

---

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

---

If you are in doubt about this circular, you should consult your licensed securities dealers, bank managers, solicitors, professional accountants or other professional advisers.

If you have sold or transferred all your shares in B.A.L. HOLDINGS LIMITED (the “Company”), you should at once hand this circular to the purchaser or to the bank or stockbroker or other agent through whom the sales was effected for transmission to the purchaser or the 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 however arising from or in reliance upon the whole or any part of the contents of this circular.

---

### **B.A.L. Holdings Limited** **變靚D控股有限公司\***

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

(Stock code: 8079)

### **DISCLOSEABLE AND CONNECTED TRANSACTION: FORMATION OF A JOINT VENTURE**

**Financial adviser to B.A.L. Holdings Limited**



**South China Capital Limited**

---

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

6 March 2008

\* for identification purpose only

---

## CHARACTERISTICS OF GEM

---

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

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

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

---

**CONTENTS**

---

|                                                |             |
|------------------------------------------------|-------------|
|                                                | <i>Page</i> |
| <b>Definitions . . . . .</b>                   | <b>1</b>    |
| <b>Letter from the Board . . . . .</b>         | <b>3</b>    |
| <b>Appendix – General information. . . . .</b> | <b>7</b>    |

---

## DEFINITIONS

---

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

|                           |                                                                                                                                                                                                                                                |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “associate(s)”            | has the same meaning as ascribed to it under the GEM Listing Rules                                                                                                                                                                             |
| “BAL”                     | Be A Lady Limited, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company                                                                                                                          |
| “Board”                   | the board of Directors                                                                                                                                                                                                                         |
| “Company”                 | B.A.L. Holdings Limited (Stock code: 8079), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM                                                                                         |
| “Director(s)”             | the director(s) of the Company                                                                                                                                                                                                                 |
| “Further Funding”         | the further contribution of funding which would be provided by BAL and Heavenly Blaze to the Joint Venture in the sum of HK\$2,400,000 and HK\$3,600,000 respectively in the form of shareholders’ loan pursuant to the Supplemental Agreement |
| “GEM”                     | the Growth Enterprise Market of the Stock Exchange                                                                                                                                                                                             |
| “GEM Listing Rules”       | the Rules Governing the Listing of Securities on GEM                                                                                                                                                                                           |
| “Group”                   | the Company and its subsidiaries                                                                                                                                                                                                               |
| “Heavenly Blaze”          | Heavenly Blaze Limited, a limited liability company established and subsisting in Hong Kong                                                                                                                                                    |
| “HK\$”                    | Hong Kong dollar, the lawful currency of Hong Kong                                                                                                                                                                                             |
| “Hong Kong”               | the Hong Kong Special Administrative Region of the People’s Republic of China                                                                                                                                                                  |
| “Joint Venture”           | One Dollar Movies Productions Limited, the joint venture company established in Hong Kong on 29 January 2008 in accordance with the Joint Venture Agreement                                                                                    |
| “Joint Venture Agreement” | the joint venture agreement dated 8 January 2008 entered into between BAL and Heavenly Blaze in respect of the formation of the Joint Venture                                                                                                  |

---

## DEFINITIONS

---

|                           |                                                                                                                                                                         |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Latest Practicable Date” | 3 March 2008, being the latest practicable date before the printing of this circular for ascertaining certain information for the purpose of inclusion in this circular |
| “SFO”                     | Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong                                                                                                  |
| “Shareholder(s)”          | the holder(s) of the Shares                                                                                                                                             |
| “Share(s)”                | ordinary share(s) of HK\$0.20 each in the share capital of the Company                                                                                                  |
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited                                                                                                                                 |
| “Supplemental Agreement”  | the supplemental agreement dated 4 March 2008 entered into between BAL and Heavenly Blaze in respect of the Further Funding                                             |
| “Transaction”             | the formation of the Joint Venture                                                                                                                                      |
| “%”                       | per cent.                                                                                                                                                               |

