

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

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

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COSMOS MACHINERY ENTERPRISES LIMITED

大同機械企業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 118)

DISCLOSEABLE AND CONNECTED TRANSACTION

20th July, 2005

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DEFINITIONS

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

“Acquisition”	the acquisition of 49% equity interest in Grand Group by GTPL from WX Factory pursuant to the terms and conditions of the Agreement
“Agreement”	the transfer agreement dated 29th June, 2005 and entered into between GTPL and WX Factory in respect of the acquisition of 49% equity interest in Grand Group by GTPL from WX Factory
“Board”	board of Directors
“Company”	Cosmos Machinery Enterprises Limited (大同機械企業有限公司), a company incorporated in Hong Kong with limited liability, whose securities are listed on the Stock Exchange
“Directors”	directors of the Company (including independent non-executive directors)
“Grand Group”	Wuxi Grand Tech Machinery Group Ltd. (無錫格蘭機械集團有限公司), a Sino-foreign joint venture established in the PRC and a non-wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“GTPL”	Grand Technology Products Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	15th July, 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	shares of HK\$0.40 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	The United States dollars, the lawful currency of the United States of America
“WX Factory”	無錫塑料機械廠 (Wuxi Plastic Machinery Factory), a company established in the PRC

Unless otherwise specified in this circular, the conversion of Renminbi into Hong Kong dollars is based on the exchange rate of HKD1.00:RMB1.06 and the conversion of United States dollars into Hong Kong dollars is based on the exchange rate of USD1.00:HKD7.78. No representation is made that the amounts in question have been, could have been or could be converted at the above rates.

LETTER FROM THE BOARD



COSMOS MACHINERY ENTERPRISES LIMITED

大同機械企業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 118)

Executive Directors:

Tang To (Chairman)
Zhao Zhuoying
Wong Yiu Ming
Yan Wing Fai, Richard
Li Tin Loi

Registered Office:

8/F., Tai Tung Industrial Building
29-33 Tsing Yi Road
Tsing Yi Island
New Territories
Hong Kong

Non-executive Directors:

Tang Kwan (Honorary Chairman)
He Zhiqi (Vice Chairman)
Kan Wai Wah

Independent Non-Executive Directors:

Liang Shangli
Yip Jeffery
Yeung Shuk Fan

20th July, 2005

To the shareholders,

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

In an announcement of the Company dated 29th June, 2005 published on 30th June, 2005, the Directors announced that on 29th June, 2005, GTPL entered into the Agreement with WX Factory. Pursuant to the Agreement, GTPL has agreed to acquire from WX Factory its 49% equity interest in Grand Group representing registered capital of Grand Group in the amount of USD3,227,140 (equivalent to approximately HKD25,107,149) at the consideration of USD1 (equivalent to approximately HKD7.78).

As Grand Group is a non-wholly owned subsidiary of the Company, WX Factory, being a substantial shareholder of Grand Group, is a connected person of the Company within the meaning of the Listing Rules and the Acquisition constitutes a connected transaction of the Company and is subject to reporting and announcement requirements

LETTER FROM THE BOARD

under Chapter 14A of the Listing Rules. As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Acquisition exceed 5% but less than 25%, the Acquisition also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to give you further information regarding the Acquisition which constitutes a discloseable and connected transaction for the Company under the Listing Rules.

