
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Lei Shing Hong Limited, you should at once hand this circular together with the accompanying form of proxy 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 transferee.

The Stock Exchange of Hong Kong Limited 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.



LEI SHING HONG LIMITED

利星行有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 238)

THE DISPOSAL OF INTEREST IN A SUBSIDIARY DISCLOSEABLE AND CONNECTED TRANSACTION

Independent Financial Adviser to the Independent Board Committee



KIM ENG

Kim Eng Corporate Finance (Hong Kong) Limited

A letter from the Board is set out on pages 4 to 11 of this circular, a letter from the Independent Board Committee is set out on page 12 of this circular and a letter from Kim Eng containing its recommendation to the Independent Board Committee is set out on pages 13 to 19 of this circular.

A notice convening an extraordinary general meeting of Lei Shing Hong Limited to be held at 10:00 a.m. on 3 December 2004 at Chater Room, 2nd Floor, Mandarin Oriental, Hong Kong, 5 Connaught Road Central, Hong Kong, is set out on pages 26 and 27 of this circular.

A form of proxy for use at the extraordinary general meeting is enclosed. Whether or not you are able to attend the extraordinary general meeting in person, you are requested to complete and return the proxy form in accordance with the instructions printed thereon to the Company's registered office at 8th Floor, New World Tower I, 18 Queen's Road Central, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion of the proxy form will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so desire.

17 November 2004

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Letter from the Independent Board Committee	12
Letter from the Independent Financial Adviser	13
Appendix I – General Information	20
Appendix II – Notice of EGM	26

DEFINITIONS

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

“Additional Consideration”	NTD439,706,728 (equivalent to approximately HK\$97,087,246), representing the amount of the upward adjustment of the Consideration pursuant to the Supplemental Agreement
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of directors of the Company
“Business Day(s)”	any day on which the Stock Exchange is open for the business of dealing in securities
“Company”	Lei Shing Hong Limited (利星行有限公司), a company incorporated in Hong Kong with limited liability, whose shares are listed on the Stock Exchange
“Consideration”	the aggregate amount equivalent to the Initial Consideration and the subsequent adjustment according to Clause 3.4 of the Disposal Agreement by mutual agreement of Knightsbridge and the Purchaser to NTD1,092,679,854 (equivalent to approximately HK\$247,854,773) pursuant to the Supplemental Agreement
“Directors”	the directors of the Company
“Disposal Agreement”	the sale and purchase agreement dated 8 June 2004 and entered into between Knightsbridge as vendor and the Purchaser as purchaser in relation to the Interest Disposal
“EGM”	the extraordinary general meeting of the Company to be convened on 3 December 2004 for the purpose of confirming and passing the relevant resolutions in relation to the Interest Disposal
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	the independent board committee of the Company comprising the independent non-executive Directors, appointed to advise the Independent Shareholders in relation to the Interest Disposal
“Independent Financial Adviser” or “Kim Eng”	Kim Eng Corporate Finance (Hong Kong) Limited, a licensed corporation to undertake type 6 regulated activity as set out in Schedule 5 to the SFO and the independent financial adviser to the Independent Board Committee in relation to the Interest Disposal
“Independent Shareholders”	Shareholders who are not interested in the Interest Disposal and not connected with the Purchaser and its associates, being Shareholders other than those named in the section headed “Connected Transaction” of this circular
“Initial Consideration”	NTD652,973,126 (equivalent to approximately HK\$150,767,527) paid on 28 June 2004 by the Purchaser for the purchase of the Interest pursuant to the Disposal Agreement
“Interest”	44,880,000 shares of NTD10 each in ZL, representing 51% of the issued share capital thereof, disposed of by Knightsbridge to the Purchaser pursuant to the Disposal Agreement
“Interest Disposal”	the disposal of the Interest by Knightsbridge to the Purchaser pursuant to the Disposal Agreement
“Knightsbridge”	Knightsbridge Limited, a company incorporated in Labuan with limited liability and is a wholly owned subsidiary of LSHA
“Latest Practicable Date”	12 November 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“LSHA”	Lei Shing Hong Automobile Limited, a company incorporated in Hong Kong with limited liability and is a wholly owned subsidiary of the Company

DEFINITIONS

“Memorandum and Articles”	the memorandum and articles of association of the Company
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Capital Motors Inc., a company incorporated in Taiwan with limited liability and in which the Company holds an indirect interest of 34.9%. The remaining 65.1% interest of the Purchaser is held by parties not having any shareholding in the Company, except Mr Lau Chor Lok who has not more than 5% shareholding interest in the Company and will not be regarded as an Independent Shareholder
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$1 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the agreement entered into between Knightsbridge as vendor and the Purchaser as purchaser on 19 October 2004 in relation to the disposal of the Interest which is in supplemental to the Disposal Agreement wherein the Consideration was adjusted and finalized
“Unaudited Financial Statements”	the unaudited financial statements of ZL for the nine months ended 30 September 2004
“ZL”	Zhong Li Investment Limited, a company incorporated in Taiwan with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“NTD”	new Taiwan dollars, the lawful currency of Taiwan
“%”	per cent.

In this circular, the exchange rate between NTD to HK\$ used is the rate prevailing on the relevant reference date (for the purpose of indication only).

