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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, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

**If you have sold or transferred** all your shares in the Company, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

The Stock Exchange takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**VICTORY CITY INTERNATIONAL HOLDINGS LIMITED**

**冠華國際控股有限公司\***

*(incorporated in Bermuda with limited liability)*

(Stock Code: 539)

**DISCLOSEABLE TRANSACTION:  
DISPOSAL OF LANDED PROPERTIES**

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8 November 2007

\* *for identification purposes only*

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## DEFINITIONS

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

“Aggregate Purchase Price”	HK\$238 million, being the aggregate amount that the Purchaser has to pay to the Vendors for the Properties under the Agreements
“Agreements”	collectively, four formal agreements for sale and purchase for the Disposals entered into between the relevant Vendor as vendor and the Purchaser as purchaser on 17 October 2007
“Board”	the board of Directors
“Business Day”	any day of the week when licensed banks in Hong Kong are opened for business in Hong Kong, excluding the following:  (a) Saturdays and Sundays;  (b) public holidays; and  (c) gale warning days or black rainstorm warning days
“Company”	Victory City International Holdings Limited, a company incorporated in Bermuda and the shares of which are listed on the Stock Exchange
“Completion”	the completion of the sale and purchase of the Properties in accordance with the terms of the Agreements
“Completion Date”	the 60th day immediately following the date of the Purchaser’s receipt of the sealed copy order referred to in the condition precedent to the Agreements or such other date as the parties shall agree in writing as the date on which Completion shall take place
“Directors”	the directors of the Company
“Disposals”	the disposal of the Properties by the Vendors to the Purchaser on and subject to the terms and conditions of the Agreements
“Elite Sound”	Elite Sound Investment Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of the Company
“Ford Glory”	Ford Glory International Limited, a company incorporated in Hong Kong and a non wholly owned subsidiary of the Company

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## DEFINITIONS

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“Grace Link”	Grace Link Enterprises Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IO”	The Incorporated Owner of Lee Hang Industrial Building
“IO Properties”	car parking spaces numbered 7 and 8 on the Ground Floor and the exterior wall of Lee Hang Industrial Building
“Latest Practicable Date”	5 November 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Properties”	collectively: <ul style="list-style-type: none"><li>(i) 1st Floor (including flat roof);</li><li>(ii) Units A, B and C on 2nd Floor;</li><li>(iii) Flat A on 3rd Floor;</li><li>(iv) Flat B on 3rd Floor;</li><li>(v) 4th Floor;</li><li>(vi) Unit A and B on 5th Floor and the lavatory adjacent to Unit B on 5th Floor;</li><li>(vii) Flat B on 6th Floor;</li><li>(viii) Flat A and B on 9th Floor; and</li><li>(ix) 10th Floor,</li></ul> Lee Hang Industrial Building, 10 Cheung Yue Street, Kowloon, Hong Kong
“Purchaser”	Billion Development & Project Management Limited, a company incorporated in Hong Kong

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## DEFINITIONS

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“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top Star”	Top Star Limited, a company incorporated in Hong Kong and a non wholly owned subsidiary of the Company
“Vendors”	collectively, Elite Sound, Grace Link, Top Star and Ford Glory and a “Vendor” shall be construed accordingly
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong



**VICTORY CITY INTERNATIONAL HOLDINGS LIMITED**

**冠華國際控股有限公司\***

*(incorporated in Bermuda with limited liability)*

(Stock Code: 539)

*Executive Directors:*

Li Ming Hung (*Chairman*)

Chen Tien Tui (*Chief Executive Officer*)

So Kam Wah

Lee Yuen Chiu, Andy

Choi Lin Hung

*Registered office:*

Clarendon House

Church Street

Hamilton HM 11

Bermuda

*Independent non-executive Directors:*

Kan Ka Hon

Phaisalakani Vichai

Kwok Sze Chi

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

Unit D, 3rd Floor

Winfield Industrial Building

3 Kin Kwan Street

Tuen Mun

Hong Kong

8 November 2007

*To the Shareholders*

Dear Sir/Madam

**DISCLOSEABLE TRANSACTION:  
DISPOSAL OF LANDED PROPERTIES**

**INTRODUCTION**

On 18 October 2007, the Directors announced that on 17 October 2007, the Company, through the Vendors, agreed to dispose of various landed properties in Hong Kong to the Purchaser at the Aggregate Purchase Price of HK\$238 million. The principal terms of the Disposals are set out in the paragraph headed "The Agreements" below.

