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

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

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

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**CHEVALIER INTERNATIONAL HOLDINGS LIMITED**  
**其士國際集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 025)**

**DISCLOSEABLE TRANSACTION**

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## DEFINITIONS

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*In this circular, the following expressions have the meanings as set out below unless the context requires otherwise:*

“Acquisition”	the proposed acquisition of the Sale Shares and the Sale Assets by the Group pursuant to the Agreement
“Aggregate Consideration”	the aggregate consideration for the sale and purchase of the Sale Shares and the Sale Assets
“Agreement”	the agreement dated 12 March 2007 entered into between CiTL and the Company in relation to the sale and purchase of the Sale Shares and the Sale Assets
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which banks are generally open for banking business in Hong Kong
“CiTL” or “Vendor”	Chevalier iTech Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange, and an indirectly 56.7% owned subsidiary of the Company as at the Latest Practicable Date
“CiTL Board”	the board of directors of CiTL
“CiTL Group”	CiTL and its subsidiaries
“Company” or “Purchaser”	Chevalier International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Agreement
“Completion Date”	the third Business Day following the day on which all the conditions precedent to the Agreement are fulfilled or waived or such other date as the parties to the Agreement may agree
“Cut-off Time”	1 April 2007
“Director(s)”	director(s) of the Company

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## DEFINITIONS

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“Dr. Chow”	Dr. Chow Yei Ching, the beneficial owner of 53.97% of the issued share capital of the Company and 3.58% of the issued share capital of CiTL as at the Latest Practicable Date
“Excluded Assets”	those companies, assets, contracts and rights owned, controlled or used by the Vendor which are not used in connection with or in respect of the IT Business (including but not limited to companies and assets engaged in food and beverage business and securities investment business) and which shall be excluded from the sale and purchase under the Agreement
“Excluded COA Companies”	being subsidiaries of Chevalier (OA) Holdings Limited excluded from the sale and purchase under the Agreement
“Group”	the Company and its subsidiaries, not including the CiTL Group for the purpose of this circular
“HKFRS”	Hong Kong Financial Reporting Standards, including all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IT Business”	the information technology business and related business within the scope of the constituent documents of the Sale Companies which comprise the Sale Shares and the Sale Assets
“Latest Practicable Date”	2 April 2007, 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
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules
“Net Asset Statement”	the adjusted net assets statement of the Sale Companies and the Sale Assets as at 31 March 2007
“Pacific Coffee”	Pacific Coffee (Holdings) Limited, a company incorporated in the British Virgin Islands with limited liability on 25 July 1995

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## DEFINITIONS

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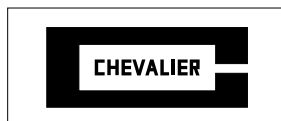
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this circular
“Properties”	the properties to be acquired by the Group from the CiTL Group under the Acquisition
“Sale Assets”	all assets and liabilities of Chevalier iTech Limited relating to the IT Business
“Sale Companies”	Chevalier (Thailand) Limited, Chevalier (OA) Holdings Limited, Chevalier Investments (B.V.I.) Limited, Great Time Properties Limited, Cavalier Properties Limited, 其士科技貿易(上海)有限公司 (Chevalier iTech Trading (Shanghai) Co., Ltd.)*, 廣州其士科技工程有限公司 (Guangzhou Chevalier iTech Services Co., Ltd.)* and their respective subsidiaries and associated companies
“Sale Shares”	the entire equity interest of each of the Sale Companies
“SEL”	Sinochina Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and which was 49% owned by CiTL as at the Latest Practicable Date
“Settlement”	settlement of outstanding amount due by the Sale Companies to the CiTL Group which amounted to approximately HK\$35 million as at 31 January 2007, subject to adjustment upon Completion
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$1.25 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreements”	collectively, the tenancy agreements entered into by Chevalier (OA) Holdings Limited as tenant with each of Winfield Development Limited, Peak Gain Limited and Oriental Sharp Limited respectively as landlords dated 28 November 2006 in relation to the leasing of certain premises
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

