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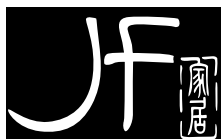
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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

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### **JF Household Furnishings Limited** **捷豐家居用品有限公司**

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

(Stock code: 8310)

#### **DISCLOSEABLE AND CONNECTED TRANSACTIONS**

#### **LOANS TO CONNECTED PERSONS**

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This circular will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for 7 days from the date of its posting.

18 April 2007

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## CHARACTERISTICS OF GEM

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GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by The Stock Exchange of Hong Kong Limited. Listed companies are not generally required to issue paid announcement in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at [www.hkgem.com](http://www.hkgem.com) in order to obtain up-to-date information on GEM-listed issuers.

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## DEFINITIONS

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

|                             |  |
|-----------------------------|--|
| “ACR”                       | A.C.R. Equipment Supplies Limited (捷豐冷凍器材有限公司), a company incorporated in Hong Kong and a Connected Person of the Company;   |
| “Announcement”              | the announcement dated 4 April 2007 issued by the Company;   |
| “Associate(s)”              | has the meaning ascribed to it under the GEM Listing Rules;  |
| “Better Asia”               | Better Asia Limited, a company incorporated in the BVI which issued share capital is owned as to 60% by Mr Yan and 40% by Mr Leung. 45.7% of equity interests in Jiefeng Air-Con and 40% of equity interests in Jiefeng Fan are held by Better Asia; |
| “Board”                     | the board of Directors;  |
| “BVI”                       | the British Virgin Islands;  |
| “Company”                   | JF Household Furnishings Limited (捷豐家居用品有限公司), a company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on GEM;  |
| “Connected Person(s)”       | has the meaning ascribed to it under the GEM Listing Rules;  |
| “Director(s)”               | the directors of the Company;  |
| “GEM”                       | the Growth Enterprise Market of the Stock Exchange;  |
| “GEM Listing Rules”         | The Rules Governing the Listing of Securities on GEM;  |
| “Group”                     | the Company and its subsidiaries;  |
| “Hong Kong”                 | the Hong Kong Special Administrative Region of the PRC;  |
| “Independent Third Parties” | independent third parties who are not Connected Persons of the Company;  |
| “JF BVI”                    | JF Household Furnishings (BVI) Limited, a company incorporated in the BVI and a wholly owned subsidiary of the Company;  |
| “Jiefeng Air-Con”           | 餘姚捷豐空調設備有限公司 (Yuyao Jiefeng Air-Conditioning Equipment Company Limited), a Sino-foreign equity joint venture established in PRC and a Connected Person of the Company;   |
| “Jiefeng Fan”               | 餘姚捷豐空調風機有限公司 (Yuyao Jiefeng Fan and Air-Conditioning Equipment Company Limited), a Sino-foreign equity joint venture established in PRC and a Connected Person of the Company;   |
| “Latest Practicable Date”   | 12 April 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;   |
| “Mr Leung”                  | Mr Leung Kwok Yin, an executive Director;  |
| “Mr Yan”                    | Mr Yan Siu Wai, an executive Director;   |

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## DEFINITIONS

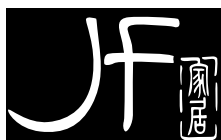
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|                  |   |
|------------------|---|
| “PRC”            | the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, The Macau Special Administrative Region of PRC and Taiwan; |
| “Related Party”  | has the meaning specified under Hong Kong Accounting Standard 24;   |
| “SFO”            | the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong;   |
| “Shares”         | ordinary shares of HK\$0.01 each in the issued share capital of the Company;  |
| “Shareholder(s)” | the holder(s) of the share(s) of the Company;   |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited;  |
| “HK\$”           | Hong Kong Dollars, the lawful currency of Hong Kong;  |
| “RMB”            | Renminbi, the lawful currency of the PRC;   |
| “%”              | per cent.   |

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## LETTER FROM THE BOARD

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# JF Household Furnishings Limited