**B.A.L. Holdings Limited**  
**變靚D控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*  
(Stock code: 8079)

*Executive Directors:*

Ms. Siu York Chee

Mr. Leung Kwok Kui

*Independent non-executive Directors:*

Mr. Hung Anckes Yau Keung, *FCCA*

(Practising), *FCCA, CICPA, CGA*

Dr. Siu Yim Kwan, Sidney, *S.B.St.J.*

Mr. Tsui Pui Hung, Walter, *LL.B. (Hons),*  
*LL.M, BSc (Hons)*

*Registered office:*

P.O. Box 309, Ugland House

South Church Street, George Town

Grand Cayman

Cayman Islands

British West Indies

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

Room 1401, 14th Floor

Guardian House

32 Oi Kwan Road

Wanchai, Hong Kong

6 March 2008

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION:  
FORMATION OF A JOINT VENTURE**

**INTRODUCTION**

The Board announces that on 8 January 2008, the Joint Venture Agreement was entered into between BAL, a wholly-owned subsidiary of the Company, and Heavenly Blaze for the formation of the Joint Venture, One Dollar Movies Productions Limited. Subsequently on 4 March 2008, BAL and Heavenly Blaze entered into the Supplemental Agreement pursuant to which BAL and Heavenly Blaze would provide further funding to the Joint Venture in the sum of HK\$2,400,000 and HK\$3,600,000 respectively in the form of shareholders' loan. Details of the Joint Venture Agreement and the Supplemental Agreement are as follows:

\* for identification purpose only

---

## LETTER FROM THE BOARD

---

### THE JOINT VENTURE AGREEMENT

Date : 8 January 2008 (subsequently amended by the Supplemental Agreement dated 4 March 2008. Save and except for the terms on shareholders' loan, no other term of the Joint Venture Agreement has been amended.)

Parties : (i) BAL, a wholly-owned subsidiary of the Company  
(ii) Heavenly Blaze. The principal activities of Heavenly Blaze include movies production and distribution.

### Formation of the Joint Venture

The name of the Joint Venture is One Dollar Movies Productions Limited. The Joint Venture is owned as to 40% and 60% by BAL and Heavenly Blaze respectively and is principally engaged in the production and distribution of movies.

The Joint Venture was established in Hong Kong on 29 January 2008 and is treated as investment in associated company in the Company's financial statements.

### Registered capital

The Joint Venture has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which 10 shares have been issued and fully paid. The capital contribution to the registered capital of the Joint Venture will be HK\$4 and HK\$6 by BAL and Heavenly Blaze respectively. Pursuant to the Joint Venture Agreement, BAL will inject HK\$4 as capital contribution and shareholder's loan of HK\$7,200,000 into the Joint Venture. As amended by the Supplemental Agreement, BAL and Heavenly Blaze will further inject HK\$2,400,000 and HK\$3,600,000 respectively as shareholders' loan into the Joint Venture. A summary of the financing structure of the Joint Venture pursuant to the Joint Venture Agreement and the Supplemental Agreement is tabulated as below:

| Joint venture party        | Capital contribution<br>HK\$ | Shareholder's loan<br>HK\$ | Shareholding percentage |
|----------------------------|------------------------------|----------------------------|-------------------------|
| BAL                        | 4                            | 9,600,000<br>(Note 1)      | 40%                     |
| Heavenly Blaze             | 6                            | 14,400,000<br>(Note 2)     | 60%                     |
|                            | 10                           | 24,000,000<br>(Note 3)     | 100%                    |
|                            | HK\$                         |                            |                         |
| Total capital contribution | 10                           |                            |                         |
| Total shareholders' loan   | 24,000,000                   |                            |                         |
| Total investment           | 24,000,010                   |                            |                         |

---

## LETTER FROM THE BOARD

---

### *Notes:*

1. The shareholders' loan to be provided by BAL is HK\$7,200,000 and HK\$2,400,000 respectively pursuant to the Joint Venture Agreement and the Supplemental Agreement.
2. The shareholders' loan to be provided by Heavenly Blaze is HK\$10,800,000 and HK\$3,600,000 respectively pursuant to the Joint Venture Agreement and the Supplemental Agreement.
3. The original shareholders' loan is HK\$18,000,000 in total pursuant to the Joint Venture Agreement and the shareholders' loan will be increased to HK\$24,000,000 in total pursuant to the Supplemental Agreement.

