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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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your securities in Far East Technology International Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**FAR EAST TECHNOLOGY INTERNATIONAL LIMITED**

*(Incorporated in Hong Kong with limited liability)*

Website: <http://www.fet.com.hk>

(Stock Code: 36)

**MAJOR TRANSACTION  
DISPOSAL OF SUBSIDIARY**

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This circular is provided for the information of the shareholders of Far East Technology International Limited only.

4 December 2006

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## DEFINITIONS

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

“Agreement”	the agreement dated 13 November 2006 entered into between the Company and Purchaser for the Disposal
“Board”	the board of directors of the Company
“Company”	Far East Technology International Limited, a company incorporated in Hong Kong and the shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal pursuant to the Agreement
“Completion Date”	30 November 2006 or such earlier date as may be agreed in writing between the Seller and Purchaser
“Conditions”	the conditions to which Completion is subject to
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Disposal”	the Disposal by the Company of a 90% equity interest in Goldtrack to Mr. Jason Poh Kai Sing pursuant to the Agreement
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to consider the ordinary resolution to approve the Disposal
“Goldtrack”	Goldtrack Limited, a company incorporated in Hong Kong
“Goldtrack Group”	Goldtrack Limited and its subsidiary Suzhou Goldtract Commodity Concrete Company Limited
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	28 November 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	the percentage ratio(s) under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“Purchaser”	Mr. Jason Poh Kai Sing, is a Singaporean
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	the Company
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong)
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Suzhou Goldtract”	Suzhou Goldtract Commodity Concrete Company Limited, a sino-foreign joint venture established in the PRC which currently operates one concrete commodity plants in Suzhou, the PRC
“Transferred Interests”	the 9,000 shares of Goldtrack, representing approximately 90% of the issued share capital of Goldtrack, to be bought and sold pursuant to the terms and conditions of the Agreement.
“%”	per cent

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## LETTER FROM THE BOARD

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### FAR EAST TECHNOLOGY INTERNATIONAL LIMITED

*(Incorporated in Hong Kong with limited liability)*

Website: <http://www.fet.com.hk>

(Stock Code: 36)

*Executive Directors:*

Deacon Te Ken Chiu J.P. (*Chairman*)

Mr. Duncan Chiu

*(Managing Director and Chief Executive Officer)*

Mr. Dennis Chiu

*Registered office:*

16th Floor

Far East Consortium Building

121 Des Voeux Road Central

Hong Kong

*Non-executive Directors:*

Tan Sri Dato' David Chiu

Mr. Daniel Tat Jung Chiu

Mr. Derek Chiu

Mr. Desmond Chiu

Ms. Margaret Chiu

*Head office and principal place of  
business:*

Room 1802-1804, 18th Floor

Far East Consortium Building

121 Des Voeux Road Central

Hong Kong

*Independent non-executive Directors:*

Dr. Lee G. Lam

Mr. Ryan Yen Hwung Fong

Mr. Hing Wah Yim

4 December 2006

*To the Shareholders*

Dear Sir or Madam,

## MAJOR TRANSACTION DISPOSAL OF SUBSIDIARY

### INTRODUCTION

The Board announces that on 13 November 2006 the Company entered into the Agreement with the Purchaser to dispose of the Transferred Interests, representing the Company's entire 90% equity interest in Goldtrack (the remaining 10% equity interest is held by Mr. Wu Hin Ching who is third parties independent of the Company and connected persons of the Company), the principal underlying asset of which is 70% equity interest in Suzhou Goldtract which is currently operating one commodity concrete plant in Suzhou, the PRC. Pursuant to the Agreement, the Company has agreed to sell and the Purchaser has agreed to acquire the Transferred Interests for a consideration of HK\$1.00.