\* *The English translation is for identification only*

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## LETTER FROM THE BOARD

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### CHEVALIER INTERNATIONAL HOLDINGS LIMITED

其士國際集團有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 025)**

*Executive Directors:*

Chow Yei Ching (*Chairman and Managing Director*)

Kuok Hoi Sang (*Vice Chairman and Managing Director*)

Tam Kwok Wing (*Deputy Managing Director*)

Chow Vee Tsung, Oscar

Fung Pak Kwan

Kan Ka Hon

Ho Chung Leung

*Independent non-executive Directors:*

Chow Ming Kuen, Joseph O.B.E., J.P.

Li Kwok Heem, John

Sun Kai Dah, George

*Registered office:*

Canon's Court

22 Victoria Street

Hamilton, HM 12

Bermuda

*Head office and principal place  
of business:*

22nd Floor

Chevalier Commercial Centre

8 Wang Hoi Road

Kowloon Bay

Hong Kong

4 April 2007

*To the Shareholders*

Dear Sir or Madam,

### DISCLOSEABLE TRANSACTION

#### INTRODUCTION

On 12 March 2007, CiTL as the Vendor and the Company as the Purchaser entered into the Agreement pursuant to which CiTL agreed to dispose of and the Company agreed to purchase, via its wholly-owned subsidiary, the Sale Shares and the Sale Assets together with all rights at the Cut-off Time and thereafter attaching or accruing thereto for an aggregate consideration of approximately HK\$56 million, subject to adjustment upon Completion. In addition, the Company also undertakes to procure the settlement by the Sale Companies of all amounts due by the Sale Companies to CiTL Group which amounted to approximately HK\$35 million, subject to adjustment upon Completion.

\* For identification only

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## LETTER FROM THE BOARD

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The Acquisition, when aggregated with the Settlement, constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with further details of the Agreement and other information as required under the Listing Rules.

### THE AGREEMENT DATED 12 MARCH 2007

#### 1. Parties

**Purchaser:** The Company

**Vendor:** CiTL

The Agreement was entered into by the Company and CiTL on 12 March 2007.

#### 2. Assets to be acquired by the Group

Pursuant to the Agreement, CiTL agreed to dispose of and the Company agreed to purchase, via its wholly-owned subsidiary, the IT Business, which comprises:

- (a) the Sale Shares, representing the entire equity interest of each of the Sale Companies. The following table sets out the principal business carried out by each of the Sale Companies and/or through their subsidiaries and associated companies.

<i>Sale Companies</i>	<i>Principal businesses</i>
Chevalier (Thailand) Limited	Trading of computers, office equipment and installation of system
Chevalier (OA) Holdings Limited	Trading of computers, office equipment and installation of system
Chevalier Investments (B.V.I.) Limited	Inactive
Great Time Properties Limited	Inactive
Cavalier Properties Limited	Inactive
其士科技貿易(上海)有限公司 (Chevalier iTech Trading (Shanghai) Co., Ltd.)*	Trading of computers
廣州其士科技工程有限公司 (Guangzhou Chevalier iTech Services Co., Ltd.)*	Information technology maintenance services

The unaudited consolidated net asset value of the Sale Companies as at 31 January 2007, prepared in accordance with the HKFRS, amounted to approximately HK\$61 million.

\* The English translation is for identification only

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## LETTER FROM THE BOARD

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- (b) the Sale Assets, comprising all the assets and liabilities of Chevalier iTech Limited related to the IT Business, the unaudited net deficit of which amounted to approximately HK\$5 million as at 31 January 2007, which are prepared in accordance with the HKFRS.

