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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 WLS Holdings Limited (the “**Company**”), you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

This circular, for which the directors of the Company (the “**Directors**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.



WLS Holdings Limited
滙隆控股有限公司*

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8021)

**GENERAL MANDATES TO ISSUE NEW SHARES AND
REPURCHASE ITS OWN SHARES AND
REFRESHMENT OF THE LIMIT ON GRANT OF
OPTIONS UNDER THE SHARE OPTIONS SCHEME AND
RE-ELECTION OF DIRECTORS**

The notice convening the annual general meeting of the Company to be held at Rooms 1001-1006, 10th Floor, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Aberdeen, Hong Kong on 30 August 2012 (Thursday) at 2:30 p.m. (the “**AGM**”) is set out in the annual report of the Company for the year ended 30 April 2012 (the “**2012 Annual Report**”).

A form of proxy for the AGM is enclosed with the 2012 Annual Report. Whether or not you propose to attend the AGM, you are requested to complete the form of proxy and return the same to the Company’s Branch Share Registrar in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting (as the case may be) if you so wish.

This circular will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page and on the website of the Company at www.wls.com.hk for 7 days from the date of posting.

* For identification purposes only

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

LETTER FROM THE BOARD OF DIRECTORS



WLS Holdings Limited

滙隆控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8021)

Executive Directors:

Dr. So Yu Shing (*Chairman*)
Mr. Kong Kam Wang (*Chief Executive Officer*)
Ms. Lai Yuen Mei, Rebecca
Mr. Woo Siu Lun
Mr. So Wang Bon, Edward
Mr. Yu Yeung Hoi, Stephen

Independent non-executive Directors:

Mr. Lam Kwok Wing
Mr. Yeung Po Chin
Dr. Fung Ka Shuen

Registered office:

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Head office and

principal place of business
in Hong Kong:

Rooms 1001-1006
10th Floor, Tower A
Southmark
11 Yip Hing Street
Wong Chuk Hang
Aberdeen
Hong Kong

31 July 2012

To the shareholders of the Company

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE NEW SHARES AND
REPURCHASE ITS OWN SHARES AND
REFRESHMENT OF THE LIMIT ON GRANT OF
OPTIONS UNDER THE SHARE OPTIONS SCHEME AND
RE-ELECTION OF DIRECTORS**

INTRODUCTION

The Company's existing mandates to issue and repurchase shares of the Company ("Shares") were approved by the Company's shareholders at the annual general meeting held on 30 August 2011. Unless otherwise renewed, the existing mandates to issue and to repurchase Shares will lapse at the conclusion of the AGM.

* For identification purposes only

LETTER FROM THE BOARD OF DIRECTORS

In order to ensure flexibility when it is desirable to allot additional Shares or to repurchase Shares, the Directors will seek the approval of shareholders of the Company to grant new general mandates to issue and to repurchase Shares at the AGM.

The purpose of this circular is to provide you with information relating to the ordinary resolutions nos. 4 to 7 (the “**Ordinary Resolution nos. 4, 5, 6 and 7**” respectively) to be proposed at the AGM (i) to grant to the Directors a fresh general mandate (“**New Issue Mandate**”) to allot, issue and deal with new Shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the Ordinary Resolution no. 4; (ii) to grant to the Directors a fresh general mandate (“**Repurchase Mandate**”) to exercise the powers of the Company to repurchase the Company’s fully paid up Shares representing up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the Ordinary Resolution no. 5, and (iii) by extending the general mandate granted pursuant to Resolution No. 4, to allot, issue and otherwise deal with Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company purchased pursuant to the Repurchase Mandate (as more particularly described in the Ordinary Resolution no. 6); and (iv) to refresh the scheme limit of the Company’s share option scheme adopted on 30 August 2011 (the “**Share Option Scheme**”) and all other share option schemes of the Company up to 10% of the number of shares in the capital of the Company in issue as at the date of passing of the Ordinary Resolution no. 7.

The previously granted general mandates will lapse at the conclusion of the AGM.

Under Rule 13.08 of the GEM Listing Rules, the Company is required to give its shareholders all information which is reasonably necessary to enable its shareholders to make an informed decision as to whether to vote for or against the resolution to renew the New Issue Mandate and the Repurchase Mandate. This circular is prepared for such purpose. The explanatory statement required by the GEM Listing Rules to be included in this circular is set out in the appendix to this circular.

GENERAL MANDATE TO ISSUE SHARES

The Company has in issue an aggregate of 1,119,762,693 Shares as at 27 July 2012, being the latest practicable date (the “**Latest Practicable Date**”) prior to the printing of this circular.