THE AGREEMENT

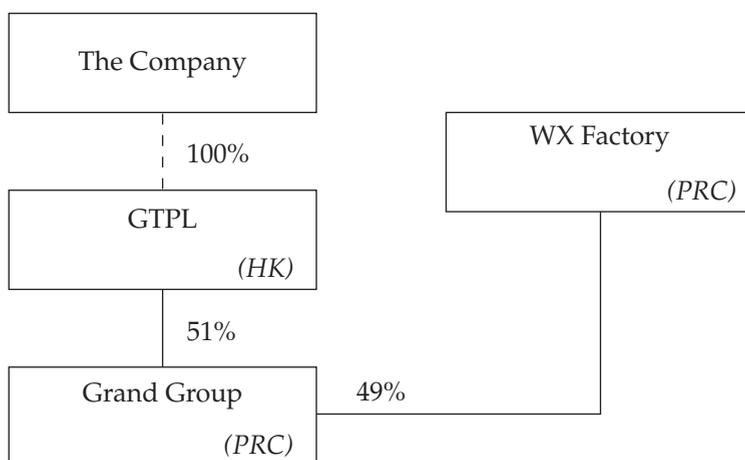
Date: 29th June, 2005

Parties: (1) GTPL as purchaser
(2) WX Factory as vendor

Particulars of the Agreement:

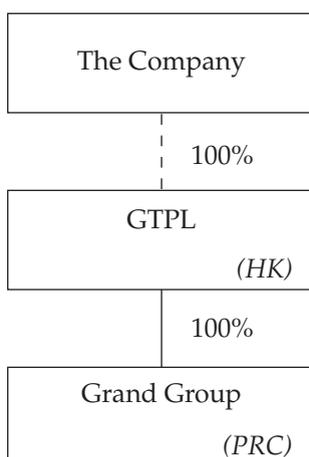
Pursuant to the Agreement, GTPL has agreed to acquire 49% equity interest in Grand Group, representing registered capital of Grand Group duly paid up by WX Factory in the amount of USD3,227,140 (equivalent to approximately HKD25,107,149) from WX Factory at the consideration of USD1 (equivalent to approximately HKD7.78). Upon completion of the Agreement, Grand Group will be owned as to 100% by GTPL.

Shareholding structure of Grand Group before completion of the Acquisition:



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Shareholding structure of Grand Group after completion of the Acquisition:



PARTICULARS OF ASSET TO BE ACQUIRED

Grand Group, located in Wuxi, the PRC, was incorporated in the PRC in 1992 as a Sino-foreign joint venture, the principal businesses of which are manufacturing, assembling and sale of plastic injection moulding machines in the PRC. It is currently owned as to 51% by GTPL and as to 49% by WX Factory and is therefore an indirect non-wholly owned subsidiary of the Company. GTPL acquired an aggregate of 51% equity interest in Grand Group in 1992. Upon completion of the Agreement, Grand Group will be owned as to 100% by GTPL. The total registered capital of Grand Group amounted to USD6,586,000 (equivalent to approximately HKD51,239,080) as at 31st December, 2004. The audited net profit before and after taxation (based on PRC accounting standard) of Grand Group for the year ended 31st December, 2003 amounted to RMB2,699,333 (equivalent to approximately HKD2,546,541) and RMB2,342,458 (equivalent to approximately HKD2,209,866) respectively. The audited net profit before and after taxation (based on PRC accounting standard) of Grand Group for the year ended 31st December, 2004 amounted to RMB85,430.08 (equivalent to approximately HKD80,594) and RMB85,430.08 (equivalent to approximately HKD80,594) respectively. The audited net asset value (based on PRC accounting standard) of Grand Group as at 31st December, 2004 amounted to RMB70,891,901 (equivalent to approximately HKD66,879,152). The unaudited net asset value (based on Hong Kong accounting standard) of Grand Group as at 30th June, 2004 amounted to approximately HKD26,299,460. The original purchase cost of the 49% equity interest in Grand Group by WX Factory was USD1,470,000 (equivalent to approximately HKD11,436,600) and WX Factory owns such equity interest since the incorporation of Grand Group in 1992. Grand Group does not have any shareholder's loan.