Chevalier (OA) Holdings Limited, one of the Sale Companies, is also the intermediate holding company of certain subsidiaries engaging in other businesses unrelated to the IT Business. Subsidiaries of Chevalier (OA) Holdings Limited not engaging in the IT Business (i.e. the Excluded COA Companies) and the assets held by it and its subsidiaries not used in connection with the IT Business (i.e. the Excluded Assets) will be excluded from the Acquisition. Chevalier iTech Limited, not being one of the Sale Companies, has certain assets and liabilities related to the IT Business, and therefore all such assets and liabilities (i.e. the Sale Assets) will be disposed of by CiTL pursuant to the Agreement.

Set out below is the aggregate turnover, profit before taxation, profit after taxation and minority interest of the Sale Companies (excluding the Excluded COA Companies) and the Sale Assets for each of the two years ended 31 March 2005 and 2006 prepared in accordance with the HKFRS:

	Year ended 31 March	
	2005	2006
	<i>HK\$ million</i>	<i>HK\$ million</i>
Turnover (audited)	574.9	549.0
Profit before taxation (audited)	1.5	18.4
Profit after taxation and minority interest (unaudited)	1.2	17.4

### 3. Consideration

The Aggregate Consideration is approximately HK\$56 million, being the aggregate net asset value of both the Sale Companies and the Sale Assets as at 31 January 2007, subject to adjustment. The above net asset value includes an upward fair value adjustment of approximately HK\$6 million on the Properties, which are recorded at cost on the accounts of the CiTL Group according to the CiTL Group's accounting policy. Accordingly, such fair value adjustment is expected to result in a gain on the disposal of the Sale Shares and the Sale Assets for CiTL .

The Aggregate Consideration shall be adjusted with reference to the Net Asset Statement (to be reviewed by an independent firm of accountants the appointment of which shall be agreed by the Vendor and the Purchaser). In the event that the aggregate adjusted net asset value of the Sale Companies and the Sale Assets as set out in the Net Asset Statement is different from HK\$56 million, the Aggregate Consideration shall be adjusted accordingly on a dollar-to-dollar basis with no limit to such adjustment. The aggregate adjusted net asset value of the Sale Companies and the Sale Assets as set out in the Net Asset Statement is not expected to be negative.



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## LETTER FROM THE BOARD

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The Aggregate Consideration is not determined on a price-to-earning (“P/E”) multiple basis as the profitability of the IT Business has been unstable in the past five financial years. During the five years ended 31 March 2006, the segment results (before tax) of the IT Business fluctuated from a loss of HK\$8.0 million in 2002 to a gain of HK\$18.4 million in 2006. The fluctuations during the past five financial years did not demonstrate any predictable trend. In view of the above, both the Company and CiTL consider that it would be difficult to determine the Aggregate Consideration by a P/E multiple basis with reference to the past profitability of the IT Business. Having considered that the Acquisition is for the purpose of rationalising the structure of the CiTL Group and realigning the business focus of the CiTL Group, both the Company and CiTL consider the net asset value basis (with fair value adjustment on the Properties) a fair and reasonable basis without compromising the financial position of either the Company or CiTL .

The Purchaser will pay to the Vendor a refundable deposit of approximately HK\$56 million in cash within three Business Days after the conditions precedent as set out in 4(a) below is fulfilled. The Aggregate Consideration (subject to adjustment pursuant to the Net Asset Statement) less the aforesaid refundable deposit shall be payable by the Purchaser to the Vendor at Completion, in cash from internal resources of the Group. In the event that the refundable deposit exceeds the Aggregate Consideration payable, the Vendor shall return the excess, without interest, to the Purchaser upon Completion.