The Disposals, when aggregated, constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

\* for identification purposes only

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## LETTER FROM THE BOARD

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The primary purpose of this circular is to provide you with further information regarding the Disposals and other relevant information.

### THE AGREEMENTS

#### 1. Purchaser

Billion Development & Project Management Limited, a company incorporated in Hong Kong.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser is principally engaged in property investment and the Purchaser and its ultimate beneficial owners are third parties independent of the Company, its subsidiaries and connected persons (as defined in the Listing Rules) of the Company. Save for the Disposals, the Group has not had any prior relationship with the Purchaser.

Save for the Disposals, the Group has not had any prior transactions with the Purchaser which requires to be aggregated pursuant to Rule 14.22 of the Listing Rules.

#### 2. Vendor, property to be disposed of and purchase price

<b>Vendor (and its principal activity)</b>	<b>Property to be disposed of</b>	<b>Purchase Price</b>
Elite Sound (property holding)	Flat A on 3rd Floor, 4th Floor, Units A and B on 5th Floor and the lavatory adjacent to unit B on 5th Floor, Flats A and B on 9th Floor and 10th Floor, Lee Hang Industrial Building, 10 Cheung Yue Street, Kowloon, Hong Kong.	HK\$142,000,000
Ford Glory (trading of garment products)	Flat B on 3rd Floor, Lee Hang Industrial Building, 10 Cheung Yue Street, Kowloon, Hong Kong.	HK\$18,336,000
Grace Link (property holding)	1st Floor (including flat roof), Lee Hang Industrial Building, 10 Cheung Yue Street, Kowloon, Hong Kong.	HK\$38,000,000
Top Star (property holding)	Units A, B and C on 2nd Floor and Flat B on 6th Floor, Lee Hang Industrial Building, 10 Cheung Yue Street, Kowloon, Hong Kong.	HK\$39,664,000
	<b>Aggregate Purchase Price:</b>	<b>HK\$238,000,000</b>

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## LETTER FROM THE BOARD

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Each of the Vendors is a subsidiary of the Company.

The Aggregate Purchase Price is to be paid by way of cashier order and/or solicitors' cheque, and its payment terms are as follows:

- (1) an aggregate initial deposit in the sum of HK\$14.042 million was paid upon signing of the Agreements on 17 October 2007;
- (2) an aggregate further deposit in the sum of HK\$9.758 million shall be paid on or before the 15th day immediately following the Purchaser's receipt of the notification of the Vendors that all conditions precedent have been fulfilled by the Vendors in accordance with the terms of the Agreements; and
- (3) HK\$214.2 million, representing the balance of the Aggregate Purchase Price, shall be paid on or before Completion.

As at the Latest Practicable Date, the aggregate initial deposit in the sum of HK\$14.042 million is held by Vendors' solicitors as stakeholder for the Vendors. Pursuant to the Agreement, the aggregate initial deposit and further deposit in the sum of HK\$23.8 million shall be released to the Vendors upon the satisfaction or waiver of the condition precedent.

The Aggregate Purchase Price was determined after arm's length negotiations between the Vendors and the Purchaser with reference to the prevailing market value of other industrial premises of comparable size and quality in the area where the Properties are located.

It is expected that the aggregate net proceeds from the Disposals, after deducting expenses including legal fees and agency commission in the sum of approximately HK\$3 million, which amounts to approximately HK\$235 million, will be used as general working capital of the Group (including approximately HK\$65 million of which will be used to repay the mortgage loans in respect of the Properties in full).

The Properties are industrial premises and (where appropriate) are subject to existing tenancies.