LETTER FROM THE BOARD



LEI SHING HONG LIMITED

利星行有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 238)

Executive Directors:

Mr Gan Khian Seng
Mr Yong Foo San
Mr Volker Josef Eckehard Harms
Ms Lim Mooi Ying, Marianne
Mr Lam Kwong Yu

Registered office:

8th Floor
New World Tower I
18 Queen's Road Central
Hong Kong

Non-executive Directors:

Mr Victor Yang
Mr Christopher Patrick Langley

Independent non-executive Directors:

Mr Fung Ka Pun
Mr Hubert Meier
Mr Alan Howard Smith

17 November 2004

To the Shareholders,

Dear Sir or Madam,

THE DISPOSAL OF INTEREST IN A SUBSIDIARY DISCLOSEABLE AND CONNECTED TRANSACTION

Pursuant to the Disposal Agreement dated 8 June 2004, Knightsbridge, a wholly owned subsidiary of LSHA (which is in turn wholly owned by the Company) agreed to dispose of the Interest to the Purchaser at the Initial Consideration. Prior to the Interest Disposal: (i) the Group held 44,880,000 shares of NTD10 each in ZL, representing 51% of the issued share capital thereof, through Knightsbridge; and (ii) the remaining 49% interest in ZL was held by the Purchaser. Transfer of the Interest and payment of the Initial Consideration took place on 28 June 2004 in accordance with the terms of the Disposal Agreement.

The Consideration under the Disposal Agreement was not finalized as pursuant to Clause 3.4 of the Disposal Agreement, the Consideration was subject to adjustment after the

LETTER FROM THE BOARD

finalization of the financial statements of ZL but without stating the specific financial period to be referred to or the timeframe within which the adjustment had to be made. Subsequently, the parties thereto agreed that the financial statements of ZL for the nine months period ended 30 September 2004 should be used as the basis of such adjustment. After the said adjustment, the total Consideration is NTD1,092,679,854 (equivalent to approximately HK\$247,854,773) in aggregate.

The Company held indirectly (both before and after 28 June 2004) and continues to hold a 34.9% equity interest in the issued share capital of the Purchaser. The Interest Disposal under the Disposal Agreement constitutes a connected transaction of the Company under Rule 14A.16(5) of the Listing Rules for the reason that the Purchaser is a connected person of the Company under the Listing Rules as it is a substantial shareholder of ZL, an indirect non-wholly owned subsidiary of the Company and shall be subject to the Independent Shareholders' prior approval at the general meeting of the Company under Rule 14A.18 and Rule 14A.19 of the Listing Rules. Since no prior approval from the Independent Shareholders was obtained for approving the Interest Disposal, the EGM will be convened to confirm the Interest Disposal.

The Interest Disposal also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, as the Consideration is more than 5% but less than 25% of the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of the Supplemental Agreement.

The purpose of this circular is to provide you with the information in relation to the Interest Disposal, the advice of the Independent Board Committee and the letter of advice from Kim Eng to the Independent Board Committee and the Independent Shareholders.

DISPOSAL OF INTEREST IN A SUBSIDIARY

Date of the Disposal Agreement:

8 June 2004

Date of the Supplemental Agreement:

19 October 2004

Vendor:

Knightsbridge Limited, an indirect wholly owned subsidiary of the Company

Purchaser:

Capital Motors Inc., 34.9% equity interest of which is indirectly owned by the Company

Subject matter:

44,880,000 shares of NTD10 each in ZL, representing 51% of the issued share capital of ZL

LETTER FROM THE BOARD

Consideration:

NTD1,092,679,854 (equivalent to approximately HK\$247,854,773)

Pursuant to the Disposal Agreement dated 8 June 2004, Knightsbridge, a wholly owned subsidiary of LSHA (which is in turn wholly owned by the Company), agreed to dispose of the Interest to the Purchaser at the Initial Consideration of NTD652,973,126 (equivalent to approximately HK\$150,767,527) subject to adjustment after the finalization of the financial statements of ZL but without stating the specific financial period to be referred to or the timeframe within which the adjustment had to be made. The Initial Consideration was determined on the earnings potential of ZL and an agreed price earnings multiple of 14, based on the audited financial statements of ZL for the year ended 31 December 2003. Prior to the Interest Disposal: (i) the Group held 44,880,000 shares of NTD10 each in ZL, representing 51% of the issued share capital thereof, through Knightsbridge; and (ii) the remaining 49% interest in ZL was held by the Purchaser.

Transfer of the Interest and payment of the Initial Consideration took place on 28 June 2004 in accordance with the terms of the Disposal Agreement, as a result of which the entire issued share capital of ZL is now owned by the Purchaser and ZL is no longer a subsidiary of the Company. As at the Latest Practicable Date, the Interest Disposal was completed except for the payment of the Additional Consideration which shall be made on or before 15 November 2004 as specified in the Supplemental Agreement.

The Company held indirectly (both before and after 28 June 2004) and continues to hold a 34.9% equity interest in the issued share capital of the Purchaser. The Purchaser is a connected person of the Company under the Listing Rules as it is a substantial shareholder of ZL, an indirect non-wholly owned subsidiary of the Company.

The Consideration under the Disposal Agreement was not finalized as pursuant to Clause 3.4 of the Disposal Agreement, the Consideration was subject to adjustment after the finalization of the financial statements of ZL but without stating the specific financial period to be referred to or the timeframe within which the adjustment had to be made. Subsequently, the parties agreed that the financial statements of ZL for the nine months period ended 30 September 2004 should be used as the basis of such adjustment, after commercial negotiations between the parties. Further, the amount of the adjustment of the Consideration was determined on the earnings potential of ZL, an agreed earnings multiple of 14 based on commercial negotiations between the parties in reliance on the Unaudited Financial Statements and an updated profit projection of ZL based on the Unaudited Financial Statements. Accordingly, after the finalization of the Unaudited Financial Statements, the Consideration was, on 19 October 2004, adjusted upward by the Additional Consideration to NTD1,092,679,854 (equivalent to approximately HK\$247,854,773), representing an increase of 67.3% over the Initial Consideration. After the said adjustment, the total Consideration is NTD1,092,679,854 (equivalent to approximately HK\$247,854,773) in aggregate.