## 捷豐家居用品有限公司

(incorporated in the Cayman Islands with limited liability)  
(Stock code: 8310)

*Executive Directors:*

Mr Yan Siu Wai  
Mr Leung Kwok Yin  
Mr Bao Jisheng

*Independent non-executive Directors*

Mr Kwan Kai Cheong  
Mr Garry Alides Willinge  
Mr Yu Hong Wing, Allan

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

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

15th Floor, EIB Tower  
4-6 Morrison Hill Road  
Wan Chai  
Hong Kong

18 April 2007

*To the shareholders*

Dear Sir or Madam

### DISCLOSEABLE AND CONNECTED TRANSACTIONS

#### INTRODUCTION

It was announced on 4 April 2007 in the Announcement that the Group had extended certain loans to the Connected Persons of the Company during the period between February 2006 and December 2006. As each of the Connected Persons of the Company, i.e. Jiefeng Air-Con, Jiefeng Fan and ACR is an Associate of Mr Yan and Mr Leung, hence the Loans to Connected Persons constitute connected transactions under chapter 20 of the GEM Listing Rules.

Further, the Loans to Connected Persons, in aggregate, constitute discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules. The purpose of this circular is to provide Shareholders with further information on the Loans to Connected Persons and other information in compliance with the requirements of the GEM Listing Rules.

#### VARIOUS LOANS EXTENDED BY THE GROUP TO THE CONNECTED PERSONS OF THE COMPANY

##### Loans extended to Jiefeng Air-Con

(a) *First loan agreement (“Jiefeng Air-Con First Loan”)*

|                        |   |  |
|------------------------|---|--|
| Date of loan agreement | : | 8 February 2006  |
| Amount of loan         | : | RMB1,000,000 (equivalent to approximately HK\$990,099) |
| Administrative charges | : | 6.2232% per annum                                      |
| Repayment date         | : | on or before 28 February 2006.                         |

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## LETTER FROM THE BOARD

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(b) *Second loan agreement (“Jiefeng Air-Con Second Loan”)*

Date of loan agreement : 6 March 2006  
Amount of loan : RMB1,500,000 (equivalent to approximately HK\$1,485,148.51)  
Administrative charges : 6.2232% per annum  
Repayment date : on or before 30 June 2006.

(c) *Third loan agreement (“Jiefeng Air-Con Third Loan”)*

Date of loan agreement : 11 May 2006  
Amount of loan : RMB1,000,000 (equivalent to approximately HK\$990,099)  
Administrative charges : 6.1380% per annum  
Repayment date : on or before 31 May 2006.

Jiefeng Air-Con First Loan, Jiefeng Air-Con Second Loan and Jiefeng Air-Con Third Loan had been fully repaid to the Group on 14 February 2006, 8 March 2006 and 17 May 2006 respectively.

### **Loans extended to Jiefeng Fan**

(a) *First loan agreement (“Jiefeng Fan First Loan”)*

Date of loan agreement : 13 November 2006  
Amount of loan : RMB1,592,414.66 (equivalent to approximately HK\$1,576,648.18)  
Administrative charges : 6.4350% per annum  
Repayment date : on or before 27 November 2006.

(b) *Second loan agreement (“Jiefeng Fan Second Loan”)*

Date of loan agreement : 5 December 2006  
Amount of loan : RMB2,400,000 (equivalent to approximately HK\$2,376,237.62)  
Administrative charges : 6.4350% per annum  
Repayment date : on or before 31 December 2006.

Jiefeng Fan First Loan and Jiefeng Fan Second Loan had been fully repaid to the Group on 27 November 2006 and 28 December 2006 respectively.

### **Loan extended to ACR (“ACR Loan”)**

Date of loan : 29 August 2006  
Amount of loan : HK\$1,000,000  
Administrative charges : 6% per annum

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## LETTER FROM THE BOARD

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Although there was no written agreement entered into for ACR Loan, it was the intention of ACR to repay the ACR Loan within 3 months from the date of ACR Loan, i.e. 29 August 2006. In fact, ACR Loan was repaid to the Group by three instalments. The first instalment of HK\$800,000 was repaid on 14 September 2006, the second instalment of HK\$118,500 was repaid on 26 October 2006 and the third instalment of HK\$81,500 was repaid on 6 November 2006.

