (c) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.