### **3. Conditions precedent**

The Agreements are conditional upon the Vendors' production to the Purchaser a sealed copy of order or judgment by the Lands Tribunal or the High Court of Hong Kong confirming that the IO has the actual or implied power whether under the Building Management Ordinance (Chapter 344 of the Laws of Hong Kong) or otherwise, to acquire the IO Properties and to sell or dispose of the IO Properties at the respective Vendor's costs and expenses within six calendar months from the date of the Agreements provided that if a vendor and purchaser summons is taken out for the purpose of obtaining the order or judgment as aforesaid, the Purchaser shall join as a party to the proceedings and all costs and expenses (inclusive of all disbursements) reasonably incurred by the Purchaser in the said proceedings up to the sum of HK\$150,000 shall be borne by the Vendor and subject to taxation by the Court if the actual amount of such costs and expenses cannot be agreed, such costs and expenses



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## LETTER FROM THE BOARD

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shall be paid and settled by the Vendor upon Completion or within 15 days after taxation, whichever shall be the later. (For the avoidance of doubt, this condition precedent shall not be considered as satisfied if the power of the IO to acquire, sell or dispose of the IO Properties referred to in the order or judgment shall be conditional or subject to the concurrence or consent of any third parties other than the existing registered owner(s) of any unit(s)/floor(s) of the Lee Hang Industrial Building, the IO and/or the Purchaser.)

The Agreements are also conditional upon the completion of the sale and purchase of the IO Properties in accordance with the agreement for sale and purchase made between the IO and the Purchaser on the Completion Date.

The Purchaser may waive the condition precedent by notice in writing to the Vendors' solicitors at any time within six calendar months from the date of the Agreements.

Pursuant to the Agreements, each of the Vendors have agreed and undertaken to use its reasonable endeavors to procure the fulfillment of the condition precedent and the Purchaser shall at the costs and expenses of the Vendors provide all such reasonable assistance to the Vendors for fulfillment of the condition precedent if so requested by the Vendors.

Pursuant to the Agreements, the Vendors have further agreed and undertaken to inform the Purchaser forthwith upon satisfaction of the condition precedent and produce the sealed copy of the said court order or judgment to the Purchaser as soon as practicable. In the event that the condition precedent shall not have been fulfilled at or before 5:00 p.m. on or before a date falling six months from the Agreements or such later date as the parties may agree in writing, unless the condition is waived by the Purchaser, the Agreements shall lapse automatically and shall be of no further effect and neither party shall have any claim against the other or their respective solicitors save for antecedent breaches in which event:

- (a) the parties shall at their own costs and expenses enter into and cause to be registered at the Land Registry of Hong Kong a cancellation agreement to cancel the Agreements as aforesaid; and
- (b) upon the execution of the cancellation agreement as aforesaid, the initial deposit paid by the Purchaser shall be refunded to the Purchaser without interest, costs or compensation.

#### **4. Special conditions**

It is a condition of the Disposals that the Purchaser is to lease certain Properties to the Vendors on the terms as set out in the Agreements. Such leases are to commence from the day next following the Completion Date.

Certain Properties were subject to orders/notices issued by the Building Authority of Hong Kong as at the date of the Agreements. Pursuant to the relevant Agreement, the Vendor concerned has undertaken to complete the work required for the compliance with such orders/notices at its own costs and expenses on or before Completion and to produce proof of completion of such work to the Purchaser 14 days before Completion.

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## LETTER FROM THE BOARD

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### 5. Completion

Subject to fulfillment or waiver of all the condition precedent to the Agreements, completion of the Disposals shall take place on or before the Completion Date, being the 60th day immediately following the date of the Purchaser's receipt of the sealed copy order referred to in the paragraph headed "Conditions precedent" above or such other date as the parties shall agree in writing as the date on which Completion shall take place.

If the Completion Date, or the date stipulated for payment of any moneys or performance of any obligations in the Agreement, shall fall on a day which is not a Business Day, the Completion Date or such date for payment or performance (as the case may be) shall automatically be postponed to the next Business Day.

### REASONS FOR THE DISPOSALS

Units A and B of the 2nd Floor and Flat B of the 3rd Floor of Lee Hang Industrial Building of the Properties are held by the Group for self-occupation. The remaining Properties are held by the Group as investment properties. The Directors consider that the Disposals provide an opportunity for the Group to dispose of the Properties and provide working capital of the Group, after considering the present property market in Hong Kong.