BASIS AND PAYMENT TERM OF THE CONSIDERATION

The consideration for the Acquisition under the Agreement is USD1 (equivalent to approximately HKD7.78). The consideration shall be payable in cash upon completion of the Acquisition and shall be funded by the internal resources of the Group. The consideration for the Acquisition has been arrived at after arm's length negotiations

LETTER FROM THE BOARD

between the parties and are on normal commercial terms after taking into account the financial performance and net asset value of Grand Group as at 31st July, 2004 determined by a valuation report. The consideration of USD1 (equivalent to approximately HKD7.78) is decided with reference to the unaudited negative net asset value in the approximate amount of RMB10,112,200 (equivalent to approximately HKD9,539,811) as at 31st July, 2004 determined by a valuation report of Grand Group prepared by an accounting firm in the PRC (based on PRC accounting standard). According to the valuation report, the valuer had prepared the valuation based on objective, independent and fair principles and recognized asset valuation method in the PRC with the application of the "Replacement Cost Method" (重置成本法). The appointment of such PRC accounting firm as the valuer to prepare the valuation report of Grand Group was jointly agreed by GTPL and WX Factory last year during the course of their negotiation of the terms of the Acquisition which commenced in around May, 2004, and the valuer was formally appointed by WX Factory to conduct the valuation. As the parties were already in negotiation in relation to the terms of the Acquisition in around May last year and the valuation report of Grand Group as at 31st July, 2004 had already been prepared for the purpose of the Acquisition, the parties agree that the same valuation report shall be used as a reference to determine the consideration for the Acquisition although the Agreement is only entered into recently. As far as the Company is aware, such PRC accounting firm is independent of and not a connected person (as defined in the Listing Rules) of the Company.

Upon completion of the Acquisition, Grand Group will be owned as to 100% by GTPL and become an indirect wholly-owned subsidiary of the Company.

The Directors (including independent non-executive Directors) consider that the use of the unaudited negative net asset value as at 31st July, 2004 of Grand Group determined by a valuation report of Grand Group prepared by an accounting firm in the PRC (based on PRC accounting standard) as a basis for determination of the consideration is fair and reasonable.

COMPLETION DATE

Completion of the Acquisition shall take place within the 30 days after the conditions as set out in the Agreement have been satisfied. Such conditions include the following:—

- (i) each of the parties under the Agreement and Grand Group having obtained valid board resolutions approving the transactions contemplated under the Agreement;
- (ii) in the view that the Company, being the controlling shareholder of GTPL, is listed on the main board of the Stock Exchange, GTPL shall procure that the Agreement complies with the requirements of the Stock Exchange;
- (iii) obtaining approval of the Agreement from the relevant government authorities in the PRC and the new foreign-invested enterprises business license documents in respect of Grand Group having been issued by the relevant government authorities in the PRC.

LETTER FROM THE BOARD

As at the Latest Practicable Date, condition (i) has been fulfilled and condition (ii) will also be satisfied upon issue of this circular. Relevant approval in respect of the Agreement and the new business license documents of Grand Group are in the process of being obtained from the relevant government authorities in the PRC.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in manufacturing and trading of plastic injection moulding machines and industrial tools. It is the Group's strategy to strengthen its capital structure and to reallocate resources for use in a more effective way. The Directors consider that the Acquisition is in line with the Group's current business strategy. Accordingly, the Directors, including the independent non-executive Directors, also consider that the Agreement is on normal commercial terms and the terms of the Agreement are in the interest of the Company and are fair and reasonable so far as the Company and its shareholders as a whole are concerned.

FINANCIAL EFFECTS ON THE GROUP

(a) Earnings

Grand Group has been a non-wholly owned subsidiary of the Company prior to the Acquisition. Upon Completion, the effective equity interest in Grand Group held by the Group will be increased to 100%.

Such change will have no effect on the control over Grand Group by the Group, but it will increase the sharing of profit or loss of Grand Group by the Group on consolidation. This may be beneficial to the Group if Grand Group is able to improve its profitability in the future operation. Hence, the increase in equity interest in Grand Group by the Group may contribute more future profit to the Group on consolidation.