Jiefeng Air-Con First Loan, Jiefeng Air-Con Second Loan, Jiefeng Air-Con Third Loan, Jiefeng Fan First Loan, Jiefeng Fan Second Loan and ACR Loan are, where applicable, collectively referred to as “**Loans to the Connected Persons**”.

### REASONS FOR THE TRANSACTIONS

The Group is principally engaged in the manufacture and sale of furnishings and home products and accessories primarily used in kitchens and bathrooms mainly with stainless steel as raw materials. With an aim to control the cost of production, the Group monitors the market price of stainless steel regularly and analyses the price movements. As the price of stainless steel fluctuates, it is the internal policy of the Group that the PRC subsidiaries of the Group will purchase additional stocks of stainless steel, steel and particle board when there are favourable prices. During the financial year ended 31 December 2006, the Group had made certain purchases of raw materials to minimize the risk and better control the impact of price fluctuation of the raw materials on the cost and gross profit margin of the Group’s products. It was anticipated that short term loans might be required from the Connected Person(s) and/or Related Party(ies) of the Company when imminent additional cash flow is required for such purchases. Based on such consensus, short term loans were extended between the Group and the Connected Persons and the Related Parties of the Company. During the financial year ended 31 December 2006, short term loans of a total sum of RMB 8 million (“**Loans to the Group**”) had been extended to the Group by the Connected Persons and Related Party of the Company. The Directors considered that since all of the Loans to the Group were extended to the Group without administrative charges, interests payment, security over assets and/or any other condition(s) that is/are prejudicial to the Group, the terms of the Loan to the Group is extended with terms better than normal commercial terms. As the Loans to the Group were provided by the Connected Persons of the Company on the basis set out in Rule 20.65(4) of the GEM Listing Rules, i.e. on terms better to the Group and no security over the assets of the Company is granted in respect of the Loans to the Group, the Loans to the Group were exempt from the reporting, announcement and independent shareholders’ approval requirements under the GEM Listing Rules.

In return, the Group gave certain financial supports to the Connected Persons of the Company which were mainly for the purpose of bridging the gap of bank loans available to Jiefeng Air-Con and Jiefeng Fan and to facilitate purchases made by ACR. Based on the consensus between the parties, short term loans were extended to the Connected Persons of the Company as disclosed in the Announcement. The loans extended to each of Jiefeng Air-Con, Jiefeng Fan and ACR and Loans to the Group are connected transactions. As the loans arrangement extended based on the consensus between the Group and the Connected Persons of the Company resolved imminent need of additional cash by the Group and the Group received administrative charges for the extension of Loans to Connected Persons, the loans arrangement for which the Loans to Connected Persons form parts is beneficial to the Group. The Directors, including the independent non-executive Directors, consider that (i) the terms of the loans extended to each of Jiefeng Air-Con, Jiefeng Fan and ACR were arrived at after arm’s length negotiations and have been conducted on normal commercial terms; and (ii) the terms of the Loans to the Connected Persons are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Since the Loans to Connected Persons were fully repaid before 31 December 2006, there were no financial impacts on the assets and liabilities of the Group on 31 December 2006. As the Group received administrative charges from the Loans to Connected Persons, there were earnings of approximately HK\$19,576.43.

### INFORMATION ON THE CONNECTED PERSONS

#### Jiefeng Air-Con

Jiefeng Air-Con is a Sino-foreign equity joint venture established in the PRC which equity interest is owned ultimately as to approximately 27.42% by Mr Yan and as to 18.28% by Mr Leung. The then ultimate shareholdings of Mr Yan and Mr Leung in Jiefeng Air-Con were held through their indirect shareholdings in Better Asia. Jiefeng Air-Con is therefore a Connected Person of the Company. The principal business of Jiefeng Air-Con is the manufacture and sale of air-conditioning facilities, machineries and heat exchangers as well as related installation, maintenance and after sale services.