The said capital contribution of HK\$4 from BAL and the original shareholder's loan of HK\$7,200,000 provided by BAL will be financed by the internal resources of the Group in cash within three months upon completion of the Joint Venture Agreement and within seven days upon serving of a notice by the Joint Venture.

The additional shareholder's loan of HK\$2,400,000 provided by BAL will also be financed by the internal resources of the Group in cash within three months upon completion of the Supplemental Agreement and within seven days upon serving of a notice by the Joint Venture.

The registered capital of the Joint Venture (including the Further Funding) was determined after arm's length negotiations between BAL and Heavenly Blaze with reference to their respective shareholdings in the Joint Venture and the capital requirement of the Joint Venture. The Directors consider that the Further Funding is necessary for funding of the further development of the Joint Venture.

The total investment of the Joint Venture is HK\$24,000,010.

Pursuant to the Joint Venture Agreement, in the event that the Joint Venture requires further funds whether for working capital or otherwise, such funding requirement shall be determined by the board of the Joint Venture. Furthermore, each of the shareholders of the Joint Venture agrees that such funds shall initially be sourced by the Joint Venture or the relevant member of the Joint Venture group on a best effort basis by way of loans from banks and financial institutions or corporations on terms acceptable to the board of the Joint Venture or the relevant member of the Joint Venture group.

### **Pre-emptive right**

The transfer of interest in the registered capital of the Joint Venture by each joint venture party is subject to the other party's consent.

### **Board of directors of the Joint Venture**

The board of directors of the Joint Venture comprises three directors, two of whom are the representatives of BAL and the remaining is a representative of Heavenly Blaze. The initial directors of the Joint Venture are Mr. Shiu Stephen Junior, Ms. Siu York Chee and Mr. Leung Kwok Kui.

### **Term of the Joint Venture**

The Joint Venture has a perpetual existence until liquidated and dissolved upon written agreement between BAL and Heavenly Blaze.



---

## LETTER FROM THE BOARD

---

### REASONS FOR THE TRANSACTION

The Company is principally engaged in the retails of beauty products in Hong Kong and the provision of beauty services in Hong Kong, Macau and the PRC.

In view of the success of the movie of “200 Pounds Beauty” (“醜女大翻身”) and the TV promotion campaign of “唔使怕醜”, the Directors consider that the Transaction offers the Group a good opportunity to enter into the movies production and distribution industry by capitalizing on the movie production and distribution-business knowledge and skills of the Directors, thereby allowing the Group to diversify its investment in Hong Kong.

The Directors, including the independent non-executive Directors, consider that the Transaction is on normal commercial terms and is in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### FINANCIAL EFFECT OF THE TRANSACTION

Since the Joint Venture has just been established and has not commenced any significant operation since its establishment, the Transaction is not expected to have any immediate financial effect on the earnings and assets and liabilities of the Group.

### THE GEM LISTING RULES REQUIREMENTS

Heavenly Blaze is a substantial shareholder holding approximately 14.71% of the issued share capital of the Company and therefore is a connected person of the Company. The entering into of the Joint Venture Agreement and the Supplemental Agreement constitute connected transactions for the Company under Chapter 20 of the GEM Listing Rules. As one of the applicable percentage ratios sets out in Rule 19.06 of the GEM Listing Rules with respect to the total investment of the Company in the Joint Venture exceeds 5% but is not more than 25%, the Supplemental Agreement, when aggregated with the Joint Venture Agreement, also constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

In addition, since the applicable percentage ratios of the Joint Venture Agreement and the Supplemental Agreement are more than 2.5% but less than 25% and the total investment of the Company in the Joint Venture is less than HK\$10,000,000, in accordance with Rule 20.32(2) of the GEM Listing Rules, the entering into of the Joint Venture Agreement and the Supplemental Agreement are only subject to the reporting and announcement requirements set out in Rules 20.45 to 20.47 of the GEM Listing Rules and are exempt from the independent shareholders’ approval requirement of the GEM Listing Rules.