Subject to the passing of the Ordinary Resolution no. 4 and in accordance with the terms therein, the Company would be allowed to allot additional Shares up to a maximum of 20% of the issued share capital of the Company at the date of passing of the ordinary resolution approving the New Issue Mandate, i.e. 223,952,538 Shares, on the basis that no further Shares will be issued or repurchased prior to the AGM.

LETTER FROM THE BOARD OF DIRECTORS

REPURCHASE MANDATE

At the AGM, an ordinary resolution will be proposed to grant to the Directors the Repurchase Mandate, details of which are set out in Ordinary Resolution no. 5. The Shares which may be repurchased pursuant to the Repurchase Mandate is limited to a maximum of 10% of the issued share capital of the Company at the date of passing of the ordinary resolution approving the Repurchase Mandate, i.e. 111,976,269 Shares.

REFRESHMENT OF THE GENERAL SCHEME LIMIT

The Company adopted the Share Option Scheme pursuant to an ordinary resolution passed by the Shareholders on 30 August 2011. The purpose of the Share Option Scheme is to provide incentive and to recognise the contribution of the employees including directors (whether executive, non-executive or independent non-executive) of the Company and/or its subsidiaries. The Company does not have any share option scheme other than the Share Option Scheme as at the Latest Practicable Date.

Under the terms of the Share Option Scheme:

- (1) The maximum number of Shares which may be allotted and issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group shall not exceed 30% of the share capital of the Company in issue from time to time. No Options may be granted under the Share Option Scheme or any other share option scheme adopted by the Group if the grant of such Option will result in the limit being exceeded.
- (2) The total number of Shares which may be allotted and issued upon exercise of all Options (excluding, for this purpose, Options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed the General Scheme Limit provided that:
 - (i) subject to paragraph (1) and without prejudice to paragraph (2)(ii), the Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all Options to be granted under the Share Option Scheme and any other share Option scheme of the Group must not exceed 10% of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group) previously granted under the Share Option Scheme and any other share option scheme of the Group will not be counted; and

LETTER FROM THE BOARD OF DIRECTORS

- (ii) subject to paragraph (1) and without prejudice to paragraph (2)(i), the Company may seek separate shareholders' approval in general meeting to grant Options under the Share Option Scheme beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph (2)(i) to Eligible Participants specifically identified by the Company before such approval is sought.

The existing General Scheme Limit is 111,976,269 Shares, being 10% of the Shares in issue as at the date of passing of the ordinary resolution at the annual general meeting of the Company held on 30 August 2011 for the adoption of the Share Option Scheme (the "**Share Option Scheme Adoption Resolution**"). Since the date of the passing of the Share Option Scheme Adoption Resolution and up to the Latest Practicable Date, options representing 14,000,000 Shares, representing approximately 1.25% of the issued share capital of the Company as at the Latest Practicable Date have been granted under the Share Option Scheme. These options were granted to eligible participants in recognition of their contribution to the Group. Since the passing of the Share Option Scheme Adoption Resolution up to the Latest Practicable Date, no options have been exercised and no options have lapsed. Unless the General Scheme Limit is "refreshed", a balance of 97,976,269 Shares, representing approximately 8.75% of the issued share capital of the Company as at the date of passing of the Share Option Scheme Adoption Resolution, may be issued pursuant to the grant of options under the Share Option Scheme. The Directors believe that the Share Option Scheme is a cost effective way to reward persons who have made contributions to the Group. The refreshment of the General Scheme Limit will allow the Directors more flexibility in employing the Share Option Scheme in the future should they need to grant share options that are over the current limit to recognize contributions made to the Group. Accordingly, the Directors would like to take the AGM as an opportunity to approve the refreshment of the General Scheme Limit instead of calling a separate extraordinary general meeting.

If the General Scheme Limit is "refreshed", on the basis that 1,119,762,693 Shares were issued as at the Latest Practicable Date and assuming that no Shares are issued or repurchased by the Company prior to the AGM, the General Scheme Limit will be reset to 111,976,269 Shares (being 10% of the issued share capital of the Company as at the date of the AGM in which the refreshed limit is approved) and the Company will be allowed to grant further options under the Share Option Scheme and other share option schemes of the Company carrying the rights to subscribe for a maximum of 111,976,269 Shares. As at the Latest Practicable Date, the Company has not adopted any share option schemes other than the Share Option Scheme.

At the AGM, an ordinary resolution will be proposed to approve the refreshment of the limit on grant of options under the Share Option Scheme, details of which are set out in Ordinary Resolution no. 7.