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## LETTER FROM THE BOARD

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### **Jiefeng Fan**

Jiefeng Fan is a Sino-foreign equity joint venture established in the PRC with equity interests owned as to 60% by an Independent Third Party and 40% by Better Asia. As the issued share capital of Better Asia is owned as to 60% by Mr Yan and as to 40% by Mr Leung, hence, Jiefeng Fan is a Connected Person of the Company. The principal business of Jiefeng Fan is the manufacture of air-conditioner ventilation facilities and main accessories and installation of air-conditioners.

### **ACR**

ACR is a company incorporated in Hong Kong which issued share capital is held as to 30% by Mr Yan, as to 30% by Madam Mak Man Lee, Manly, spouse of Mr Yan, and as to 40% by Mr Leung. ACR is therefore a Connected Person of the Company. The principal business of ACR is the trading of engineering machineries and equipment.

### **DISCLOSEABLE AND CONNECTED TRANSACTIONS**

As each of Jiefeng Air-Con, Jiefeng Fan and ACR is an Associate of Mr Yan and Mr Leung, each of Jiefeng Air-Con, Jiefeng Fan and ACR is a Connected Person of the Company. The extension of loans to each of Jiefeng Air-Con, Jiefeng Fan and ACR constitutes connected transactions of the Company under the GEM Listing Rules. As the percentage ratios of the Loans to Connected Persons in aggregate are less than 25% and the total amount of the loans extended to each of Jiefeng Air-Con, Jiefeng Fan and ACR is less than HK\$10,000,000, the relevant loans extended to Jiefeng Air-Con, Jiefeng Fan and ACR are accordingly only subject to the reporting and announcement requirements under Rules 20.45 to 20.47 of the GEM Listing Rules and is exempted from independent shareholders' approval requirements under Rule 20.48 of the GEM Listing Rules. However, since the assets ratio and the consideration ratio of the Loans to Connected Persons, when aggregated, amounted to 5% or more, but less than 25% respectively, the Loans to Connected Persons constitute discloseable transaction of the Company for the purpose of the GEM Listing Rules.

As the loans extended to each of Jiefeng Air-Con, Jiefeng Fan and ACR are connected transactions and, when aggregated, is discloseable transaction, to comply with requirements under the GEM Listing Rules, relevant compliance procedures, i.e. issue of announcement and dispatch of circular to shareholders should have been undertaken by the Company as soon as the loans to each of the Connected Persons of the Company occurred. Due to the inadvertence of the accounting staff of the Group, the Announcement and the circular to shareholders in relation to the Loans to the Connected Persons had not been made in a timely manner in accordance with the GEM Listing Rules. In order to avoid similar incidence in the future, the Board will formulate and implement series of proactive measures, including but not limited to strengthening internal reporting and monitoring systems so as to ensure proper and timely compliance procedures pursuant to the GEM Listing Rules in the future. The Board intends to strengthen the internal reporting and monitoring systems of the Group by way of (i) lecturing each level of accounting staff on the benchmark of the notifiable transactions and its relevant calculations under the GEM Listing Rules; (ii) convening weekly meetings amongst the members of the accounting department for the purpose of reviewing cash flow and any unusual and extraordinary transactions; and (iii) scheduling additional Board meetings to review reports from the accounting department.