There are not any conditions precedent under the Disposal Agreement nor the Supplemental Agreement to be fulfilled by the parties thereto.

LETTER FROM THE BOARD

DESCRIPTION OF ZL

Prior to the transfer of the Interest, the Interest was held by Knightsbridge, a wholly owned subsidiary of LSHA, which is in turn wholly owned by the Company while the remaining 49% interest of ZL was held by the Purchaser.

ZL is principally an investment holding company in Taiwan. Its major asset is its 51% shareholding in DaimlerChrysler Taiwan Limited, a company incorporated in Taiwan, engaging in the trading of motor vehicles in Taiwan, with an unaudited net asset value of NTD2,099,756,547 (equivalent to approximately HK\$463,626,246) as at 30 September 2004.

The net profits before taxation and extraordinary items of ZL is NTD178,494,727 (equivalent to approximately HK\$40,072,066) and NTD9,513,884 (equivalent to approximately HK\$2,172,971) for the two years ended 31 December 2002 and 31 December 2003 (based on audited financial statements of ZL) respectively.

The net profits after taxation and extraordinary items of ZL is NTD179,131,754 (equivalent to approximately HK\$40,215,079) and NTD9,189,549 (equivalent to approximately HK\$2,098,893) for the two years ended 31 December 2002 and 31 December 2003 (based on audited financial statements of ZL) respectively.

The figure of the net profits after taxation and extraordinary items of ZL for the year ended 31 December 2002 is larger than the corresponding net profits before taxation and extraordinary items as there was tax credit for ZL in that year.

CONSIDERATION AND PAYMENT OF THE ADDITIONAL CONSIDERATION

The Consideration (as adjusted pursuant to the Disposal Agreement and the Supplemental Agreement) was arrived at after arm's length negotiations between Knightsbridge and the Purchaser, based on the earnings potential of ZL, an agreed price earnings multiple of 14 based on the Unaudited Financial Statements and the updated profit projection of ZL based on the Unaudited Financial Statements.

The Additional Consideration shall be payable in cash and be financed by internal resources of the Purchaser. The Company does not and will not contribute to any of the Consideration paid or payable by the Purchaser.

The Board (including the independent non-executive Directors) considers that the terms of the Disposal Agreement and the Supplemental Agreement including, without limitation, the Consideration (before and after being revised) payable thereunder and the manner in which such Consideration will be settled, are fair and reasonable and are in the interest of the Shareholders as a whole for the reasons set out in the section headed "Reasons for the Interest Disposal" of this circular.

The parties have agreed that the Additional Consideration will be paid on or before 15 November 2004 and the Purchaser will attend to necessary formalities for effecting remittance of the funds required.

LETTER FROM THE BOARD

REASONS FOR THE INTEREST DISPOSAL

The Directors consider the Interest Disposal represents a good opportunity to realize a significant profit for the Group and to effect business restructuring and streamlining of the Group's operations by consolidating its business operations in the Taiwan automobile division. After the Interest Disposal, the Taiwan automobile division of the Group will be grouped under one entity, i.e. the Purchaser, and thus the synergy and efficiency of the said division will be improved while at the same time the Group retains an indirect interest in ZL with ability to benefit from any future growth of ZL. Whereas the structure of the Taiwan automobile division of the Group has been modified in the aforesaid manner, the operations and structure of the remaining businesses of the Group will remain unchanged after the Interest Disposal.

FINANCIAL EFFECT OF THE INTEREST DISPOSAL

At the time of incorporation of ZL on 5 October 2001, 51% shareholding of which was subscribed and held by the Group through Knightsbridge and the remaining 49% shareholding of which was subscribed and held by the Purchaser at the price of NTD10 per share (i.e. NTD448,800,000 (equivalent to approximately HK\$101,569,271) and NTD431,200,000 (equivalent to approximately HK\$97,586,163) respectively). The initial contribution to the issued share capital of ZL by each of Knightsbridge and the Purchaser was in proportion to their respective shareholding in ZL. It is estimated that, upon payment of the Additional Consideration, the Group will record a profit of approximately HK\$86,857,136, subject to audit. The said profit represents the difference between the net sale proceeds from the Interest Disposal of NTD1,089,401,815 (equivalent to approximately HK\$247,111,211) and the net asset value of the Interest as at 30 September 2004 of HK\$160,254,075 after certain adjustments, including but not limited to goodwill value adjustment. Before the Interest Disposal, the results of ZL were consolidated into the Group whereas after the Interest Disposal, the results of ZL are included into the Group through the Purchaser by equity accounting method.

CONNECTED TRANSACTION

The Company held indirectly (both before and after 28 June 2004) and continues to hold a 34.9% equity interest in the issued share capital of the Purchaser. The Interest Disposal under the Disposal Agreement constitutes a connected transaction of the Company under Rule 14A.16(5) of the Listing Rules for the reason that the Purchaser is a connected person of the Company under the Listing Rules as it is a substantial shareholder of ZL, an indirect non-wholly owned subsidiary of the Company and shall be subject to Independent Shareholders' approval at the general meeting of the Company under Rule 14A.18 and Rule 14A.19 of the Listing Rules. Since no prior approval from the Independent Shareholders was obtained for approving the Interest Disposal, the EGM will be convened to confirm the Interest Disposal. Under Rule 14A.52 of the Listing Rules, any vote taken at the EGM confirming the Interest Disposal by the Independent Shareholders must be taken by poll in the manner prescribed in the Listing Rules. Pacific City Investments Limited, Beauty Year Limited, Mr Lau Chor Lok and Madam Hui Man Sheung and their respective associates, who are not Independent Shareholders, shall abstain from voting on the resolutions confirming the Interest Disposal at the EGM. Mr Lau Chor Lok is the controlling shareholder of Pacific City Investments Limited and Beauty Year Limited.