(b) Effect on net assets of the Group

The effect of the Acquisition to the Group's net asset value is an increase of net asset value of approximately RMB11,779,844 (equivalent to approximately HKD11,113,060) based on the audited net asset value of approximately RMB24,040,497 (equivalent to approximately HKD22,679,714) as at 31st December, 2004 (based on Hong Kong accounting standard), representing an increase of approximately 1.6% as compared to the Group's audited net asset value of approximately HKD680,593,000 as at 31st December, 2004; and an outflow of cash payment of USD1 (equivalent to approximately HKD7.78).

PRINCIPAL ACTIVITIES OF THE PARTIES

The Group is principally engaged in manufacturing and trading of plastic injection moulding machines and industrial tools.

As far as the Company is aware, WX Factory is principally engaged in manufacturing of facilities for plastic industry.

LETTER FROM THE BOARD

DISCLOSEABLE AND CONNECTED TRANSACTION

As Grand Group is a non-wholly owned subsidiary of the Company, WX Factory being a substantial shareholder of Grand Group, is a connected person of the Company within the meaning of the Listing Rules and the Acquisition therefore constitutes a connected transaction of the Company and is subject to reporting and announcement requirements under Chapter 14A of the Listing Rules. Although the applicable percentage ratio is more than 2.5% but less than 25%, the consideration of the Acquisition being USD1, is less than HK\$10,000,000, and as such, the Acquisition is only subject to reporting and announcement requirements and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of Acquisition also exceed 5% but less than 25%, the Acquisition also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Apart from being a substantial shareholder of Grand Group by virtue of its 49% equity interest in Grand Group, WX Factory is not otherwise a connected person (as defined in the Listing Rules) of the Company.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendix to this circular.

Yours faithfully,
By order of the Board of
COSMOS MACHINERY ENTERPRISES LIMITED
TANG To
Chairman

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 DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions held by 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 and 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 maintained by the Company referred to therein (the "Register"); or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange, were as follows:

Interest in Shares

Name of Director	Number of Shares held				Total	Approximate % of total issued Shares of the Company
	Personal Interests	Family Interests	Corporate Interests	Other Interests		
Tang To	2,970,000	-	300,617,458 (Note 1)	74,000 (Note 2)	303,661,458	42.92
Wong Yiu Ming	9,696,072	-	-	-	9,696,072	1.37
Tang Kwan	-	297,157,052 (Note 3)	-	-	297,157,052	42
Kan Wai Wah	136,400	-	-	-	136,400	0.02

Notes:

- As at the Latest Practicable Date, among these 300,617,458 Shares, 3,460,406 Shares were held by Ginta Company Limited ("Ginta") which is wholly owned by a company which in turn is owned as to 50% by Mr. Tang and his spouse. Mr. Tang is also deemed to be interested in the remaining 297,157,052 Shares out of these 300,617,458 Shares under the SFO through his deemed interests in Codo Development Limited ("Codo"). As at the Latest Practicable Date, Codo through its wholly owned subsidiaries, Cosmos Machinery (Holdings) Limited ("Cosmos Holdings") and Tai Shing Agencies Limited ("Tai Shing") was deemed to be interested in an aggregate of

297,157,052 Shares. Codo is incorporated in Hong Kong and is owned as to (i) 25.06% by Keepsound Investments Limited, a Hong Kong company controlled by Saniwell Holdings Inc., being the trustee of The Saniwell Trust; (ii) 8.37% by Elegant Power Enterprises Limited (“Elegant Power”); (iii) 30.25% by Friendchain Investments Limited (“Friendchain”), a Hong Kong company controlled as to 40% by Elegant Power, as to 57.42% by Saniwell Holdings Inc. and as to 2.58% by Fullwin Limited; (iv) 16.09% by Yik Wan Company Limited; and (v) 20.23% by 7 individuals.