### **ADDITIONAL INFORMATION**

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

Yours faithfully  
For and on behalf of the Board of  
**JF Household Furnishings Limited**  
**Yan Siu Wai**  
*Chairman and Executive Director*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the GEM Listing Rules for the purpose of given information with regard to the Company. 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:

- (a) the information contained in this circular is accurate and complete in all material aspects and not misleading;
- (b) there are no other facts the omission of which would make any statement herein misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

## 2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests of the Directors and the chief executives of the Company and each of their respective associates (as defined under the GEM Listing Rules), in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required, to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests and short positions which the Directors were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

### (i) Interests in the shares of the Company

| Name of Director  | Personal Interest | Family interests | Corporate interests | Total                  | Approximate percentage of the total issued capital of the Company |
|-------------------|-------------------|------------------|---------------------|------------------------|---|
| Mr Yan Siu Wai    | 12,600,000        | —                | 63,000,000          | 75,600,000<br>(Note 1) | 44.6%   |
| Mr Leung Kwok Yin | 15,120,000        | —                | 35,280,000          | 50,400,000<br>(Note 2) | 29.7%   |

#### Notes:

1. Among these 75,600,000 Shares, (i) 34,020,000 Shares were registered in the name of Excel Strength Investments Limited (“**Excel Strength**”); (ii) 28,980,000 Shares were registered in the name of Willhero Investments Limited (“**Willhero**”); and (iii) the remaining 12,600,000 Shares were registered in the name of Mr Yan Siu Wai directly. Each of Excel Strength and Willhero is a company incorporated in the BVI and whose entire issued capital is solely owned by Mr Yan Siu Wai. By virtue of the SFO, Mr Yan Siu Wai was deemed to be interested in 63,000,000 Shares through his shareholdings in Excel Strength and Willhero.
2. Among these 50,400,000 Shares, (i) 22,680,000 Shares were registered in the name of Hero Talent Investments Limited (“**Hero Talent**”); (ii) 12,600,000 Shares were registered in the name of Joyday Consultants Limited (“**Joyday**”); and (iii) the remaining 15,120,000 Shares were registered in the name of Mr Leung Kwok Yin directly. Each of Hero Talent and Joyday is a company incorporated in the BVI and whose entire issued capital is solely owned by Mr Leung Kwok Yin. By virtue of the SFO, Mr Leung Kwok Yin was deemed to be interested in 35,280,000 Shares through his shareholdings in Hero Talent and Joyday.

(ii) *Interests in underlying shares of the Company*

| Name of Director  | Number of<br>outstanding<br>share options as<br>at the Latest<br>Practicable Date | Date of Grant    | Exercise Period<br>(Note)           | Exercise<br>price per<br>share (HK\$) |
|-------------------|---|------------------|-------------------------------------|---------------------------------------|
| Mr Yan Siu Wai    | 4,435,200   | 8 September 2005 | 13 April 2006 to<br>12 October 2010 | 0.80                                  |
| Mr Leung Kwok Yin | 2,956,800   | 8 September 2005 | 13 April 2006 to<br>12 October 2010 | 0.80                                  |
| Mr Bao Jisheng    | 3,360,000   | 8 September 2005 | 13 April 2006 to<br>12 October 2010 | 0.80                                  |

*Note:*

*The exercise of the options by the Directors was subject to a moratorium period of 12 months which had expired on 12 October 2006.*

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company and each of their respective associates (as defined under the GEM Listing Rules) had or was deemed to have any interests or short positions 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 (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, save as disclosed above, no Director is a director or employee of a company which had an interest or short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors, the following party (other than a Director or chief executive of the Company or their spouses who are deemed to be interested in the shares of the Company held by them), had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of the Divisions 2 and 3 of the Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital;

| Name of Shareholder | Capacity         | Number of<br>ordinary shares | Approximate<br>percentage of<br>the issued share<br>capital of the Company |
|---------------------|------------------|------------------------------|--|
| Excel Strength      | Beneficial owner | 34,020,000                   | 20.1%  |
| Willhero            | Beneficial owner | 28,980,000                   | 17.1%  |
| Hero Talent         | Beneficial owner | 22,680,000                   | 13.4%  |
| Joyday              | Beneficial owner | 12,600,000                   | 7.4%   |