The proposed refreshment of General Scheme Limit is conditional upon:

1. the passing of the ordinary resolution by the Shareholders at the AGM to approve the proposed refreshment of the General Scheme Limit; and

LETTER FROM THE BOARD OF DIRECTORS

2. the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in any new Shares which may be issued and allotted upon the exercise of the subscription rights attaching to the Options that may be granted under the refreshed limit of the Share Option Scheme, up to 10% of the issued share capital of the Company as at the date of passing of the relevant resolution at the AGM.

Application will be made to the Stock Exchange for the listing of and permission to deal in any Shares, representing 10% of the Shares in issue as the AGM approving the “refreshed” General Scheme Limit, to be issued upon the exercise of the options granted under the “refreshed” General Scheme Limit.

RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, the Board of directors (the “Board”) of the Company consists of nine Directors, namely Dr. So Yu Shing, Mr. Kong Kam Wang, Ms. Lai Yuen Mei, Rebecca, Mr. Woo Siu Lun, Mr. So Wang Bon, Edward, Mr. Yu Yeung Hoi, Stephen, Mr. Lam Kwok Wing, Mr. Yeung Po Chin and Dr. Fung Ka Shuen.

In accordance with article 116 of the Company’s articles of association, Dr. So Yu Shing, Ms. Lai Yuen Mei, Rebecca and Mr. Kong Kam Wang shall retire and, being eligible, offer themselves for re-election at the AGM. They will hold office until the AGM and shall then be eligible for re-election at the AGM.

The annual general meeting of shareholders of the Company will be held at Rooms 1001-1006, 10th Floor, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Aberdeen, Hong Kong on 30 August 2012 (Thursday) at 2:30 p.m. to re-elect, amongst the transaction of other businesses, the following 4 directors:

(1) Dr. So Yu Shing *(to be re-elected as executive director)*

Dr. So Yu Shing, aged 60, is the chairman and executive director of the Company and its subsidiaries (the “Group”). Dr. So has served in the Labour Department of the Hong Kong Government before joining Wui Loong Scaffolding Works Company Limited, a subsidiary of the Company, in 1991. He holds a bachelor of arts degree from the University of Hong Kong and a master of science degree in engineering business management from the Warwick University of the United Kingdom. Dr. So has also acquired the Registered Safety Officer qualification. In 2009, he was awarded a doctorate degree in building and construction by the City University of Hong Kong.

Dr. So was appointed as an executive director of the Company on 23 July 2001. The emolument of Dr. So is HK\$2,520,000 per annum, which is determined by the Board with reference to his duties and responsibilities. In addition, he is entitled to a housing allowance of HK\$720,000 per annum and an incentive bonus of HK\$500,000 which is dependent on the performance of the business operations of the Company which is under his overall control and direction. Save as disclosed herein, except for the director’s emolument, housing allowance and discretionary bonus, there are no other benefits or bonus provided to Dr. So for his directorship in the Company.

LETTER FROM THE BOARD OF DIRECTORS

Dr. So is the spouse of Ms. Lai Yuen Mei Rebecca, an executive director of the Company. Dr. So is also the father of Mr. So Wong Bon, Edward, an executive director of the Company. Except for such relationships, Dr. So does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. As at the date hereof, Dr. So is holding 316,300,000 ordinary shares and 4,800,000 share options of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Dr. So has entered into a service contract with the Company for an initial term of three years and this service contract is continuous until terminated by either party giving to the other not less than three months' notice in writing, or by payment of three months' salary in lieu of such notice. Dr. So has not held any directorship in any other listed companies in the last three years.

There is no other information to be disclosed pursuant to the requirements of Rule 17.50 of the GEM Listing Rules, and there is no matter in respect of the re-election of Dr. So that needs to be brought to the attention of the shareholders of the Company.

(2) Ms. Lai Yuen Mei, Rebecca *(to be re-elected as executive director)*

Ms. Lai Yuen Mei, Rebecca, aged 57, is an executive director of the Company. Ms. Lai has been actively involved in the management of the Group. She has been engaged in the teaching profession for over 17 years before joining Wui Loong Scaffolding Works Company Limited in 1988.

Ms. Lai was appointed as an executive director of the Company on 6 August 2001. Ms. Lai has entered into a service contract with the Company for an initial term of three years and this service contract is continuous until terminated by either party giving to the other not less than three months' notice in writing, or by payment of three months' salary in lieu of such notice. The emolument of Ms. Lai is HK\$1,200,000 per annum, which is determined by the Board with reference to her duties and responsibilities. In addition, she is entitled to an incentive bonus which is discretionary and is dependent on the performance of the business operations of the Company under her control and direction. Save as disclosed herein, except for the director's emolument and discretionary bonus, there are no other benefits or bonus provided to Ms. Lai for her directorship in the Company.