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## LETTER FROM THE BOARD

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### THE AGREEMENT

Date of the Agreement:	13 November 2006
Seller:	the Company
Purchaser:	Mr. Jason Poh Kai Sing
Transferred Interests:	entire 90% equity interest in Goldtrack
Consideration:	the consideration of HK\$1.00 shall be payable in cash and the consideration was determined after arm's length negotiations between the Company and the Purchaser by reference to the consolidated net liabilities of Goldtrack Group as stated in the unaudited consolidated balance sheet as at 30th September, 2006.
Payment term:	HK\$1.00 shall be payable in cash upon completion of the Agreement

### Conditions and Completion

Completion is subject to fulfillment of the following conditions:

- (i) approval of the Agreement and the transactions contemplated thereunder by the Shareholders in a general meeting as required under the Listing Rules;
- (ii) approval of the Agreement, the Disposal by the respective boards of directors and shareholders of Suzhou Goldtrack; and
- (iii) receipt of relevant approvals, information and/or confirmations from the Ministry of Commerce of the PRC and the State Administration of Foreign Exchange of the PRC in relation to foreign exchange needs, the Agreement, the Disposal and transactions contemplated under the Agreement.

Completion shall take place within 60 working days following the satisfaction or waiver by the Seller or the Purchaser of the Conditions to which their obligations are subject; provided, however, that if Completion has not occurred by 31 December 2006, then the Agreement shall be terminated automatically and cease to have any effect. Further no party shall have any liability thereunder (but without prejudice to the rights of any party against the others for antecedent breaches of the Agreement).

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## LETTER FROM THE BOARD

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### VALUE OF THE EQUITY INTEREST TO BE DISPOSED OF AND BASIS OF NEGOTIATION

**(a) Value**

Value of the consolidated net liabilities to be disposed of is approximately HK\$28.99 million.

**(b) Basis upon which the consideration was determined**

The consideration for the Disposal was arrived at after arm's length negotiations between the parties involved, by reference to the consolidated net liabilities of Goldtrack Group of HK\$28.99 million being shown in the unaudited consolidated balance sheet as at 30th September 2006.

**(c) The gain on Disposal expected to accrue to the Company**

Upon Completion, a gain of approximately HK28.99 million arose on disposal of Goldtrack and its subsidiaries, being the sales proceeds of disposal less the carrying amount of the consolidated net liabilities of Goldtrack Group. Shareholders should note that the actual gain on disposal to be recorded by the Company will depend on the consolidated net liabilities of Goldtrack Group as at the Completion Date.

### INFORMATION ON THE GROUP

The Company acts as an investment holding company. The principal activities of its subsidiaries and associates are engaged in information technology, manufacturing and trading of garment, investment in properties for rental purpose, property development and investment in securities.

### INFORMATION ON THE PURCHASER

The Purchaser is a Singaporean, namely Mr. Jason Poh Kai Sing. Mr. Poh, aged 48, is working as Managing Director in RPC Construction Development (M) Sdn Bhd in Malaysia. He is an associate member of Association of Consulting Engineers Singapore and also an ordinary member of Singapore Concrete Institute. The Directors confirm that to the best of their knowledge information and belief having made all reasonable enquiry, the Purchaser and the ultimate beneficial owner of the Purchaser are third parties independent of the Company and connected persons of the Company.

### INFORMATION ON GOLDTRACK

Goldtrack is an investment holding company and a private company incorporated in Hong Kong with limited liability. 90% equity interest of Goldtrack is directly held by the Company and the remaining 10% is held by Mr. Wu Hin Ching who is third parties independent of the Company and connected persons of the Company. Goldtrack, the principal underlying asset of which is 70% equity interest in Suzhou Goldtrack Commodity Concrete Company Limited, a sine-foreign joint venture established in PRC which is currently operating one commodity concrete plant in Suzhou, the PRC.

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## LETTER FROM THE BOARD

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Based on the unaudited consolidated financial statements of Goldtrack Group, which are prepared in accordance with accounting principles generally accepted in Hong Kong, the consolidated net loss (before and after taxation) for the two years ended 31 December 2004, 2005 and nine months ended 30 September 2006 and the consolidated net liabilities of Goldtrack Group as at 31 December 2004, 2005 and 30 September 2006 are as follows:

	<b>For the nine months ended 30.9.2006 (unaudited) HK\$</b>	<b>For the year ended 31.12.2005 (unaudited) HK\$</b>	<b>31.12.2004 (unaudited) HK\$</b>
Net loss before taxation	2.87 million	2.61 million	2.98 million
Net loss after taxation	2.87 million	2.61 million	2.98 million
	<b>As at 30.9.2006 HK\$</b>	<b>As at 31.12.2005 HK\$</b>	<b>As at 31.12.2004 HK\$</b>
Net liabilities	28.99 million	25.75 million	22.90 million

### FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Company expects to record a gain on disposal calculated with reference to the net liabilities of Goldtrack Group as at the Completion Date. Based on the net liabilities of Goldtrack Group as at 30 September 2006, the gain on disposal will be approximately HK\$28.99 million. Shareholders should note that the actual gain on disposal to be recorded by the Company will depend on the net liabilities of Goldtrack Group as at the Completion Date. Based on the unaudited consolidated financial statements of Goldtrack Group as at 30 September 2006 and the consideration of HK\$1.00 for the Disposal, immediately upon completion of the Disposal, the Group's consolidated total assets will be decreased by approximately HK\$13.38 million and the Group's consolidated total liabilities will be decreased by approximately HK\$42.37 million.

Upon Completion, the Company will no longer hold any interest in Goldtrack Group and the results of Goldtrack Group will no longer be consolidated into the Group's accounts.

### REASONS FOR AND BENEFITS OF THE DISPOSAL

It is the intention of the Group to focus on manufacturing and trading of garment business. As Goldtrack Group has suffered loss in 2005 and 2004, therefore it is in the interest of the Company to dispose of it. Although the consideration for disposal of 90% equity interest in Goldtrack by the Company is only at HK\$1.00, however it helps to improve the overall consolidated financial results of the Group. As at the date of this announcement, the Company has neither given any shareholders' loan nor any guarantees given to banks in respect of general banking facilities granted to Goldtrack Group.



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## LETTER FROM THE BOARD

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The Directors (including all independent non-executive directors) believe that the terms of the Disposal are fair and reasonable and in the interests of the Shareholders as a whole.

### USE OF PROCEEDS

The Group intends to retain the sale proceeds resulting from the Disposal as general working capital.

### GENERAL

As the applicable “revenue test” percentage ratio(s) as defined in the Listing Rules exceed(s) 25% but all percentage ratios are less than 75%, the Disposal constitutes a major transaction for the Company under the Listing Rules and is therefore subject to the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

No Shareholders are required to abstain from voting at the general meeting in respect of the resolution to approve the Disposal and the Company has obtained from Deacon Te Ken Chiu *J.P.*, Mr. Duncan Chiu, Mr. Dennis Chiu, Tan Sri Dato’ David Chiu and Mr. Daniel Tat Jung Chiu who are currently holding 60,797,561 shares, representing approximately 55.55% of the issued share capital of the Company, written approval for the Agreement, the Disposal and the transactions contemplated thereunder. Pursuant to Rule 14.44 of the Listing Rules, the Disposal which constitutes a major transaction for the Company has been approved by way of written shareholders’ approval in lieu of holding an EGM meeting of the Company seeking approval from the Shareholders.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix I – Financial Information on the Group and Appendix II – General Information to this circular.

Yours faithfully

By order of the Board

**Duncan Chiu**

*Managing Director and Chief Executive Officer*

**1. INDEBTEDNESS**

“As at close of business on 30 September 2006, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group has outstanding borrowings as follows:

<b>Borrowings:</b>	<i>Note</i>	<i>HK\$</i>
Obligation under a finance lease	(a)	397,566
Bank loan – secured	(b)	3,895,000
Other loans – secured	(c)	10,912,935
Amount due to directors	(d)	3,029,469
Amount due to related companies	(d)	1,557,088
Amount due to minority shareholders	(d)	1,338,965
		<hr/>
		21,131,023
		<hr/>

- (a) The obligation under a finance lease is secured by a motor vehicle. The term of the lease is four years. Interest rate is fixed at 7% per annum.
- (b) The bank loan is secured by bank deposits of HK\$7,401,273
- (c) Other loans are secured by listed securities of HK\$32,271,013
- (d) The amounts due to directors, related companies and minority shareholders are unsecured, interest-free and repayable on demand.

Save as aforesaid or as otherwise disclosed herein and apart from intra-group liabilities, none of the companies in the Group had any loan capital issued and outstanding or agreed to be issued, any bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, obligations under finance leases or hire purchases, guarantees or other material contingent liabilities as at the close of business on 30 September 2006.

The Directors have confirmed that as at the Latest Practicable Date, save as disclosed above, there had not been any material change in the indebtedness and contingent liabilities of the Group since 30 September 2006.