LETTER FROM THE BOARD

In the event that the resolutions in relation to the Interest Disposal shall have been rejected by the Independent Shareholders at the EGM, Knightsbridge will negotiate with the Purchaser to reverse such transaction. Although in such circumstances, the Purchaser may or may not be willing to make such reversal, the EGM still provides a forum in which the Independent Shareholders can voice their views on the Interest Disposal and the terms of the Disposal Agreement and the Supplemental Agreement.

DISCLOSEABLE TRANSACTION

The Interest Disposal under the Supplement Agreement also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules as the Consideration is more than 5% but less than 25% of the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of the Supplemental Agreement. The entering into of the Disposal Agreement (based on the Initial Consideration) did not constitute a discloseable transaction under Chapter 14 of the Listing Rules.

USE OF PROCEEDS

The net sale proceeds of the total of NTD651,014,207 (equivalent to approximately HK\$150,315,227), being the net sale proceeds from the Initial Consideration received, together with NTD438,387,608 (equivalent to approximately HK\$96,795,984), being the net sale proceeds to be received from the Additional Consideration, from the Interest Disposal will be used as general working capital of the Group and no specific investment has been identified by the Company at this stage for the utilization of the sale proceeds.

GENERAL

The Group is principally engaged in the trading of motor vehicles, spare parts and heavy equipments, property development and investment, financial services, and general trading and services.

The Purchaser is principally engaged in the import and marketing of Mercedes-Benz vehicles and parts and the provision of repair and maintenance services to Mercedes-Benz vehicles in Taiwan.

The information in relation to the Interest Disposal was not previously disclosed to the public as the Consideration was not yet finalized at the date of the Disposal Agreement and was subject to adjustment at relevant time. The Company at the time considered that it would be more informative to release the relevant information showing the Consideration. However, the failure to release the said information and obtain Independent Shareholders' prior approval in fact constitute breaches in respect of the connected transaction requirements under Chapter 14A of the Listing Rules and the obligation under Rule 13.23(1) of the Listing Rules and the Stock Exchange has indicated that it reserves the right to take all appropriate actions against the Company and its Directors in respect of such breaches.

LETTER FROM THE BOARD

It was announced by the Company on 27 October 2004 that in the event that the resolutions in relation to the Interest Disposal shall have been rejected by the Independent Shareholders at the EGM, Knightsbridge will negotiate with the Purchaser to reverse such transaction. The Company confirms that, in the event that the Purchaser is not willing to make such reversal, the Group will not suffer any loss or penalty under the Disposal Agreement or the Supplemental Agreement, nor, given the resulting profit to the Group as referred to in the section headed “Financial effect of the Interest Disposal” of this circular, will there be any adverse effect on the Group.

EGM

The Company will convene an EGM at 10:00 a.m. on 3 December 2004 at Chater Room, 2nd Floor, Mandarin Oriental, Hong Kong, 5 Connaught Road Central, Hong Kong, to consider the Interest Disposal. A notice of the EGM is set out on pages 26 and 27 of this circular. Pacific City Investments Limited, Beauty Year Limited, Mr Lau Chor Lok and Madam Hui Man Sheung and their respective associates will abstain from voting in relation to the resolutions confirming the Interest Disposal at the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules, the vote of Independent Shareholders taken at the EGM to confirm the Interest Disposal must be taken by poll.

A proxy form for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete and return the proxy form in accordance with the instructions printed thereon to the Company’s registered office at 8th Floor, New World Tower I, 18 Queen’s Road Central, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so desire.

POLL PROCEDURE

Before the Interest Disposal, the Purchaser held 49% of the issued shares of ZL, a non-wholly owned subsidiary of the Company, and was a connected person of the Company. Shareholders who are deemed to be interested in the Interest Disposal and are therefore not Independent Shareholders are Pacific City Investments Limited, Beauty Year Limited, Mr Lau Chor Lok and Madam Hui Man Sheung. Such Shareholders and their respective associates will abstain from voting at the EGM in this regard. The votes to be taken in the EGM in relation to the Interest Disposal will be taken on by a poll, the results of which will be announced after the EGM.

Pursuant to Article 80 of the Memorandum and Articles, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:

- (i) by the chairman of the meeting; or

LETTER FROM THE BOARD

- (ii) by at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by a member or members present in person or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that rights.

In accordance with Rule 13.39(4) of the Listing Rules, the chairman of the EGM will demand a poll in relation to the resolutions confirming the Interest Disposal at the EGM.

RECOMMENDATION

The Independent Board Committee comprising Mr Fung Ka Pun, Mr Hubert Meier and Mr Alan Howard Smith, the independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Interest Disposal set out in its letter on page 12 of this circular. Your attention is drawn to the letter of advice from Kim Eng to the Independent Board Committee and the Independent Shareholders in respect of the Interest Disposal set out on pages 13 to 19 of this circular.

The Independent Board Committee having taken into account the advice of Kim Eng and the principal factors and reasons considered by Kim Eng, considers that the terms and conditions of the Interest Disposal are on normal commercial terms, the Interest Disposal is in the interest of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned and recommend that the Independent Shareholders vote in favour of the Interest Disposal at the EGM.