Ms. Lai is the spouse of Dr. So Yu Shing, Chairman and executive director of the Company. Ms. Lai is also the mother of Mr. So Wang Bon, Edward, an executive director of the Company. Except for such relationships, Ms. Lai does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. As at the date hereof, Ms. Lai is holding 115,720,000 ordinary shares and 4,800,000 share options of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Ms. Lai has not held any directorship in any other listed companies in the last three years.

LETTER FROM THE BOARD OF DIRECTORS

There is no other information to be disclosed pursuant to the requirements of Rule 17.50 of the GEM Listing Rules, and there is no matter in respect of the re-election of Ms. Lai that needs to be brought to the attention of the shareholders of the Company.

(3) Mr. Kong Kam Wang *(to be re-elected as executive director)*

Mr. Kong Kam Wang, aged 55, graduated from the Chinese University of Hong Kong in 1981 with a bachelor degree in business management and he later obtained an executive master of business administration degree from the Chinese University of Hong Kong in 2003. He has over 20 years of experience in the banking industry and has held senior management positions specializing in corporate banking in Hong Kong and the People's Republic of China. Before joining the Company in March 2002 and being appointed as an executive director of the Company in June 2002, Mr. Kong was engaged as vice president and zone manager of First Pacific Bank Limited prior to joining the Company. Mr. Kong was appointed as chief executive officer of the Company with effect from 1 January 2007. The emolument of Mr. Kong is HK\$864,000 per annum for the year ended 30 April 2012, which is determined by the Board with reference to his duties and responsibility. In addition, he is entitled to an incentive bonus which is discretionary and is dependent on the performance of the business units of the Company under his control and direction. Save as disclosed herein, except for the directors' emolument and discretionary bonus, there are no other benefits or bonus provided to Mr. Kong for his directorship in the Company.

Mr. Kong does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. As at the date hereof, Mr. Kong is holding 7,145,000 ordinary shares and 9,200,000 share options of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Kong has entered into a service contract with the Company for an initial term of three years and this service contract is continuous until terminated by either party giving to the other not less than three months' notice in writing, or by payment of three months' salary in lieu of such notice.

Mr. Kong has not held any directorship in any other listed companies in the last three years.

There is no other information to be disclosed pursuant to the requirements of Rule 17.50 of the GEM Listing Rules, and there is no matter in respect of the re-election of Mr. Kong that needs to be brought to the attention of the Shareholders.

LETTER FROM THE BOARD OF DIRECTORS

Save as disclosed herein concerning the three directors to be re-elected at the forthcoming annual general meeting of shareholders of the Company, there are no other matters that need to be brought to the attention of the shareholders of the Company.

ACTION TO BE TAKEN

Details of the proposed Ordinary Resolution nos. 4, 5, 6 and 7 are contained in the notice (the “**Notice**”) convening the AGM. The Notice and a form of proxy for use at the AGM are enclosed with the 2012 Annual Report. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

VOTING BY POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The chairman of the AGM will therefore demand a poll for all resolutions to be put to the vote at the meeting pursuant to the articles of association of the Company. An announcement on the poll vote results will be made by the Company after the AGM.

RECOMMENDATION

The Directors believe that the proposals in relation to (i) the general mandates to issue new shares, to repurchase the Company’s own shares and to extend the general mandate granted to the directors to issue new shares by adding the number of shares repurchased by the Company; (ii) the refreshment of the General Scheme Limit; and (iii) re-election of directors are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend that all shareholders should vote in favour of the Ordinary Resolution nos. 4 to 7 to be proposed at the AGM.

LETTER FROM THE BOARD OF DIRECTORS

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
By order of the Board
WLS Holdings Limited
So Yu Shing
Chairman

1. GENERAL MANDATE TO REPURCHASE SHARES

This appendix serves as an explanatory statement, as required by the Rule 13.08 and other relevant provisions of the GEM Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

2. GEM LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The GEM Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on GEM subject to certain restrictions, the more important of which are summarised below. The Company is empowered by its memorandum and articles of association to repurchase its own Shares.

Source of funds

Repurchase must be funded out of funds which are legally available for such purpose and in accordance with the memorandum and articles of association of the Company and the Companies Law (2002 Revision) of the Cayman Islands (the “Companies Law”). A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

Connected persons

The GEM Listing Rules prohibit a company from knowingly repurchasing shares on GEM from a “connected person”, that is, a director, chief executive, substantial shareholder or management shareholder of the company or any of its subsidiaries or any of their associates (as defined in the GEM Listing Rules) and a connected person is prohibited from knowingly selling his shares to the company on GEM.