### ADDITIONAL INFORMATION

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

On order of the Board  
**B.A.L. Holdings Limited**  
**Siu York Chee**  
*Chairperson*

1. 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 Group. As at the Latest Practicable Date, the Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this circular is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DISCLOSURE OF INTERESTS

(i) Interests and short positions of the Directors or chief executives in the Shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the 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 (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange were as follows:

a) Interest in Shares

Long positions

| Name                                 | Type of interest | No. of Shares | Approximate                                                                       |
|--------------------------------------|------------------|---------------|-----------------------------------------------------------------------------------|
|                                      |                  |               | percentage to the issued capital of the Company as at the Latest Practicable Date |
| Ms. Siu York Chee<br>(Notes 1 and 2) | Personal         | 2,032,158     | 0.29%                                                                             |
| Mr. Leung Kwok Kui (Note 2)          | Personal         | 7,158         | 0.00%                                                                             |
| Mr. Ho Wai Sun (Note 3)              | Personal         | 10,290,000    | 1.44%                                                                             |

Notes:

- 1. Ms. Siu York Chee also together with Mr. Shiu Yeuk Yuen hold on behalf of Ms. Shiu Yo Yo and Ms. Shiu Sound Sound 34% shareholdings in Heavenly Blaze which in turn holds 104,767,917 Shares.
- 2. Ms. Siu York Chee and Mr. Leung Kwok Kui are wife and husband.
- 3. Mr. Ho Wai Sun (“Mr. Ho”) is a director of an indirect wholly-owned subsidiary of the Company.

b) Interest in convertible loan notes

|                                |                     |                                        | Approximate<br>percentage of<br>the underlying<br>Shares to the issued<br>share capital of<br>the Company as<br>at the Latest<br>Practicable Date |
|--------------------------------|---------------------|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Name                           | Type of<br>interest | Number of<br>underlying<br>Shares held |                                                                                                                                                   |
| Mr. Ho Wai Sun ( <i>Note</i> ) | Personal            | 45,454,545                             | 6.38%                                                                                                                                             |

*Note:* Mr. Ho was issued with convertible loan notes on 18 January 2008 with a principal amount of HK\$10,000,000 at a conversion price of HK\$0.22 per Share (the “Convertible Notes”). Upon full conversion of the Convertible Notes, a maximum of 45,454,545 Shares will be issued to Mr. Ho. The Company had 712,206,405 Shares in issue as at the Latest Practicable Date.

c) Interest in share options

|                                |                     |                                                                      | Approximate<br>percentage<br>to the issued<br>share capital<br>of the Company<br>as at the Latest<br>Practicable Date |
|--------------------------------|---------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Name                           | Type of<br>interest | Outstanding<br>share options<br>as at the Latest<br>Practicable Date |                                                                                                                       |
| Mr. Ho Wai Sun ( <i>Note</i> ) | Personal            | 7,122,064                                                            | 1.00%                                                                                                                 |

*Note:* Mr. Ho was issued with share options on 1 February 2008 at a subscription price of HK\$0.20 per Share.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they were taken or deemed to have under such provisions of the SFO) or

(b) are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or (c) are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

**(ii) Interests and short positions of substantial Shareholders in the Shares, underlying shares and debentures of the Company and its associated corporations**