**2. FINANCIAL AND TRADING PROSPECTS**

Whilst there are concerns about the impact of high interest rates, surging energy prices and political tensions on the global economy, the Group's operating environment is generally positive nurtured by the robust economic growth in the Mainland China. The recent measures to slow down the mainland economy are specific to certain over-invested sectors and the central government has emphasized on the improvement of living standards and a more balanced growth model in favour of domestic consumption. With a mission to deliver shareholders' value, the Group has already constructed solid platforms for sustainable growth through our transformation into an investment company.

The Group will closely attend to the development of the Mainland China market, and study the feasibility of investing in the aviation related projects in the Mainland China. The Group is also actively seeking investment opportunities and expanding investment channels in order to capitalize the financial strength of the Group and maximize shareholders' value.

**3. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2005, the date to which the latest audited financial statements of the Company were made up.

**4. WORKING CAPITAL**

The Directors are of the opinion that, taking into account the present available banking facilities and financial resources of the Group and the receipt of the proceeds from the Disposal, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular, in the absence of any unforeseen circumstances.

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular with regard to the Company and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement contained herein misleading.

## 2. DISCLOSURE OF INTERESTS

### (1) Directors' Interests

As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the shares or underlying shares of the Company 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 which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or 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:

#### (i) Long positions of Directors' interests in shares of the Company

Name of director	Number of ordinary shares of the Company held					Percentage of issued share capital of the Company
	Personal interests	Family interests	Corporate interests	Other interests	Total interests	
Deacon Te Ken Chiu, <i>J.P.</i>	10,424,332	2,087,580 <sup>(1)</sup>	1,612,683	2,341,733 <sup>(5)</sup>	16,466,328	15.04%
Tan Sri Dato' David Chiu	1,870,000	–	6,168,800 <sup>(2)</sup>	–	8,038,800	7.34%
Ms. Margaret Chiu	1,100,000	–	–	–	1,100,000	1.01%
Mr. Dennis Chiu	3,520,044	–	2,200,000 <sup>(3)</sup>	1,170,866 <sup>(5)</sup>	6,890,910	6.30%
Mr. Daniel Tat Jung Chiu	2,420,000	–	11,440,044 <sup>(4)</sup>	–	13,860,044	12.66%
Mr. Derek Chiu	44,220	–	–	–	44,220	0.04%
Mr. Desmond Chiu	1,100,000	–	–	–	1,100,000	1.01%
Mr. Duncan Chiu	23,341,658	–	–	7,706,773 <sup>(5)</sup>	31,048,431	28.37%

*Notes:*

- (1) These shares are held by Madam Ching Lan Ju Chiu, wife of Deacon Te Ken Chiu, *J.P.*.
- (2) These shares are held by Rocket High Investments Limited, a company wholly-owned by Tan Sri Dato' David Chiu.
- (3) These shares are held by Cape York Investments Limited ("Cape York"), a company owned by Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu equally.
- (4) Of the 11,440,044 shares, 2,200,000 shares are held by Cape York, and the remaining 9,240,044 shares are held by Gorich Holdings Limited, a company wholly-owned by Mr. Daniel Tat Jung Chiu.
- (5) Details of the interests of directors and chief executives of the Company in the underlying shares of equity derivatives in respect of options granted to them are stated in the "Directors' interests in share options of the Company" section.

The interests of the Directors or chief executive of the Company, and their respective associates, in the underlying shares of the Company which may be issued pursuant to exercise of the share options granted to the Directors by the Company are set out in the paragraph headed "Directors' interests in share options of the Company" below.

**(ii) Directors' interests in share options of the Company**

As at the Latest Practicable Date, the interests of the Directors or chief executive of the Company, and their respective associates, in the underlying shares of the Company which may be issued pursuant to exercise of the share options granted to the Directors pursuant to the Company's share option scheme were as follows:

Name of Grantee	Number of Shares Options				Exercise price HK\$	Grant date	Exercisable period
	Outstanding as at 1/1/2006	Granted during the period	Adjustment for Bonus Issue	Outstanding as at the Latest Practicable Date			
Deacon Te Ken Chiu, <i>J.P.</i>	2,128,848	-	212,885	2,341,733	1.153 <sup>(i)</sup>	21/7/2005	21/7/2005- 20/7/2015
Mr. Dennis Chiu	1,064,424	-	106,442	1,170,866	1.153 <sup>(i)</sup>	21/7/2005	21/7/2005- 20/7/2015
Mr. Duncan Chiu	3,406,158	-	340,615	3,746,773	1.153 <sup>(i)</sup>	21/7/2005	21/7/2005- 20/7/2015
	-	1,800,000	180,000	1,980,000	1.2182 <sup>(ii)</sup>	21/4/2006	23/5/2006- 22/5/2016
	-	1,800,000	180,000	1,980,000	1.2182 <sup>(ii)</sup>	21/4/2006	23/5/2007- 22/5/2017
Aggregate for directors	6,599,430	3,600,000	1,019,942	11,219,372			
Aggregate for employees	425,770	-	42,578	468,348	1.153 <sup>(i)</sup>	21/7/2005	21/7/2005- 20/7/2015
	-	750,000	75,000	825,000	1.2182 <sup>(ii)</sup>	21/4/2006	23/5/2006- 22/5/2016
	-	750,000	75,000	825,000	1.2182 <sup>(ii)</sup>	21/4/2006	23/5/2007- 22/5/2017
	<u>7,025,200</u>	<u>5,100,000</u>	<u>1,212,520</u>	<u>13,337,720</u>			

*Notes:*

- (1) At the 2005 Annual General Meeting of the Company held on 23 May 2005, a share option scheme (the "Option Scheme") of the Company was adopted by the shareholders of the Company. As at Latest Practicable Date, there are options relating to 13,337,720 Shares granted by the Company pursuant to the Option Scheme which are valid and outstanding.
- (2) At the annual general meeting of the Company held on 23 May 2006, a bonus issue of one new Share for every ten Shares ("Bonus Issue") held as of that date was approved by the shareholders. All the share options which were granted and remained outstanding as of 23 May 2006 were adjusted with the Bonus Issue and accordingly, the number of share options increased by one Share for every ten Shares in the share options, and the exercise price per Share was adjusted from (i) HK\$1.2683 to HK\$1.153; and (ii) HK\$1.34 to HK\$1.2182 respectively.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company 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 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 any interests and short positions which he was taken or deemed 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 Listing Companies in the Listing Rules, to be notified to the Company and the Stock Exchange.

**(iii) Service contracts**

None of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company as at the Latest Practicable Date.

**(iv) Competing interest**

As at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or their respective associates had any interest in a business which competes or is likely to compete with the business of the Group.

**(2) SUBSTANTIAL SHAREHOLDERS' INTERESTS AND PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO**

**SUBSTANTIAL SHAREHOLDERS**

At Latest Practical Date, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain Directors under the section headed "Directors' Interests", the following shareholders had notified the Company of any interest, directly or indirectly, in 5% or more of the issued share capital of the Company:

Name of Substantial Shareholder	Number of ordinary shares of the Company held	Percentage of issued share capital of the Company
Gorich Holdings Limited ("Gorich") <sup>(1)</sup>	9,240,044	8.44%
Max Point Holdings Limited ("Max Point") <sup>(2)</sup>	7,764,240	7.09%
Rocket High Investments Limited ("Rocket") <sup>(3)</sup>	6,168,800	5.64%
Virtual Dragon International Limited ("Virtual Dragon") <sup>(4)</sup>	5,611,760	5.13%

*Notes:*

- (1) Gorich is wholly-owned by Mr. Daniel Tat Jung Chiu. The interests of Mr. Daniel Tat Jung Chiu in the Company is stated under the section headed "Directors' Interests" above.
- (2) The entire share capital of Max Point is beneficially owned by Mr. Chan Wai Ki.
- (3) Rocket is wholly-owned by Tan Sri Dato' David Chiu. The interests of Tan Sri Dato' David Chiu in the Company is stated under the section headed "Directors' Interests" above.
- (4) These shares are held by Peace View Company Limited ("Peace View"), a wholly-owned subsidiary of Far East Consortium Limited ("FEC"). On 28 March 2001, FEC had entered into a Sale of Shares Agreement with Virtual Dragon to dispose of its entire equity interests in Peace View to Virtual Dragon.
- (5) All interests disclosed above represent long positions in the ordinary shares of the Company.

Save as disclosed above, the Company had not been notified of any other interests or short positions representing 5% or more of the Company's issued share capital at the Latest Practical Date.