2. As at the Latest Practicable Date, these 74,000 Shares were jointly owned by Mr. Tang and his spouse.
3. As at the Latest Practicable Date, Mr. Tang Kwan was deemed to be interested in the block of 297,157,052 Shares under the SFO through his spouse’s deemed interests in Codo Development Limited (“Codo”). As at the Latest Practicable Date, Codo through its wholly owned subsidiaries, Cosmos Holdings and Tai Shing was deemed to be interested in an aggregate of 297,157,052 Shares. Codo is incorporated in Hong Kong and is owned as to (i) 25.06% by Keepsound Investments Limited, a Hong Kong company controlled by The Saniwell Trust, a trust established for the benefit of Mr. Tang Kwan’s family, of which the spouse of Mr. Tang Kwan is one of the beneficiaries; (ii) 8.37% by Elegant Power; (iii) 30.25% by Friendchain, a Hong Kong company controlled as to 40% by Elegant Power, as to 57.42% by The Saniwell Trust and as to 2.58% by Fullwin Limited; (iv) 16.09% by Yik Wan Company Limited; and (v) 20.23% by 7 individuals.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company held any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations, which were required to be notified to the Company and the Stock Exchange or recorded in the Register as aforesaid.

3. SUBSTANTIAL SHAREHOLDERS

- (a) As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the parties (other than Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Interests in the Shares

Name of substantial shareholder	Number of Shares held			Approximate % of total issued Shares of the Company
	Direct interests	Deemed interests	Total	
Law Kit Fong	–	297,157,052 (Note 1)	297,157,052	42
Codo	–	297,157,052 (Note 1)	297,157,052	42

Name of substantial shareholder	Number of Shares held			Approximate % of total issued Shares of the Company
	Direct interests	Deemed interests	Total	
Cosmos Holdings	127,052,600	170,104,452 (Note 2)	297,157,052	42
Tai Shing	170,104,452	–	170,104,452	24.04
Saniwell Holdings Inc.	–	297,157,052 (Note 3)	297,157,052	42
China Resources (Holdings) Company Limited	169,649,046 (Note 4)	–	169,649,046	23.98

Notes:

1. Ms. Law Kit Fong is deemed to be interested in the block of 297,157,052 Shares through her direct and indirect interests in Elegant Power and Codo respectively. As at the Latest Practicable Date, Codo through its wholly-owned subsidiaries, Cosmos Holdings and Tai Shing, was deemed to be interested in an aggregate of 297,157,052 Shares. As at the Latest Practicable Date, Codo was owned as to 30.25% by Friendchain, which was controlled as to 40% by Elegant Power, and as to 8.36% by Elegant Power, which in turn was wholly owned by Ms. Law Kit Fong.
 2. Cosmos Holdings is deemed to be interested in 170,104,452 Shares through its subsidiary, Tai Shing.
 3. As at the Latest Practicable Date, Saniwell Holdings Inc. was deemed to be interested in the block of 297,157,052 Shares under the SFO through its interests in Codo. Codo is owned as to (i) 25.06% by Keepsound Investments Limited, a Hong Kong company controlled by Saniwell Holdings Inc., being the trustee of The Saniwell Trust; (ii) 8.37% by Elegant Power; (iii) 30.25% by Friendchain which is controlled as to 40% by Elegant Power, as to 57.42% by Saniwell Holdings Inc. and as to 2.58% by Fullwin Limited; (iv) 16.09% by Yik Wan Company Limited; and (v) 20.23% by 7 individuals.
 4. According to the latest disclosure of interests forms filed pursuant to Part XV of the SFO received by the Company from each of China Resources National Corporation, China Resources Co., Limited and CRC Bluesky Limited, each of those three companies was deemed to be interested in the Shares owned by China Resources (Holdings) Company Limited.
- (b) As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following parties (other than Directors or chief executive of the Company) were interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Interest in shares in members of the Group