FURTHER INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 12 of this circular which contains its recommendation to the Independent Shareholders and the letter from Kim Eng set out on pages 13 to 19 of this circular which contains its recommendation to the Independent Board Committee and the principal factors and reasons taken into consideration.

Yours faithfully,
For and on behalf of the Board of
LEI SHING HONG LIMITED
Gan Khian Seng
Managing Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



LEI SHING HONG LIMITED

利星行有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 238)

17 November 2004

To the Independent Shareholders,

Dear Sir or Madam,

**THE DISPOSAL OF INTEREST IN A SUBSIDIARY
DISCLOSEABLE AND CONNECTED TRANSACTION**

We refer to the circular dated 17 November 2004 issued by the Company (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

The Independent Board Committee has been established by the Board for the purpose of advising the Independent Shareholders in connection with the Interest Disposal, details of which are set out in the letter from the Board in the Circular. The Independent Board Committee comprises three independent non-executive Directors. Kim Eng has been appointed as the independent financial adviser to advise the Independent Board Committee regarding the Interest Disposal. Details of the advice from Kim Eng together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 13 to 19 of the Circular.

Having considered the Interest Disposal, the interests of the Independent Shareholders, the principal factors and reasons considered by, and the advice of Kim Eng as set out in its letter of advice, we consider that the Interest Disposal is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Interest Disposal to the Independent Shareholders.

Yours faithfully,
Independent Board Committee of
LEI SHING HONG LIMITED
Fung Ka Pun Hubert Meier
Alan Howard Smith
Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Kim Eng, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and Independent Shareholders in connection with the Interest Disposal.



Kim Eng Corporate Finance (Hong Kong) Limited

Room 1901, Bank of America Tower,

12 Harcourt Road, Central

Hong Kong

17 November 2004

*The Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

**Discloseable and Connected Transaction
Disposal of interest in Zhong Li Investment Limited**

INTRODUCTION

We refer to our appointment by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Interest Disposal, details of which are set out in the letter from the Board contained in the circular to Shareholders dated 17 November 2004 (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Interest Disposal constitutes a discloseable and connected transaction for the Company under the Listing Rules and shall be subject to Independent Shareholders’ approval at the EGM as voted by poll. Pacific City Investments Limited, Beauty Year Limited, Mr Lau Chor Lok and Madam Hui Man Sheung and their respective associates, which are not Independent Shareholders, shall abstain from voting on the resolutions confirming the Interest Disposal at the EGM. In our capacity as the Independent Financial Adviser to the Independent Board Committee, our letter is to provide you with an independent opinion and recommendation as to whether the terms of the Disposal Agreement and the Supplemental Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

INDEPENDENT BOARD COMMITTEE

The Board currently consists of five executive Directors, namely Mr Gan Khian Seng, Mr Yong Foo San, Mr Volker Josef Eckehard Harms, Ms Lim Mooi Ying, Marianne and Mr Lam Kwong Yu, and the two non-executive Directors are Mr Victor Yang and Mr Christopher Patrick Langley and the independent non-executive Directors are Mr Fung Ka Pun, Mr Hubert Meier and Mr Alan Howard Smith.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr Fung Ka Pun, Mr Hubert Meier and Mr Alan Howard Smith, has been established to advise the Independent Shareholders in relation to the fairness and reasonableness of the terms of the Interest Disposal and make recommendation to the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In forming our opinion, we have relied on the information and representations as contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true, accurate and complete at the time when they were made and continue to be true, accurate and complete as at the date of the Circular.

We have also assumed that all statements of belief, opinion and intention made by the Directors and as contained in the Circular were reasonably made by them after their due enquiry and careful consideration and that there are no other facts the omission of which would make any statement in the Circular misleading in any material respect.

Our review and analyses were based upon the information provided by the Company which is set out below:

- the Disposal Agreement dated 8 June 2004;
- the Supplemental Agreement dated 19 October 2004;
- the annual reports of the Company for the three years ended 31 December 2003;
- the unaudited interim report of the Company for the six months ended 30 June 2004;
- the audited accounts of ZL for the period from 5 October 2001 to 31 December 2001 and the two years ended 31 December 2003;
- the Unaudited Financial Statements;
- the audited accounts of DaimlerChrysler Taiwan Limited for the period from 18 January 2001 to 31 December 2001 and the two years ended 31 December 2003;
- the management accounts of DaimlerChrysler Taiwan Limited for the nine months ended 30 September 2004; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- the profit projection of ZL, including the bases and assumptions, based on the Unaudited Financial Statements.

Notwithstanding the aforesaid, we consider that we have reviewed sufficient information to reach a reasonably informed view to justify our reliance on the accuracy of the information contained in the Circular as aforesaid and to provide reasonable grounds for our advice.

Furthermore, we have no reason to doubt the truth, accuracy and/or completeness of the information and representations as provided to us by the Directors. We have not conducted any independent in-depth investigation into nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the terms and conditions of the Disposal Agreement and the Supplemental Agreement, we have taken into consideration the following principal factors and reasons:

1. Background

The Disposal Agreement and the Supplemental Agreement relating to the Interest Disposal were entered on 8 June 2004 and 19 October 2004 respectively pursuant to which the Group agreed to dispose 51% of equity interest in ZL to the Purchaser. As stated in the “Letter from the Board”, transfer of the Interest and payment of the Initial Consideration took place on 28 June 2004 in accordance with the terms of the Disposal Agreement, as a result of which the entire issued share capital of ZL is now owned by the Purchaser and ZL is no longer a subsidiary of the Company. As at the Latest Practicable Date, the Interest Disposal was completed except for the payment of the Additional Consideration which shall be made on or before 15 November 2004 as specified in the Supplemental Agreement.