The Directors (including the independent non-executive Directors) are of the view that the Disposals are on normal commercial terms that are fair and reasonable to and in the interests of the Shareholders as a whole.

### FINANCIAL EFFECTS OF THE DISPOSALS

The Group's original cost of the Properties was approximately HK\$196 million. The difference between the Aggregate Purchase Price and such original cost of the Properties is approximately HK\$42 million. The Properties were revalued in compliance with HKAS 40 "Investment Property" and restated as HK\$237 million as at 31 March 2007. Therefore, the Group is to record a book gain of approximately HK\$1 million before related expenses upon Completion.

During the two years ended 31 March 2007, net rental income (being gross rental income less outgoings) attributable to the Properties amounted to approximately HK\$2.8 million and approximately HK\$5.8 million respectively.

Based on the above information, the Directors consider that the Disposals will not have a material effect on the Group's earnings and net asset value. There will be a reduction of an aggregate amount of approximately HK\$237 million in the Group's investment properties and land and buildings. The Group intends to use approximately HK\$65 million from the proceeds of the Disposals to repay the mortgage loans in respect of the Properties in full. Accordingly, there will be a net increase in cash of approximately HK\$173 million.

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## LETTER FROM THE BOARD

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In the announcement of the Company dated 18 October 2007 in relation to the Disposals, the Company announced that the net proceeds from the Disposals would be used as general working capital of the Group. Considering that the mortgage loans intended to be repaid using the proceeds of the Disposals amount to less than 3.5% of the Group's total borrowings of approximately HK\$1.9 billion as at 31 March 2007 and the fact that all the mortgage loans that are going to be repaid are related to the Properties, the Directors do not consider such change in the intended use of the proceeds to constitute price-sensitive information.

### **GENERAL**

The Group is principally engaged in the production and sale of knitted fabric and dyed yarn and garment products.

The Disposals, when aggregated, constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

### **ADDITIONAL INFORMATION**

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

Yours faithfully  
For and on behalf of the Board of  
**Victory City International Holdings Limited**  
**Li Ming Hung**  
*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 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 the omission of which would make any statement herein misleading.

**2. SHARE CAPITAL**

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised</i>		<i>HK\$</i>
<u>40,000,000,000</u>	Shares	<u>400,000,000.00</u>

*Issued and fully paid or credited as fully paid:*

<u>667,714,577</u>	Shares in issue as at the Latest Practicable Date	<u>6,677,145.77</u>
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**3. DISCLOSURE OF INTERESTS**

- (a) As at the Latest Practicable Date, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company and 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 in which they were deemed or taken to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model

Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

<b>Name of Director</b>	<b>The Company/ name of associated corporation</b>	<b>Capacity</b>	<b>Interest in shares (Note 1)</b>	<b>Interest in underlying shares (Note 1)</b>	<b>% of the relevant class of issued share capital of the Company/ associated corporation</b>
Li Ming Hung	The Company	Founder of a trust	103,542,000 Shares (L) (Note 2)	–	15.51%
	The Company	Beneficial owner	9,160,000 Shares (L)	–	1.37%
	The Company	Beneficial owner	–	1,500,000 Shares (L) (Note 4)	0.22%
	Victory City Company Limited (Note 15)	Beneficial owner	4,000,000 non-voting deferred shares of HK\$1.00 each (L)	–	50%
	Victory City Overseas Limited (Note 15)	Beneficial owner	1,300 redeemable non-voting preference shares of US\$1.00 each (L)	–	39.4%
Chen Tien Tui	The Company	Founder of a trust	103,542,000 Shares (L) (Note 3)	–	15.51%
	The Company	Beneficial owner	10,258,641 Shares (L)	–	1.54%
	The Company	Beneficial owner	–	1,500,000 Shares (L) (Note 4)	0.22%