As at the Latest Practicable Date, to the best knowledge of the Directors, no connected person of the Company has notified the Company that he has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any of the Shares held by him to the Company in the event that such mandate as proposed in the Ordinary Resolution no. 5 is approved by the shareholders of the Company.

3. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,119,762,693 shares of HK\$0.01 each.

Subject to the passing of the Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 111,976,269 Shares of HK\$0.01 each during the period from the date of passing of the Ordinary Resolution no. 5 up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by its

memorandum and articles of association or any applicable laws of the Cayman Islands to be held; or (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the shareholders of the Company in general meeting, whichever occurs first.

4. REASONS FOR THE REPURCHASES

Although the Directors have no present intention of repurchasing any Shares of the Company, they believe that the flexibility afforded by the Repurchase Mandate would be in the best interests of the Company and its shareholders. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchase of Shares will benefit the Company and its shareholders.

5. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association, the GEM Listing Rules and the applicable laws of the Cayman Islands.

Pursuant to the Repurchase Mandate, repurchase would be funded entirely from the Company's available cash flow or working capital facilities which will be funds legally available under applicable laws of the Cayman Islands for such purpose. The Company may not repurchase its own Shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or the gearing level of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

6. SHARE PRICES

The highest and lowest prices at which the Shares have traded on GEM in each of the previous twelve months are set out as follows:

Month	Highest HK\$	Lowest HK\$
2011		
July	0.158	0.132
August	0.160	0.083
September	0.106	0.069
October	0.110	0.075
November	0.089	0.075
December	0.085	0.073
2012		
January	0.073	0.050
February	0.069	0.055
March	0.065	0.053
April	0.060	0.054
May	0.062	0.050
June	0.058	0.050
July (up to the Latest Practicable Date)	0.057	0.043

7. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the respective interests of each of the substantial shareholders, being persons or corporations who are entitled to exercise or control the exercise of 10% or more of voting power at any general meeting of the Company (the "Substantial Shareholders") in the share capital of the Company are set out as follows:

Name	Number of Shares	Nature of interests	Approximate percentage of interests
Dr. So Yu Shing	316,300,000	personal interest	28.25%
Ms. Lai Yuen Mei, Rebecca (<i>Note 1</i>)	115,720,000	personal interest	10.33%

Note:

1. Dr. So Yu Shing and Ms. Lai Yuen Mei, Rebecca are spouses and their deemed interest in the Company was 432,020,000 Shares representing approximately 38.58% of the entire issued share capital of the Company.

Save as disclosed above, no person has notified the Company that he has an interest amounting to 10% or more of the issued share capital of the Company as at the Latest Practicable Date.

8. DISCLOSURE OF INTERESTS, THE CODE AND MINIMUM PUBLIC HOLDING

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates (as defined in the GEM Listing Rules) currently intends to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate if such is approved by the shareholders of the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate, if granted, in accordance with the GEM Listing Rules, the memorandum and articles of association of the Company and the applicable laws and regulations of the Cayman Islands.

In the event that the Substantial Shareholders do not dispose of their Shares, and if the Repurchase Mandate were exercised in full, the percentage shareholding of the Substantial Shareholders of the Company before and after such repurchase would be as follows:

Substantial Shareholders	Before repurchase	After repurchase
Dr. So Yu Shing	28.25%	31.39%
Ms. Lai Yuen Mei, Rebecca	10.33%	11.48%

If a shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase its Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Hong Kong Code on Takeover and Mergers (the "**Code**"). As a result, a shareholder or a group of shareholders acting in concert (within the meaning under the Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Code.

In the event that the Directors exercised in full the power to repurchase shares of the Company in accordance with the terms of the Ordinary Resolution no. 5 to be proposed at the AGM, the total interests of Dr. So Yu Shing and Ms. Lai Yuen Mei, Rebecca in the existing issued share capital of the Company would be proportionally increased to approximately 31.39% and 11.48% respectively. On the basis of the shareholdings held by the Substantial Shareholders named above, an exercise of the Repurchase Mandate in full will not have any implications under the Code. The Directors have no intention to exercise the Repurchase Mandate to an extent as may result in mandatory offer under the Code.

Assuming that there is no issue of Shares in the Company between the Latest Practicable Date and the date of a repurchase, an exercise of the Repurchase Mandate whether in whole or in part will result in less than the relevant prescribed minimum percentage of the Shares of the Company being held by the public as required by the Stock Exchange. The Directors have no intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than such minimum percentage.

9. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any of its Shares (whether on GEM or otherwise) during the 6 months preceding the date of this circular.