**3. LITIGATION**

Neither the Company nor any other members of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

**4. MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company and its subsidiaries within the two years immediately preceding the date of this Prospectus and are or may be material:

- (a) a sale and purchases agreement dated 22 December 2003 in respect of, inter alia, the sale of the entire shareholding interest in Tang City Properties Pte. Ltd., a private company incorporated in Singapore, by the Company and Mr. Dennis Chiu, a Director, to Smartland Assets Limited, and the sale of Company's Shares by the Far East Consortium International Limited, Ridon Investment Limited, Ready Town Limited, Elliot Investment Corporation Limited and Singford Holdings Limited to Deacon Te Ken Chiu J.P., Tan Sri Dato' David Chiu, Mr. Dennis Chiu, Mr. Daniel Tat Jung Chiu and Mr. Duncan Chiu in respect of an aggregate of 93,540,200 Shares;
- (b) a Chinese sale and purchase agreement dated 21 April 2004 for the sale of Laichi Kok Amusement (Haimen) Co., Ltd., a wholly foreign owned enterprise incorporated in the PRC which is wholly-owned by the Company, to Deacon Te Ken Chiu J.P., a Director, for a consideration of HK\$8.8 million;
- (c) a provisional sale and purchase agreement dated 30 April 2004 for the sale of properties located at 2/F., of Podium A, Wealthy Garden, 12-28 Tsuen Fu Street, 36-48 Tsuen Wah Street and 1-27 Tsuen Kwai Street, Tsuen Wan, New Territories, Hong Kong by Kwong Ming Amusement Company Limited, a wholly-owned subsidiary of the Company, to Wai Wah Trader Limited for a consideration of HK\$15.5 million;
- (d) a sale and purchase agreement dated 28 June 2004 for the sale of a cinema located at Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Kowloon, Hong Kong by Profess World Investments Limited, a wholly-owned subsidiary of the Company, to Fortune Plan Limited for a consideration of HK\$15 million;
- (e) an assignment dated 28 June 2004 for the sale of a cinema located at Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Kowloon, Hong Kong by Profess World Investments Limited, a wholly-owned subsidiary of the Company, to Fortune Plan Limited for a consideration of HK\$15 million;
- (f) A share transfer agreement dated 28 May, 2006, entered between the China Entertainment (Jiangsu) Development Limited, a wholly-owned subsidiary of the Company and 無錫市新業建設發展公司 for the disposal of 65% equity interest in Wuxi Cheerman Property Company Limited for a consideration of RMB15.5 million;
- (g) An agreement dated 25 August 2006, the Company acquired of HK\$8.3 million principal amount of the Convertible Notes of Satellite Devices Corporation from First Vantage Limited at a consideration of HK\$4.98 million;



- (h) A joint venture agreement dated 27 September 2006 entered between Jubilee Star Limited, a wholly-owned subsidiary of the Company and China Aviation Supplies Import and Export Group Corporation (中國航空器材進出口集團公司) for transformation of Beijing Kailan Aviation Technology Co., Ltd. (北京凱蘭航空技術有限公司) into a sino-foreign equity joint venture by capital injection of approximately RMB20.47 million.
- (i) the Agreement.

Save as aforesaid, no material contracts (not being contracts entered into in the ordinary course of business carried on by the Group) have been entered into by any member of the Group within the two years preceding the date of this circular.

## **5. GENERAL**

- (a) The registered office of the Company is at 16/F., Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong and the head office and the principal place of business of the Company in Hong Kong is at Room 1802-04, 18/F., Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong.
- (b) The Company's Hong Kong share registrar and transfer office is Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The qualified accountant and Secretary of the Company is Mr. Hung Kwong Lui, who is a fellow of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants.
- (d) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

## **6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at Room 1802-4, 18/F, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong during normal business hours on any business day, up to and including 22 December 2006:

- (a) the memorandum and articles of association of the Company;
- (b) the contracts referred to in the section headed "Material Contracts" in this Appendix II;
- (c) the annual reports of the Company for the two years ended 31 December 2005 and 2004; and
- (d) the circulars issued pursuant to the requirements set out in Charters 14 and/or 14A of the Listing Rules which have been issued since the date of the latest published audited accounts of the Company.