The Group is principally engaged in the trading of motor vehicles, spare parts and heavy equipments, property development and investment, financial services, and general trading and services.

According to the “Letter from the Board” of the Circular, ZL is principally an investment holding company in Taiwan with its main assets being 51% shareholding of DaimlerChrysler Taiwan Limited, a company incorporated in Taiwan, engaging in the trading of motor vehicles in Taiwan, with an unaudited net asset value of NTD2,099,756,547 (equivalent to approximately HK\$463,626,246) as at 30 September 2004. Based on the audited financial statements of ZL for the two years ended 31 December 2002 and 31 December 2003 respectively, the net profits after taxation and extraordinary items were NTD179,131,754 (equivalent to approximately HK\$40,215,079) and NTD9,189,549 (equivalent to approximately HK\$2,098,893) respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Basis of the Consideration

The Consideration under the Disposal Agreement was not finalized. As pursuant to Clause 3.4 of the Disposal Agreement, the Consideration was subject to adjustment after the finalization of the financial statements of ZL but without stating the specific financial period to be referred to or the timeframe within which the adjustment had to be made. Subsequently, after commercial negotiation, Knightsbridge and the Purchaser agreed that the financial statements of ZL for the nine months period ended 30 September 2004 should be used as the basis of such adjustment. Further, the amount of the adjustment of the Consideration was determined on the earnings potential of ZL, an earnings multiple of 14 based on the Unaudited Financial Statements and an updated profit projection of ZL based on the Unaudited Financial Statements. The total Consideration is NTD1,092,679,854 (equivalent to approximately HK\$247,854,773) in aggregate.

To evaluate the fairness of the earnings multiple, we have performed an analysis of those listed companies on the Stock Exchange and the Taiwan Stock Exchange Corporation and identified 8 companies which have similar business to that of ZL for comparison. Out of these 8 listed companies, 5 companies (the “Comparables”) have positive earnings while the remaining three have incurred losses (hence earnings multiple is not applicable) in their latest respective financial years. The information on the Comparables is summarized as follows:

Name of Comparables	Approximate earnings multiple based on their latest available audited results and their closing prices on 19 October 2004 (being the date of the Supplemental Agreement)
<i>Listed in Hong Kong</i>	
G.A. Holdings Limited (Stock code: 8126)	2.7
<i>Listed in Taiwan</i>	
Yulon Motor Co., Ltd (Stock code: 2201)	8.0
China Motor Corporation (Stock code: 2204)	7.2
Sanyang Industry Co. Ltd (Stock code: 2206)	19.2
Hotai Motor Co., Ltd (Stock code: 2207)	14.7
	average: 10.4
ZL	14.0
	(Note)

Note: This earning multiple is based on the Unaudited Financial Statements and an updated profit projection of ZL based on the Unaudited Financial Statements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The historical earnings multiples of the Comparables, based on their respective closing prices on the Stock Exchange or the Taiwan Stock Exchange Corporation as at 19 October 2004 (being the date of the Supplemental Agreement) and their respective latest available audited results, range from 2.7 to 19.2 times. The forecasted earnings multiple of approximately 14 times in respect of the Consideration is within this range and is higher than the average of historical earnings multiples of the Comparables of 10.4 times. Accordingly, we take the view that the Consideration is fair and reasonable so far as Independent Shareholders are concerned.

3. Reasons for the Interest Disposal

As stated in the “Letter from the Board” of the Circular, the Directors consider the Interest Disposal represents a good opportunity to realize a significant profit of approximately HK\$86,857,136, subject to audit, for the Group and to effect business restructuring and streamlining of the Group’s operations by consolidating its business operations in its Taiwan automobile division. After the Interest Disposal, the Taiwan automobile division of the Group is grouped under one entity and thus the synergy and efficiency of the said division is improved while at the same time the Group retains an indirect interest in ZL through its 34.9% indirect interest held in the Purchaser with ability to benefit from any future growth of ZL.

As stated in the Group’s 2004 interim report, the Group internally conducts periodic reviews on its processes to streamline, improve and upgrade its systems relating to operating businesses from time to time. In addition, as disclosed in the Group’s 2003 annual report, revenue derived from regions other than Mainland China and Hong Kong accounted for only approximately 26% of the Group’s turnover for the year ended 31 December 2003 as compared to approximately 29% for the year ended 31 December 2002. As such, the Directors consider that the Interest Disposal is in line with the Group’s business strategy to streamline its core business structure.

Having considered the Group’s existing businesses strategy as mentioned above, we are of the view that the entering into the Disposal Agreement and the Supplemental Agreement by the Group is a logical move and is in line with the Group’s overall business strategy.