Name of Director	The Company/ name of associated corporation	Capacity	Interest in shares (Note 1)	Interest in underlying shares (Note 1)	% of the relevant class of issued share capital of the Company/ associated corporation
	Victory City Company Limited (Note 15)	Beneficial owner	4,000,000 non-voting deferred shares of HK\$1.00 each (L)	–	50%
	Victory City Overseas Limited (Note 15)	Beneficial owner	1,300 redeemable non-voting preference shares of US\$1.00 each (L)	–	39.4%
Choi Lin Hung	The Company	Beneficial owner	3,320,000 Shares (L)	–	0.50%
	The Company	Beneficial owner	–	9,000,000 Shares (L) (Note 5)	1.35%
	Victory City Overseas Limited (Note 15)	Beneficial owner	700 redeemable non-voting preference shares of US\$1.00 each (L)	–	21.2%
	Ford Glory Holdings Limited (Note 15)	Interest of controlled corporation	49 shares of US\$1.00 each (L) (Note 6)	–	49%
	CSG Apparel Inc. (Note 15)	Interest of controlled corporation	one common stock of CAD1.00 (L) (Note 7)	–	100%

Name of Director	The Company/ name of associated corporation	Capacity	Interest in shares (Note 1)	Interest in underlying shares (Note 1)	% of the relevant class of issued share capital of the Company/ associated corporation
	Ford Glory International Limited (Note 15)	Interest of controlled corporation	5,000,000 ordinary shares of HK\$1.00 each (L) (Note 13)	–	100%
	Glory Time Limited (Note 15)	Interest of controlled corporation	70 ordinary shares of HK\$1.00 each (L) (Note 10)	–	70%
	Mayer Apparel Limited (Notes 11 and 15)	Interest of controlled corporation	51 ordinary shares of HK\$1.00 each (L)	–	51%
	PT Victory Apparel Samarang (Note 15)	Interest of controlled corporation	300,000 ordinary shares of US\$1.00 each (L) (Note 9)	–	100%
	Silver Success Limited (Note 15)	Interest of controlled corporation	90 ordinary shares of HK\$1.00 each (L) (Note 10)	–	90%
	Surefaith Limited (Note 15)	Interest of controlled corporation	10 ordinary shares of US\$1.00 each (L) (Note 13)	–	100%

Name of Director	The Company/ name of associated corporation	Capacity	Interest in shares (Note 1)	Interest in underlying shares (Note 1)	% of the relevant class of issued share capital of the Company/ associated corporation
	Top Star Limited (Note 15)	Interest of controlled corporation	2 ordinary shares of HK\$1.00 each (L) (Note 13)	–	100%
	Top Value Inc. (Note 15)	Interest of controlled corporation	200 common shares of no par value (L) (Note 12)	–	100%
	Value Plus (Macao Commercial Offshore) Limited (Note 15)	Interest of controlled corporation	Quota capital of MOP100,000 (L) (Note 14)	–	100%
	Victory Apparel Jordan Manufacturing Limited (Note 15)	Interest of controlled corporation	50,000 ordinary shares of JD\$1.00 each (L) (Note 8)	–	100%
	Wealth Choice Limited (Note 15)	Interest of controlled corporation	10 ordinary shares of US\$1.00 each (L) (Note 13)	–	100%
	福之源貿易 (上海)有限 公司 (Ford Glory Trading (Shanghai) Limited) (being its unofficial English translation) (Note 15)	Interest of controlled corporation	Registered capital of RMB1,000,000 (L) (Note 7)	–	100%



Name of Director	The Company/ name of associated corporation	Capacity	Interest in shares (Note 1)	Interest in underlying shares (Note 1)	% of the relevant class of issued share capital of the Company/ associated corporation
	Gojifashion Inc. (Note 16)	Interest of controlled corporation	100 common shares of no par value (L) (Note 12)	–	50%
Lee Yuen Chiu, Andy	The Company	Beneficial owner	–	9,000,000 Shares (L) (Note 5)	1.35%
So Kam Wah	The Company	Beneficial owner	–	9,000,000 Shares (L) (Note 5)	1.35%
Phaisalakani Vichai	The Company	Beneficial owner	214,000 Shares (L)	–	0.03%

*Notes:*

- The letter “L” represents the Director’s interests in the shares and underlying shares of the Company or its associated corporations.
- These Shares were held by Pearl Garden Pacific Limited. Pearl Garden Pacific Limited is wholly owned by Cornice Worldwide Limited, the entire issued share capital of which is held by Trustcorp Limited as discretionary trustee for Mr. Li Ming Hung’s family.
- These Shares were held by Madian Star Limited. Madian Star Limited is wholly owned by Yonice Limited, the entire issued share capital of which is held by Trustcorp Limited as discretionary trustee for Mr. Chen Tien Tui’s family.
- On 9 October 2003, each of Messrs. Li Ming Hung and Chen Tien Tui were granted 500,000 options under the option scheme of the Company to subscribe for 500,000 Shares, exercisable at a price of HK\$3.04 per share during a period from 9 October 2004 to 29 November 2011.  
  