#### **4. Conditions precedent**

Completion is conditional upon satisfaction of all of the following conditions by not later than 30 September 2007 or such later date as may be agreed between the Company and CiTL:

- (a) the transactions envisaged by, and the performance of the obligations by the Vendor pursuant to, the Agreement being approved by a simple majority of shareholders of the Vendor (excluding those shareholders prohibited by the Listing Rules from voting on the relevant resolution) voting at the special general meeting to be convened by CiTL;
- (b) the transactions envisaged by, and the performance of the obligations by the Purchaser pursuant to, the Agreement being approved by the Board (including the independent non-executive Directors);
- (c) all necessary consents and authorisations which may be required to implement the Agreement under any existing contractual arrangements, or under loan or finance documentation, having been obtained;

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## LETTER FROM THE BOARD

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- (d) all authorisations, consents and approvals of all governmental or regulatory authorities, agencies or bodies which the Purchaser reasonably consider necessary or required (after prior consultation with the Vendor) for the purposes of the transactions contemplated by the Agreement having been obtained including without limiting the generality of the foregoing:
  - (i) all consents or approval from the original approval authority in the PRC required in relation to the transfer of registered capital in the two wholly-owned foreign enterprises established in the PRC, namely 其士科技貿易(上海)有限公司 (Chevalier iTech Trading (Shanghai) Co., Ltd.)\* and 廣州其士科技工程有限公司 (Guangzhou Chevalier iTech Services Co., Ltd.)\*; and
  - (ii) if required, all consents or approvals from the original approval authority in Thailand required in relation to the transfer of the Sale Shares in respect of Chevalier (Thailand) Limited and its subsidiaries;
- (e) the completion of transfer of interests in the Excluded Assets, in particular, the Excluded COA Companies by Chevalier (OA) Holdings Limited to the Vendor or other subsidiaries of the Vendor and the payment of all related stamp duties (or otherwise waived by the Stamp Duty Office of Hong Kong, if applicable);
- (f) the due publication and completion by the Vendor and the Purchaser of the notice of transfer in accordance with the provisions of Section 4 of the Transfer of Businesses (Protection of Creditors) Ordinance (Chapter 49 of the Laws of Hong Kong) in respect of the IT Business; and
- (g) the issue of the Net Asset Statement, reviewed by such accountants as agreed by the Vendor and the Purchaser.

Save for conditions (c) and (d) above, none of the conditions precedent can be waived.

In the event that the above conditions are not fulfilled or waived by the parties in writing by 30 September 2007 or such later date as may be agreed between the parties, all rights, obligations and liabilities of the parties to the Agreement will cease and determine and no party will have any claim against the other save for any antecedent breach and the return of the refundable deposit which has been paid by the Purchaser to the Vendor without interest.

### **5. Completion**

Completion shall take place on the third Business Day following the day on which all the above conditions are fulfilled or waived or such other date as the parties may agree.

\* *The English translation is for identification only*

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## LETTER FROM THE BOARD

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### 6. Other terms of the Agreement

- (a) all revenues, incomes, liabilities and receivables arising out of or in connection with the IT Business after the Cut-off Time, and as shown on the business records which relate to the IT Business at or after the Cut-off Time shall belong to the Purchaser;
- (b) the Company undertakes to CiTL to procure the settlement by the Sale Companies to the CiTL Group all amounts due by the Sale Companies, which amounted to approximately HK\$35 million as at 31 January 2007, subject to adjustment upon Completion; and
- (c) the Company undertakes to procure the release of CiTL from all guarantees and letters of undertaking given by it in respect of the obligations of the Sale Companies, and otherwise disclosed in writing to the Company prior to the Completion Date and to indemnify CiTL Group and keep it indemnified and held harmless against all claims, losses, damages, costs, expenses and liabilities arising out of such guarantees and letters of undertaking until such guarantees and letters of undertaking have been released from the time immediately following Completion.

### INFORMATION ON THE IT BUSINESS

The history of the CiTL Group's IT Business dates back to 1983, when the CiTL Group began to distribute a wide range of Toshiba office automation equipment in Hong Kong and Macau. In 1987, the CiTL Group became the sole distributor of Toshiba computer equipment in Hong Kong. Since then, the CiTL Group has been distributing Toshiba computer equipment under sole distributorship until 1999. Despite the expiry of the sole distributorship in 1999, the distribution relationship has remained in place and the terms of purchase of Toshiba products have been agreed on a product-by-product basis.