4. Estimated effects on the financial position of the Group

Profit and loss account

As set out in the “Letter from the Board” of the Circular, the Group will realise a profit from the Interest Disposal of approximately HK\$86,857,136, subject to audit. The said profit represents the difference between the net sale proceeds of NTD1,089,401,815 (equivalent to approximately HK\$247,111,211) from the Interest Disposal and the unaudited net asset value of the Interest of HK\$160,254,075 as at 30 September 2004 after certain adjustments, including but not limited to goodwill value adjustment.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Prior to completion of the Interest Disposal, the Group was entitled to 68.1% of the consolidated net profit of ZL. For the year ended 31 December 2003 and the nine months ended 30 September 2004, the audited consolidated net profit of ZL and unaudited consolidated net profit of ZL amounted to approximately NTD9,189,549 (equivalent to approximately HK\$2,098,893) and NTD77,369,700 (equivalent to approximately HK\$17,083,230) respectively. Subsequent to completion of the Interest Disposal, the Group is entitled to only 34.9% of the consolidated net profit of ZL. The Directors consider that such decrease in the Group's entitlement in the future earnings of ZL is not prejudicial to the interests of the Independent Shareholders based on the following reasons:

1. the Interest Disposal (i) allows ZL, the Taiwan automobile division of the Group, be grouped under one entity and thus the synergy and efficiency of the said division in terms of operating process will be improved; and (ii) allows the Group to streamline and reduce its portion of non-core business activities and possible duplication of operating processes; and
2. the Consideration was determined with reference to the earnings potential of ZL, an earnings multiple of 14 based on the Unaudited Financial Statements and an updated profit projection of ZL based on the Unaudited Financial Statements. As a result, the Group is able to sooner realize a one-off gain on the Interest Disposal of approximately HK\$87 million, subject to audit.

Net asset value

The audited net asset value of the Group as at 31 December 2003 and the unaudited net asset value of the Group as at 30 June 2004 were approximately HK\$4,425 million and HK\$4,783 million respectively. As discussed under the sub-section "Profit and loss account" above, the Group will record a one-off gain on the Interest Disposal of approximately HK\$86,857,136, subject to audit. As a result of the Interest Disposal, the net asset value of the Group will be increased by approximately HK\$87 million assuming other things remain constant.

Gearing ratio

Gearing ratios (being long term debt divided by equity of the Group) as at 31 December 2002 and 31 December 2003 were 16% and 12% respectively.

Subsequent to completion of the Interest Disposal, the gearing ratio of the Group will decrease slightly from 12% to 11.5% assuming that (i) the total amount of non-current interest-bearing bank borrowings which amounted to approximately HK\$521 million as at 31 December 2003 is unchanged; (ii) the net asset of the Group have a positive effect of approximately HK\$87 million after the Interest Disposal as discussed under the sub-section "Net asset value" above; and (iii) other financial, accounting and business factors remain constant.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Working capital

The aggregate net sale proceeds from the Interest Disposal was NTD1,089,401,815 (equivalent to approximately HK\$247,111,211). Accordingly, the Interest Disposal generates cash inflow of approximately HK\$247 million, in aggregate, to the Group. As advised by the Directors, the proceeds from the Interest Disposal are intended to be used as working capital of the Group and this will improve the current cashflow position of the Group.

Taking into account of the overall improvement in the Group's financial position as discussed above, in particular, the gain to be recorded after the Interest Disposal, we consider that the terms of the Interest Disposal are fair and reasonable insofar as the Independent Shareholders were concerned.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the terms and conditions of the Interest Disposal are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution in connection with the Interest Disposal at the EGM.

Yours faithfully,

For and on behalf of

Kim Eng Corporate Finance (Hong Kong) Limited

Fabian Shin

Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors 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. DISCLOSURE OF INTERESTS

- (a) As at the Latest Practicable Date, the interests and short positions of each Directors and chief executive of the Company 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 are taken or deemed to have taken under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

The Company*Long position in Shares*

Name of Director	Number of Shares	Nature of interest	Approximate percentage of interest (%)
Lim Mooi Ying, Marianne	60,000 (<i>Note</i>)	Beneficial	0.006

Note: The corporate interest in these Shares are held through Westwood Management Limited, of which Ms Lim Mooi Ying, Marianne is a controlling shareholder.

APPENDIX I**GENERAL INFORMATION**

Long position in equity derivatives in, or in respect of, underlying Shares

Name of Director	Number and description of equity derivatives	Number of underlying Shares	Nature of interest	Approximate percentage of interest (%)
Gan Khian Seng	700,000 share options granted under the share option scheme of the Company	700,000	Beneficial	0.067
Yong Foo San	700,000 share options granted under the share option scheme of the Company	700,000	Beneficial	0.067
Volker Josef Eckehard Harms	700,000 share options granted under the share option scheme of the Company	700,000	Beneficial	0.067
Lim Mooi Ying, Marianne	700,000 share options granted under the share option scheme of the Company	700,000	Beneficial	0.067
	12,000 warrants (Note)	12,000	Interest of controlled company	0.001

Note: The corporate interest in these warrants are held through Westwood Management Limited, of which Ms Lim Mooi Ying, Marianne is a controlling shareholder.

- (b) Save as disclosed above, as at the Latest Practicable Date, none of the Directors or 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 interests and short positions in which they were taken or deemed to have taken under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange.
- (c) Save as disclosed in the Company's annual report 2003, none of the Directors is materially interested in any contract, commitment or arrangement which is significant in relation to the business of the Group, to which any members of the Group was a party and in which any of the Directors had a material interest, either directly or indirectly, subsisted as at the Latest Practicable Date.
- (d) As at the Latest Practicable Date, none of the Directors nor Kim Eng had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2003, the date to which the latest published audited financial statements of the Group were made up.

3. SUBSTANTIAL SHAREHOLDERS' INTEREST

- (a) As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by, the Directors, the persons (not being a Director or chief executive of the Company) who 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, or who were, directly or indirectly, interested in 10% or more of the nominal value of shares of any class in the Company were as follows:

Long position in ordinary shares of the Company

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage of total issued share capital as at the Latest Practicable Date (%)
Victon Investment Limited	Beneficial owner	235,282,761	22
Amerdale Investments Limited	Beneficial owner	205,171,883	20

Long position in warrants of the Company

Name of Shareholder	Capacity	Number of warrants held	Approximate percentage of total issued share capital as at the Latest Practicable Date
Victon Investment Limited	Beneficial owner	47,056,551	N/A

- (b) Save as disclosed above, as at the Latest Practicable Date, there was no person known to the Directors, who had an interest or short position in the shares and underlying shares of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the normal value of any class of shares in the Company.