*a) Interest in Shares*

Long positions

| Name                                                             | Type of interest | No. of Shares | Approximate percentage to the issued share capital of the Company as at the Latest Practicable Date |
|------------------------------------------------------------------|------------------|---------------|-----------------------------------------------------------------------------------------------------|
| Heavenly Blaze                                                   | Corporate        | 104,767,917   | 14.71%                                                                                              |
| Mr. Cheng Jut Si ( <i>Note 1</i> )                               | Personal         | 104,767,917   | 14.71%                                                                                              |
| Mr. Shiu Stephen Junior ( <i>Note 1</i> )                        | Personal         | 104,767,917   | 14.71%                                                                                              |
| Ms. Shiu Ting Yan, Denise ( <i>Note 1</i> )                      | Personal         | 104,767,917   | 14.71%                                                                                              |
| Mr. Shiu Yeuk Yuen<br>and Ms. Siu York Chee<br>( <i>Note 2</i> ) | Personal         | 104,767,917   | 14.71%                                                                                              |
| One Dollar Productions<br>Limited ( <i>Note 1</i> )              | Corporate        | 104,767,917   | 14.71%                                                                                              |
| Ms. Hau Lai Mei ( <i>Note 1</i> )                                | Personal         | 104,767,917   | 14.71%                                                                                              |
| Everproven Limited ( <i>Note 3</i> )                             | Corporate        | 81,800,000    | 11.48%                                                                                              |
| Mr. Chan Boon Ho, Peter ( <i>Note 3</i> )                        | Personal         | 81,800,000    | 11.48%                                                                                              |

*Notes:*

1. Heavenly Blaze is beneficially owned as to (i) 46% by Mr. Shiu Stephen Junior, nephew of Ms. Siu York Chee (being the executive Director); (ii) 34% by Mr. Shiu Yeuk Yuen, younger brother of Ms. Siu York Chee, and Ms. Siu York Chee together hold on behalf of Ms. Shiu Yo Yo and Ms. Shiu Sound Sound, nieces of Ms. Siu York Chee; (iii) 16% by Ms. Shiu Ting Yan, Denise, niece of Ms. Siu York Chee; (iv) 1% by Mr. Cheng Jut Si; and (v) 3% by One Dollar Productions Limited which is beneficially owned as to (i) 25% by Mr. Shiu Stephen Junior; and (ii) 75% by Ms. Hau Lai Mei, the step-mother of Shiu Stephen Junior. Mr. Shiu Stephen Junior and Ms. Hau Lai Mei are therefore deemed to be interested in such Shares.
2. Ms. Siu York Chee and Mr. Shiu Yeuk Yuen are the trustees of Ms. Shiu Yo Yo and Ms. Shiu Sound Sound.
3. Everproven Limited is beneficially owned as to 100% by Mr. Chan Boon Ho, Peter.

b) Interest in share options

| Name            | Type of interest | Outstanding share options as at the Latest Practicable Date | Approximate percentage to the issued share capital of the Company as at the Latest Practicable Date |
|-----------------|------------------|-------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Ms. Hau Lai Mei | Personal         | 3,695,000                                                   | 0.52%                                                                                               |

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person who had an interest or short position in the Shares or underlying shares or debentures of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who is expected, directly or indirectly to be interested in 10% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of any other member of the Company.

3. SERVICE CONTRACTS

Each of Ms. Siu York Chee and Mr. Leung Kwok Kui has entered into a service contract with Company. Their appointments are for a term of five (5) years commencing from 1 September 2004 and shall continue thereafter for a successive term of one (1) year unless and until termination in accordance with the terms of the service contract. Each of Ms. Siu York Chee and Mr. Leung Kwok Kui receives a remuneration of HK\$50,000 and HK\$30,000 per month under their respective service contract with the Company.

Mr. Ho Wai Sun (“Mr. Ho”) has entered into a service contract with Top Empire Limited (“Top Empire”), an indirect wholly-owned subsidiary of the Company. His appointment is for a term of five (5) years commencing from 10 December 2007 unless termination in accordance with the terms of the service contract. Mr. Ho is entitled to receive monthly fees based on the revenue of Top Empire and its subsidiaries.

Save as disclosed herein, none of the Directors has any existing or proposed service contract (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)) with any member of the Group.

4. DIRECTORS’ INTERESTS IN CONTRACT

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting which is significant in relation to the business of the Group.

5. DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in businesses, which are considered to compete or are likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the GEM Listing Rules.

## 6. MATERIAL ADVERSE CHANGES

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 October 2007, being the date to which the latest published audited consolidated accounts of the Company were made up, to the Latest Practicable Date.

## 7. LITIGATION

As at the Latest Practicable Date, the Group was not engaged in any litigation or arbitration of material importance and no litigation or claims of material importance is known to the Directors to be pending or threatened by or against the Company.

## 8. GENERAL

- (a) The registered address of the Company is at P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies.
- (b) The head office and principal place of business of the Company in Hong Kong is at Room 1401, 14th Floor, Guardian House, 32 Oi Kwan Road, Wanchai, Hong Kong.
- (c) The share registrar and transfer agent of the Company in Hong Kong is Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The Company established an audit committee in October 2001 with terms and reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review the annual report and accounts, interim reports and quarterly reports of the Company and internal control system of the Company. The audit committee of the Company (the "Audit Committee") comprises three members, including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise. Details of the members of the Audit Committee are set out below.

**Mr. Hung Yau Keung Anckes ("Mr. Hung")**, *FCPA (Practising), FCCA, CICPA, CGA*, aged 55, a Certified Public Accountant, Chairman of the Audit Committee, was appointed as an independent non-executive Director of the Company in October 2003. Mr. Hung has over 25 years experience in accounting. Mr. Hung is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, the Certified General Accountants Association, and an overseas non-practising member of the Chinese Institute of Certified Public Accountants.

Mr. Hung is now the practising director of KND & Co. CPA Limited, Certified Public Accountants (Practising). Mr. Hung is the Honorary Treasurer of The Overseas CICPA Members Association since the incorporation of the Association. Mr. Hung is also the Visiting Professor of the Southwestern University of Finance and Economics and the Research Institute of Economics of the Shenzhen University in China.

**Dr. Siu Yim Kwan, Sidney (“Dr. Siu”)**, *S.B.St.J.*, aged 61, Dr. Siu was appointed as an independent non-executive director of the Company in December 2004. Dr. Siu holds a doctorate degree in Business Management from Armstrong University in the United States. Dr. Siu is the non-executive director of Wang On Group Limited, a listed company in Hong Kong since November 1993.

Dr. Siu is a director of The Association of The Directors & Former Directors of Pok Oi Hospital Limited, Bright China Foundation Limited and Chiu Yang Residents Association of Hong Kong Limited, those companies are non-profitable association and providing community services in Hong Kong.

Dr. Siu is also a director of The Hong Kong Tae Kwon Do Association Limited, a sport association in Hong Kong and also an executive member of a number of charitable organizations and sports associations.

**Mr. Tsui Pui Hung Walter (“Mr. Tsui”)**, *LL.B. (Hons), LL.M, BSc (Hons)*, aged 32, is a practicing solicitor of the High Court of Hong Kong, was appointed as an independent non-executive director of the Company in June 2007. Mr. Tsui holds the degrees of a Master in Laws from University of London, a Bachelor of Laws (with Honours) from Manchester Metropolitan University, a Bachelor of Science (with Honours) from the Chinese University of Hong Kong and a Diploma in translation from the Chinese University of Hong Kong. Mr. Tsui has years of senior management experience and is familiar with internal control issues and regulatory rules of listed company.

- (e) The compliance officer of the Company is Ms. Siu York Chee.
- (f) The qualified accountant and the company secretary of the Company is Mr. Lo Gun Yuen, Raymond (*CPA*).
- (g) In any event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

## 9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during business hours at the head office and principal place of business in Hong Kong of the Company at Room 1401, 14th Floor, Guardian House, 32 Oi Kwan Road, Wanchai, Hong Kong for 14 days from the date of this circular:

- (a) the service contracts referred to under the section headed “Service contracts” in this appendix;
- (b) the Joint Venture Agreement and the Supplemental Agreement; and
- (c) this circular.