On 7 June 2004, each of Messrs. Li Ming Hung and Chen Tien Tui were granted options under the share option scheme of the Company to subscribe for 1,000,000 Shares and 1,000,000 Shares respectively, exercisable at a price of HK\$3.15 per Share during a period from 7 June 2004 to 29 November 2011.
- On 23 May 2003, each of Messrs. Choi Lin Hung, Lee Yuen Chiu, Andy and So Kam Wah were granted 1,500,000, 1,500,000 and 3,300,000 options respectively under the share option scheme of the Company to subscribe for 1,500,000 Shares, 1,500,000 Shares and 3,300,000 Shares respectively, exercisable at a price of HK\$2.35 per Share during a period from 27 May 2003 to 29 November 2011.

On 9 October 2003, each of Messrs. Choi Lin Hung, Lee Yuen Chiu, Andy and So Kam Wah were granted options under the share option scheme of the Company to subscribe for 3,500,000 Shares, 3,500,000 Shares and 1,700,000 Shares, respectively, exercisable at a price of HK\$3.04 per share during a period from 9 October 2004 to 29 November 2011.

On 7 June 2004, each of Messrs. Choi Lin Hung, Lee Yuen Chiu, Andy and So Kam Wah were granted options under the share option scheme of the Company to subscribe for 4,000,000 Shares, 4,000,000 Shares and 4,000,000 Shares respectively, exercisable at a price of HK\$3.15 per Share during a period from 7 June 2004 to 29 November 2011.

6. These shares, representing 49% of the issued share capital of Ford Glory Holdings Limited, were held by Merlotte Enterprise Limited which is wholly owned by Mr. Choi Lin Hung.
7. This common stock or, as the case may be, registered capital was beneficially owned by Ford Glory International Limited which is a wholly owned subsidiary of Ford Glory Holdings Limited.
8. These shares were beneficially owned by Wealth Choice Limited which is a wholly owned subsidiary of Ford Glory Holdings Limited.
9. These shares were beneficially owned by Surefaith Limited which is a wholly owned subsidiary of Ford Glory Holdings Limited.
10. Silver Success Limited is 90% owned by Glory Time Limited which is in turn 70% owned by Ford Glory Holdings Limited.
11. Mayer Apparel Limited is 51% owned by Ford Glory Holdings Limited.
12. These common shares were beneficially owned by Ford Glory Holdings Limited.
13. These shares were beneficially owned by Ford Glory Holdings Limited.
14. This quota capital was beneficially owned by Ford Glory Holdings Limited.
15. These companies are subsidiaries of the Company.
16. This company is an associated corporation of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which 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 the interests and short positions in which they were deemed or taken to have under such provisions of the SFO) or which are 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 Issuers contained in the Listing Rules.

- (b) (i) Save as disclosed herein and in the circular of the Company dated 4 October 2007 in relation to certain continuing connected transactions of the Company, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this circular and which is significant in relation to the business of the Group.
- (ii) None of the Directors was interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to the Company or any of its subsidiaries since 31 March 2007, the date to which the latest published audited consolidated accounts of the Group were made up.
- (iii) None of the Directors had entered or was proposing to enter into a service contract with the Company or any of its subsidiaries (excluding contracts expiring or determinable within one year without payment of compensation other than statutory compensation).