4. QUALIFICATION

The following are the qualifications of the expert who has given opinion or advice in this circular.

Name	Qualification
Kim Eng Corporate Finance (Hong Kong) Limited	a licensed corporation to undertake type 6 regulated activity as set out in Schedule 5 to the SFO

5. CONSENT

Kim Eng has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, Kim Eng did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Kim Eng did not have any interest direct or indirect, in any assets which since 31 December 2003, the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. MATERIAL CHANGES

The Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2003 (being the date to which the latest published audited financial statements of the Group were made up).

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and the Directors are not aware of any litigation, arbitration or claims of material importance pending or threatened against any member of the Group.

8. DIRECTORS' INTEREST IN SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service agreements with any member of the Group (excluding contracts expiring or determinable by the employer within 1 year without payment of compensation (other than statutory compensation)).

9. MISCELLANEOUS

- (a) The registered office of the Company is situated at 8th Floor, New World Tower I, 18 Queen's Road Central, Hong Kong.
- (b) The share registrar and transfer office of the Company is Tengis Limited, Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong.
- (c) The secretary and the qualified accountant of the Company is Ms Lim Mooi Ying, Marianne who is a fellow member of the Institute of Chartered Accountants in England and Wales.
- (d) The English text of this circular and the form of proxy shall prevail over the Chinese text.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 8th Floor, New World Tower I, 18 Queen's Road Central, Hong Kong, during normal business hours on any Business Day up to and including 2 December 2004:

- (a) Disposal Agreement;
- (b) Supplemental Agreement;
- (c) the letter from the Independent Board Committee as set out in this circular;
- (d) the letter from Kim Eng as set out in this circular; and
- (e) written consent referred to in paragraph no. 5 of this appendix.

**LEI SHING HONG LIMITED****利星行有限公司***(Incorporated in Hong Kong with limited liability)***(Stock Code: 238)****NOTICE OF EXTRAORDINARY GENERAL MEETING**

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Lei Shing Hong Limited (“Company”) will be held at 10:00 a.m. on Friday, 3 December 2004, at Chater Room, 2nd Floor, Mandarin Oriental, Hong Kong, 5 Connaught Road Central, Hong Kong, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions which will be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS**“THAT**

- (a) the disposal of the 44,880,000 shares of NTD10 each in Zhong Li Investment Limited (“Interest Disposal”), representing 51% of the issued share capital therein, by Knightsbridge Limited (“Knightsbridge”), an indirect wholly owned subsidiary of the Company, to Capital Motors Inc. (“Purchaser”), in which the Company holds an indirect interest of 34.9% on the terms and conditions of the sale and purchase agreement (“Disposal Agreement”) dated 8 June 2004 and entered into between Knightsbridge as vendor and the Purchaser as purchaser, a copy of the Disposal Agreement has been produced to this meeting marked “A” and signed by the chairman of the meeting for the purpose of identification, and all transactions contemplated thereunder as described in the circular of the Company (“Circular”) dated 17 November 2004 be and are hereby approved and confirmed;
- (b) the adjustment and finalization of the consideration payable by the Purchaser to Knightsbridge in relation to the Interest Disposal on the terms and conditions of the supplemental agreement to the Disposal Agreement (“Supplemental Agreement”) dated 19 October 2004 and entered into between Knightsbridge as vendor and the Purchaser as purchaser, a copy of the Supplemental Agreement has been produced to this meeting marked “B” and signed by the chairman of the meeting for the purpose of identification, and all transactions contemplated thereunder as described in the Circular be and are hereby approved and confirmed; and
- (c) the signing and execution (under hand or under seal), perfection and delivery of both the Disposal Agreement and the Supplemental Agreement be and are hereby confirmed. The directors of the Company (“Directors”) be and they are hereby

authorized to do all such acts and things which are in their opinion necessary, appropriate, desirable or expedient to implement and give effect to the terms of the Interest Disposal and all transactions contemplated under each of the Disposal Agreement and the Supplemental Agreement and all other matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith.”

By Order of the Board
Lei Shing Hong Limited
Gan Khian Seng
Managing Director

Hong Kong, 17 November 2004

Registered office:

8th Floor
New World Tower I
18 Queen's Road Central
Hong Kong

Notes:

1. A form of proxy for use at the meeting is being despatched to the members of the Company together with a copy of this notice.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
3. Any member entitled to attend and vote at the extraordinary general meeting convened by the above notice shall be entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's registered office at 8th Floor, New World Tower I, 18 Queen's Road Central, Hong Kong, not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof.
5. Completion and deposit of the form of proxy will not preclude a member of the Company from attending and voting in person at the extraordinary general meeting convened or any adjournment thereof, and in such event, the form of proxy will be deemed to be revoked.

As at the date of this notice, the executive Directors are Mr Gan Khian Seng, Mr Yong Foo San, Mr Volker Josef Eckehard Harms, Ms Lim Mooi Ying, Marianne and Mr Lam Kwong Yu. The non-executive Directors are Mr Christopher Patrick Langley and Mr Victor Yang and the independent non-executive Directors are Mr Fung Ka Pun, Mr Hubert Meier and Mr Alan Howard Smith.