Set out below is the turnover and segment results of the IT Business for the five years ended 31 March 2006 and for the six months ended 30 September 2005 and 30 September 2006 as extracted from the relevant annual reports and interim report of CiTL:

	For the year ended 31 March					For the six months ended 30 September	
	2002	2003	2004	2005	2006	2005	2006
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Turnover	573.5	586.9	545.1	574.9	549.0	296.4	259.8
Segment results (before tax)	(8.0)	2.3	1.8	1.5	18.4	9.1	6.0

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## LETTER FROM THE BOARD

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Turnover of the IT Business for the past five financial years has remained fairly stable, but segment results of the IT Business for the same period fluctuated dramatically. Both turnover and segment results of the IT Business for the six months ended 30 September 2006 dropped from that for the six months ended 30 September 2005. The above financials show that the IT Business has experienced no sustained growth.

### REASONS FOR THE ACQUISITION

Following completion of the acquisition of Pacific Coffee in May 2005, CiTL acquired SEL, which traded under the name “Igor’s”. SEL, through its subsidiaries, operates over 20 food & beverage outlets in Hong Kong. With the satisfactory track record of Pacific Coffee and SEL, the CiTL Board considers that the CiTL Group’s food & beverage business has more expansion and growth opportunities as compared with the IT Business and disclosed in CiTL’s circular in relation to the acquisition of SEL dated 7 February 2007 that the CiTL Board intends to further explore investment opportunities in food & beverage business in Hong Kong and neighbouring regions. It is the intention of CiTL to concentrate on its food & beverage business.

Even though the IT Business has experienced no sustained growth, it remains profitable in the past four financial years. Furthermore, the Group has been involved, through CiTL, the IT Business. The Acquisition will enable the Group to directly participate in the management and operations of the IT Business. The Board considers that the Acquisition facilitates CiTL to realign its business focus and resources. After the Acquisition, the Sale Companies will cease to be subsidiaries of CiTL, and CiTL will cease to engage and the Group will directly engage in the IT Business.

In view of the above, the Board (including the independent non-executive Directors) considers the Acquisition, including the Aggregate Consideration and its payment terms, is on normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole.

### FINANCIAL EFFECTS OF THE ACQUISITION

#### Results

Subject to completion of the Agreement, the Sale Companies would become subsidiaries of the Company and their results would be consolidated into the accounts of the Group commencing from the Cut-off Time.

#### Assets and liabilities

Subject to completion of the Agreement, the assets and liabilities of the Sale Companies and the Sale Assets would be consolidated into the accounts of the Group commencing from the Cut-off Time.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS IN CONNECTION WITH THE ACQUISITION

Winfield Development Limited, Peak Gain Limited and Oriental Sharp Limited, being three wholly-owned subsidiaries of the Company, have been leasing certain premises to Chevalier (OA) Holdings Limited, a wholly owned subsidiary of CiTL. Details of the Tenancy Agreements have been disclosed in the announcement of CiTL dated 28 November 2006.

Winfield Development Limited, Peak Gain Limited and Oriental Sharp Limited are connected persons of CiTL under the Listing Rules, the transactions contemplated under the Tenancy Agreements therefore constitute continuing connected transactions for CiTL under the Listing Rules. Since the total annual rental payable by Chevalier (OA) Holdings Limited under the Tenancy Agreements represents less than 2.5% of the applicable percentage ratios of CiTL, the transactions contemplated under the Tenancy Agreements were subject to the reporting and announcement requirements under Rules 14A.34, 14A.45 to 14A.47 of the Listing Rules and were exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to the Agreement, Chevalier (OA) Holdings Limited, being one of the Sale Companies, will be acquired by the Group. Accordingly, upon completion of the Agreement, the transactions contemplated under the Tenancy Agreements will no longer constitute continuing connected transactions for CiTL under the Listing Rules and CiTL will cease to comply with the reporting requirements under 14A.45 and 14A.46 of the Listing Rules and the annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules in respect of the Tenancy Agreements.