#### 4. SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company, details of which are set out below:

| Name of executive Director | Effective Date of Service Contract | Fixed Terms                                 | Salaries per annum (HK\$)<br><i>(Note)</i> |
|----------------------------|------------------------------------|---|--|
| Yan Siu Wai                | 8 September 2005                   | Three years commenced from 8 September 2005 | 408,000                                    |
| Leung Kwok Yin             | 8 September 2005                   | Three years commenced from 8 September 2005 | 216,000                                    |
| Bao Jisheng                | 8 September 2005                   | Three years commenced from 8 September 2005 | 696,000                                    |

*Note:*

*Each of the executive Director shall be entitled to a management bonus in respect of each financial year of the Company in an amount to be determined by the Board in its absolute discretion provided that the total amount of management bonuses payable to all the executive Directors for the time being of the Company in respect of any financial year of the Company shall not exceed 10% of the combined or as the case may be consolidated audited net profit of the Group (after taxation and minority interests and the payment of such bonuses but before extraordinary items) for that financial year.*

#### 5. LITIGATION

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

#### 6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates (as defined under the GEM Listing Rules) had any interest in a business, which competed or may compete with the business of the Group.

#### 7. GENERAL

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is located at 15th Floor, EIB Tower, 4-6 Morrison Hill Road, Wanchai, Hong Kong.
- (b) The company secretary as well as the qualified accountant of the Company is Mr Cheung Wai Tak. Mr Cheung is a Certified Public Accountant in the United States and is a member of the Hong Kong Institute of Certified Public Accountants.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong.
- (d) The compliance officer is Mr Yan Siu Wai who graduated from The Hong Kong Polytechnic University (formerly known as "The Hong Kong Polytechnic") in 1976 with a higher diploma in production engineering. In 1998, he also obtained a masters degree in Science (Engineering Business Management) from the University of Warwick, the United Kingdom. Mr Yan is a member of the American Institute of Industrial Engineers and American Society of Heating Refrigerating and Air-conditioning Engineers, Inc..

- (e) The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual reports and accounts, half-yearly reports and quarterly reports and to provide advice and comments thereon to the Directors. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The audit committee comprises the three independent non-executive Directors, namely Mr Kwan Kai Cheong, Mr Garry Alides Willinge and Mr Yu Hon Wing, Allan. Mr Kwan Kai Cheong is the chairman of the audit committee. The professional qualifications of each of the members of the audit committee are as follows:

Mr Kwan Kai Cheong, aged 57, graduated from the University of Singapore in 1973 with a degree in Accountancy. Mr Kwan is qualified as a Chartered Accountant in Australia in 1979 and is a member of the Hong Kong Institute of Certified Public Accountants since 1982. He completed the Stanford Executive Program in 1992. He was previously the president and chief operating officer for the Asia Pacific Region of Merrill Lynch & Co. Mr Kwan was appointed as an independent non-executive Director in March 2005. Mr Kwan is the chairman of the audit committee of the Company.

Mr Garry Alides Willinge, aged 57, is a fellow of the Australian Institute of the Company Directors and a fellow of the Hong Kong Institute of Directors. He is also an Adjunct Professor with the Curtin Business School. He graduated from the University of Melbourne, Australia in 1970 with a Bachelor of Science. In 1996, he also obtained a Graduate Diploma in Applied Finance and Investment from the Securities Institute Education in Australia. Mr Willinge has worked in a number of management roles in a multinational information technology company. Mr Willinge was appointed as an independent non-executive Director in March 2005. Mr Willinge is a member of the audit committee.

Mr Yu Hon Wing, Allan, aged 50, graduated from The Hong Kong Polytechnic University (formerly known as "The Hong Kong Polytechnic") in 1978 with a higher diploma in Accountancy. Mr Yu is a Certified Public Accountant (Practising) with the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants). He is also a fellow of the Chartered Association of Certified Accountants since 1986. Mr Yu was appointed as an independent non-executive Director in March 2005. Mr Yu is a member of the audit committee.

- (f) In the event of inconsistency, the English language text of this circular shall prevail the Chinese language text.