Name of members of the Group	Name of substantial Shareholder	Approximate % of shareholding
Cooney Investment Limited	Yue Xiu Enterprises (Holdings) Limited	12.65
Dalian Welltec Machinery Ltd.	Dalian Bingshan Rubber & Plastic Co. Ltd.	49
Dekuma International Limited	King Diamond Enterprises Limited	10
	BMPR Plastics	20
Dong Hua Machinery Ltd.	Dongguan City Foreign Economic Industrial Corporation*	10.86
	Dongguan City Xi Hu Hotel*	10.86
Dongguan Cosmos CNC Machinery Limited*	Dongguan City Foreign Economic Industrial Corporation*	12
Dongguan Cosmos Machinery Ltd.	Dongguan City Foreign Economic Industrial Corporation*	10.86
	Dongguan City Xi Hu Hotel*	10.86
Dongguan Grand Plastic Injection Products Co., Ltd.	Dongguan City Fenglianli Plastic Manufacturing Co., Ltd. *	49
Dongguan Welltec Machinery Ltd.	Dongguan City Foreign Economic Industrial Corporation*	10.86
	Dongguan City Xi Hu Hotel*	10.86
Gainbase Industrial (Holding) Limited	Yip Kar Shun	48
Gainbase Industrial (C.I.) Limited	Yip Kar Shun	48

Name of members of the Group	Name of substantial Shareholder	Approximate % of shareholding
Gold Base Management Limited	Yip Kar Shun	48
Glory Horse (Holdings) Limited	Deng Yaohui	20
Hon Kiu Machine Factory Limited	Or Leung Chit	20
	Wang Rong-an	20
Taiyuan Gelan Machanical Ltd.	Taiyuan Shuiké Precising Machinery Factory	20
Taligain Limited	Jenk Young Investment Limited	20
	Talibest Limited	11.4
Wuxi Yinglang Machinery Limited*	Zhang Ming Yi*	10
Wuxi GI Precision Plastic Products Co., Ltd.	Wuxi City Xinqu Yunchang Electronics Trading Ministry*	49
Wuxi Grand Plastic Machine Manufacture Co., Ltd.	Wuxi City Plastic Machinery Factory*	24
Wuxi Linglan Plastic Machinery Accessories Co., Ltd.*	Wu Chunzhi*	20
	Hua Zhendong*	10

* *These English names are only a translation of their official Chinese names.*

Save as disclosed above, as at the Latest Practicable Date, the Directors or chief executive of the Company were not aware of any person (other than a Director or chief executive of the Company and the respective companies controlled by them whose interests have been disclosed above) who had an interest or short position in the Shares or 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 was interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTEREST IN ASSETS/CONTRACTS

- (a) None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.
- (b) As at the Latest Practicable Date, none of the Directors had any direct or indirect interests 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 31st December 2004, the date to which the latest published audited consolidated financial statements of the Group were made up.

6. LITIGATION

So far as the Directors are aware, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries are engaged in any litigation or claim of material importance and no litigation or claim of material importance was pending or threatened against any member of the Group.

7. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates were considered to have interest in any business which competes or may compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

8. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31st December 2004 (being the date to which the latest published audited accounts of the Group were made up).

9. GENERAL

- (a) The secretary of the Company is Wu Yuk Kwai, *ACS, ACIS*.
- (b) The qualified accountant of the Company is Ho Kwong Sang, *CPA, FCS, FCIS*.
- (c) The registered office of the Company is located at 8/F., Tai Tung Industrial Building, 29-33 Tsing Yi Road, Tsing Yi Island, New Territories, Hong Kong.
- (d) The share registrar of the Company in Hong Kong is Secretaries Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

- (e) The English language text of this circular shall prevail over the Chinese language text in case of inconsistency.

10. DOCUMENT AVAILABLE FOR INSPECTION

Copy of the Agreement will be available for inspection at the registered office of the Company at 8/F., Tai Tung Industrial Building, 29-33 Tsing Yi Road, Tsing Yi Island, New Territories, Hong Kong during normal business hours up to and including 3rd August, 2005.