### INFORMATION ON THE COMPANY AND CiTL

The Company is an investment holding company which, through its subsidiaries, is principally engaged in the business of construction and engineering, insurance and investment, property investment, hotel investment, information technology and food & beverage.

CiTL is an investment holding company which, prior to its disposal of the Sale Shares and the Sale Assets to the Group, through its subsidiaries, is principally engaged in the provision of computer and information communication technology services, food & beverage business and investment in securities.

After the Acquisition, the CiTL Group will cease to engage and the Group will directly engage in the IT Business.

Save for the changes in directorships in the Company and in CiTL as disclosed in the announcements of the Company and CiTL both dated 30 March 2007, there is no present intention to further change the composition of the Board and the CiTL Board.

### GENERAL

Your attention is drawn to the additional information contained in the appendix to this circular.

Yours faithfully,

For and on behalf of the Board

**Chevalier International Holdings Limited**

**Chow Yei Ching**

*Chairman and Managing 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 jointly and severally accept full responsibility for the accuracy of the information contained in this circular with regard to the Company and confirm, having made all reasonable enquiries and 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. DISCLOSURE OF INTERESTS

### i. Directors' and chief executives' interests in securities

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which had been 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 were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company pursuant to S352 of the SFO or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### (a) *Interests in the Company – Shares (long position)*

Name of Directors	Capacity	Number of Shares		Total	Approximate percentage of interest (%)
		Personal interests	Family interests		
Dr. Chow	Beneficial owner	150,356,359 <sup>#</sup>	—	150,356,359	53.97
KUOK Hoi Sang	Beneficial owner	98,216	—	98,216	0.04
TAM Kwok Wing	Beneficial owner	169,015	32,473	201,488	0.07
KAN Ka Hon	Beneficial owner	29,040	—	29,040	0.01
HO Chung Leung	Beneficial owner	40,000	—	40,000	0.01

<sup>#</sup> Dr. Chow beneficially owned 150,356,359 Shares, representing approximately 53.97% of the Shares. These Shares were same as those shares disclosed in the section “Substantial Shareholders’ interests in securities” below.

*(b) Interests in associated corporation – shares (long position)*

Name of Directors	Associated corporation	Capacity	Number of ordinary shares			Total	Approximate percentage of interest (%)
			Personal interests	Corporate interests	Family interests		
Dr. Chow	CiTL	Beneficial owner and interest of controlled corporation	6,815,854	107,822,933 <sup>#</sup>	—	114,638,787	60.29
KUOK Hoi Sang	CiTL	Beneficial owner	2,400,000	—	—	2,400,000	1.26
TAM Kwok Wing	CiTL	Beneficial owner	400,000	—	10,400	410,400	0.22
KAN Ka Hon	CiTL	Beneficial owner	451,200	—	—	451,200	0.24

<sup>#</sup> Dr. Chow had notified CiTL that under the SFO, he was deemed to be interested in 107,822,933 shares in CiTL which were all held by the Company as Dr. Chow beneficially owned 150,356,359 Shares, representing approximately 53.97% of the Shares.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors and the chief executives of the Company, no other person had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or were required, pursuant to S352 of the SFO, to be recorded in the register referred to therein; or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

**ii. Substantial Shareholders' interests in securities**

As at the Latest Practicable Date, so far as was known to the Directors and the chief executives of the Company, the interests and short positions of the persons or corporations 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 had been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under S336 of the SFO were as follows:

Substantial Shareholders	Capacity	Number of Shares held	Number of underlying Shares held (under equity derivatives of the Company)	Approximate percentage of interest (%)
Dr. Chow	Beneficial owner	150,356,359(L)	—	53.97(L)
Miyakawa Michiko	Beneficial owner	150,356,359(L) (Note 1)	—	53.97(L)
The Goldman Sachs Group, Inc.	Interest of controlled corporation	—	30,685,081(L) 5,998,025(S) (Note 2)	11.01(L) 2.15(S)
Goldman Sachs (UK) L.L.C.	Interest of controlled corporation	—	27,683,193(L) 5,998,025(S) (Note 3)	9.94(L) 2.15(S)
Goldman Sachs Group Holdings (U.K.)	Interest of controlled corporation	—	27,683,193(L) 5,998,025(S) (Note 3)	9.94(L) 2.15(S)
Goldman Sachs Holdings (U.K.)	Interest of controlled corporation	—	27,683,193(L) 5,998,025(S) (Note 3)	9.94(L) 2.15(S)
Goldman Sachs International	Beneficial owner	—	27,683,193(L) 5,998,025(S) (Note 3)	9.94(L) 2.15(S)
The Goldman, Sachs & Co. L.L.C.	Interest of controlled corporation	3,001,888(L) (Note 4)	—	1.08(L)
Goldman Sachs & Co	Beneficial owner	3,001,888(L) (Note 4)	—	1.08(L)



*Notes:*

- (1) Under Part XV of the SFO, Ms. Miyakawa Michiko, the spouse of Dr. Chow, is deemed to be interested in the same parcel of 150,356,359 Shares held by Dr. Chow.
- (2) The Goldman Sachs Group, Inc. is taken to have an interest in the 3,001,888 Shares held by Goldman Sachs & Co and the 21,685,168 Shares that would be held by Goldman Sachs International upon full conversion of the Convertible Bonds (as defined below) held by Goldman Sachs International. The Convertible Bonds are issued by the Company to Goldman Sachs International on 26 July 2006. Goldman Sachs & Co and Goldman Sachs International are both wholly-owned subsidiaries of The Goldman Sachs Group, Inc.
- (3) Goldman Sachs (UK) L.L.C., Goldman Sachs Group Holdings (U.K.) and Goldman Sachs Holdings (U.K.) are taken to be interested in the 21,685,168 Shares that would be held by Goldman Sachs International upon full conversion of the Convertible Bonds. Goldman Sachs International is 99% owned by Goldman Sachs Holdings (U.K.) and 100% held by Goldman Sachs Group Holdings (U.K.) and Goldman Sachs (UK) L.L.C.
- (4) The Goldman, Sachs & Co. L.L.C. is taken to be interested in the 3,001,888 Shares held by Goldman Sachs & Co. Goldman Sachs & Co is owned as to 99.8% by The Goldman Sachs Group, Inc. and the remaining 0.2% by The Goldman, Sachs & Co. L.L.C. (which is a wholly-owned subsidiary of The Goldman Sachs Group, Inc.).

The letter “L” denotes a long position and the letter “S” denotes a short position.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors and the chief executives of the Company, no other person had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, beneficially 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 or in any options in respect of such capital.

### **3. LITIGATION**

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration of material importance or claim of material importance pending or threatened against any member of the Group.

### **4. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors had an interest in any business constituting a competing business to the Group.

**5. SERVICE CONTRACT**

As at the Latest Practicable Date, none of the Directors had entered, or were proposing to enter, into any service contract with the Company or its subsidiaries which is not expiring or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

**6. MISCELLANEOUS**

- (a) The qualified accountant of the Company is Mr. HO Chung Leung, *FCCA*. He is a fellow member of The Association of Chartered Certified Accountants in the U.K. and a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The secretary of the Company is Mr. KAN Ka Hon, *FCCA*. He is a fellow member of The Association of Chartered Certified Accountants in the U.K. and a member of the Hong Kong Institute of Certified Public Accountants.
- (c) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda, its head office and its principal place of business is situated at 22nd Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Hong Kong.
- (d) The Hong Kong branch share registrars and transfer office of the Company is Standard Registrars Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.