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

##### (a) 5% of holdings

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and so far as was known to, or can be ascertained after reasonable enquiry by the Directors, the following persons (other than the Directors and chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of person	Number of Shares (Note 1)	Capacity	Approximate percentage of interest
Pearl Garden Pacific Limited	103,542,000 (L)	Beneficial owner (Note 2)	15.51%
Cornice Worldwide Limited	103,542,000 (L)	Interest of controlled corporation (Note 2)	15.51%
Madian Star Limited	103,542,000 (L)	Beneficial owner (Note 3)	15.51%

Name of person	Number of Shares (Note 1)	Capacity	Approximate percentage of interest
Yonice Limited	103,542,000 (L)	Interest of controlled corporation (Note 3)	15.51%
Trustcorp Limited	207,084,000 (L)	Trustee (Notes 2, 3 & 4)	31.01%
Newcorp Limited	207,084,000 (L)	Interest of controlled corporation (Notes 2, 3 & 4)	31.01%
Newcorp Holdings Limited	207,084,000 (L)	Interest of controlled corporation (Notes 2, 3 & 4)	31.01%
David Henry Christopher Hill	207,084,000 (L)	Interest of controlled corporation (Notes 2, 3 & 4)	31.01%
David William Roberts	207,084,000 (L)	Interest of controlled corporation (Notes 2, 3 & 4)	31.01%
Rebecca Ann Hill	207,084,000 (L)	Interest of spouse (Notes 2, 3, 4 & 5)	31.01%
Ho Yuen Mui, Shirley	114,202,000 (L)	Interest of spouse (Note 6)	17.10%
Or Kwai Ying	115,300,641 (L)	Interest of spouse (Note 7)	17.27%
Templeton Asset Management Limited	73,476,234 (L)	Investment manager	11.00%
Sansar Capital Special Opportunity Master Fund, LP	65,169,000 (L)	Beneficial owner (Note 8)	9.76%

*Notes:*

1. The letter "L" represents the person's interests in the Shares and underlying Shares.
2. These shares were held by Pearl Garden Pacific Limited. Pearl Garden Pacific Limited is wholly owned by Cornice Worldwide Limited, the entire issued share capital of which is held by Trustcorp Limited as discretionary trustee for Li Ming Hung's family. Mr. Chen Tien Tui is a director of Pearl Garden Pacific Limited and Cornice Worldwide Limited.
3. These shares were held by Madian Star Limited. Madian Star Limited is wholly owned by Yonice Limited, the entire issued share capital of which is held by Trustcorp Limited as discretionary trustee for Chen Tien Tui's family. Mr. Li Ming Hung is a director of Madian Star Limited and Yonice Limited.
4. Trustcorp Limited is wholly owned by Newcorp Limited which is in turn wholly owned by Newcorp Holdings Limited. Newcorp Holdings Limited is owned as to 35% by David Henry Christopher Hill, as to 35% by David William Roberts and as to 30% by Michael J. Kenney-Herbert.
5. Rebecca Ann Hill is the wife of David Henry Christopher Hill.
6. Ho Yuen Mui, Shirley is the wife of Li Ming Hung.
7. Or Kwai Ying is the wife of Chen Tien Tui.
8. These Shares were held by Sansar Capital Special Opportunity Master Fund, LP. To the best knowledge of the Company, Sansar Capital Management, LLC was interested in such Shares as investment manager.

**(b) Substantial shareholders of the subsidiaries of the Company**

As at the Latest Practicable Date, so far as was known to or can be ascertained after reasonable enquiry by the Directors, the following person was, either directly or indirectly, interested in shares representing 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of a subsidiary of the Company:

Name of person	Name of subsidiary	Total number and class of securities in issue	Approximate percentage of securities held
Merlotte Enterprise Limited	Ford Glory Holdings Limited	49 shares of US\$1.00 each (Note)	49%

*Note:* Merlotte Enterprise Limited, a company wholly owned by Choi Lin Hung, held 49% of the issued share capital of Ford Glory Holdings Limited.

- (c) Save as disclosed above, so far as is known to or can be ascertained after reasonable enquiry by the Directors, as at the Latest Practicable Date, there was no other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares and underlying shares in the Company (including interest in options, if any) which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly, interested in shares representing 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 members of the Group.

## 5. LITIGATION

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

## 6. COMPETING BUSINESS

None of the Directors and their respective associates have an interest in a business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## 7. GENERAL

- (a) The secretary of the Company is Mr Lee Chung Shing, who is an associate member of the Chartered Institute of Management Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is located at Clarendon House, Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in case of inconsistency.