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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 advisers.

If you have sold or transferred all your shares in **Cosmos Machinery Enterprises Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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大同機械企業有限公司

COSMOS MACHINERY ENTERPRISES LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 118)

DISCLOSEABLE TRANSACTION
DISPOSAL OF LAND AND PROPERTY IN WUXI
AND
COMPENSATION FOR EARLY TERMINATION OF A LEASE AGREEMENT

Financial adviser



REXCAPITAL (Hong Kong) Limited

20th June, 2008

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DEFINITIONS

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

“Company”	Cosmos Machinery Enterprises Limited, a company incorporated in Hong Kong with limited liability, whose securities are listed on the Stock Exchange
“Compensation”	the compensation made by the Purchaser to Wuxi Grand for early termination of a lease agreement in respect of Wuxi Grand’s remaining tenure of approximately 12 years on the Land B and the Property B pursuant to the Compensation Agreement
“Compensation Agreement”	the agreement dated 30th May, 2008 entered into between Wuxi Grand, the Landlord and the Purchaser in relation to the Compensation
“Directors”	the directors of the Company
“Disposal”	Disposal of the Land A and the Property A to the Purchaser by Wuxi Grand pursuant to the Disposal Agreement
“Disposal Agreement”	the agreement dated 30th May, 2008 entered into between Wuxi Grand and the Purchaser in relation to the Disposal
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land A”	a parcel of land located at No. 89, Hubin Road, Wuxi City, Jiangsu Province, the PRC with a site area of 7,198.50 sq.m. owned by Wuxi Grand
“Land B”	a parcel of land located at No. 89, Hubin Road, Wuxi City, Jiangsu Province, the PRC with a site area of 46,947.10 sq.m.. As at the Latest Practicable Date, Wuxi Grand has a remaining tenure of approximately 12 years until 31st May, 2020 on the Land B
“Landlord”	Wuxi Plastic Machinery Factory (無錫塑料機械廠), the landlord of the Land B and the Property B

DEFINITIONS

“Latest Practicable Date”	18th June, 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China, but for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Property A”	5 buildings build on Land A with total construction area of 3,399.54 sq.m., comprising offices which are owned by Wuxi Grand
“Property B”	19 buildings build on Land B of total construction area of 27,408.66 sq.m., comprising production workshops, offices and staff quarters. As at the Latest Practicable Date, Wuxi Grand has a remaining tenure of approximately 12 years until 31st May, 2020 on the Property B
“Purchaser”	Wuxi Industry Development Group Co., Ltd. (無錫產業發展集團有限公司)
“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
“Wuxi Grand”	Wuxi Grand Tech Machinery Group Ltd. (無錫格蘭機械集團有限公司), a wholly owned subsidiary of the Company
“sq.m.”	square metre

For the purpose of this circular, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 to HK\$1.1243. The exchange rates have been used, where applicable, for the purposes of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

LETTER FROM THE BOARD



大同機械企業有限公司
COSMOS MACHINERY ENTERPRISES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 118)

Executive Directors:

Tang To (*Chairman*)
Jiang Wei
Wong Yiu Ming (*Chief Executive Officer*)
Li Tin Loi

Non-executive Directors:

Tang Kwan (*Honorary Chairman*)
Wu Ding (*Vice Chairman*)
Kan Wai Wah
Qu Jinping

Independent non-executive Directors:

Yip Jeffery
Yeung Shuk Fan
Cheng Tak Yin

Registered office:

8th Floor
Tai Tung Industrial Building
29-33 Tsing Yi Road
Tsing Yi Island
New Territories
Hong Kong

20th June, 2008

DISCLOSEABLE TRANSACTION
DISPOSAL OF LAND AND PROPERTY IN WUXI
AND
COMPENSATION FOR EARLY TERMINATION OF A LEASE AGREEMENT

To the Shareholders

Dear Sir or Madam,

1. INTRODUCTION

On 30th May, 2008, Wuxi Grand entered into the Disposal Agreement with the Purchaser, pursuant to which Wuxi Grand agreed to sell, and the Purchaser agreed to purchase, the Land A and the Property A for a cash consideration of RMB25,317,600.

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On the same date, Wuxi Grand also entered into the Compensation Agreement with the Purchaser and the Landlord, pursuant to which Wuxi Grand will receive compensation of RMB55,518,200 from the Purchaser for early termination of a lease agreement in respect of Wuxi Grand's remaining tenure of approximately 12 years until 31st May, 2020 on the Land B and the Property B.

The transactions contemplated under the Disposal Agreement and the Compensation Agreement together constitute a discloseable transaction for the Company under the Listing Rules. The purpose of this circular is to provide you with more information in relation to, among others, the Disposal and the Compensation.

2. THE DISPOSAL AGREEMENT

- Date** : 30th May, 2008 (after the close of trading hours)
- Parties** :
- Wuxi Grand** : Wuxi Grand Tech Machinery Group Ltd. (無錫格蘭機械集團有限公司), a wholly owned subsidiary of the Company and owner of the Land A and the Property A; and
- The Purchaser** : Wuxi Industry Development Group Co., Ltd. (無錫產業發展集團有限公司), to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are independent of and not connected with the Company and any of its connected person. The Group has no previous transactions with the Purchaser and its ultimate beneficial owners within a 12 months period which required aggregation under Rule 14.22 of the Listing Rules.
- Land A** : A parcel of land located at No. 89, Hubin Road, Wuxi City, Jiangsu Province, the PRC with a site area of 7,198.50 sq.m. which is owned by Wuxi Grand.
- Property A** : 5 buildings build on Land A with total construction area of 3,399.54 sq.m., comprising offices which are owned by Wuxi Grand.
- Consideration** : RMB25,317,600

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The consideration for the Disposal was agreed after arm's length negotiations between the Company and the Purchaser with reference to the valuation conducted under the depreciated replacement cost basis by an independent property valuer appointed by the Company. Land A together with the Property A were valued at approximately RMB9,100,000 as at 31st December, 2007.

- Payment of Consideration** : The Consideration shall be paid in cash in the manner as follows:
1. as to RMB4,000,000 to be paid within 10 days from the date of the Disposal Agreement;
 2. as to RMB9,000,000 to be paid by the end of December, 2008;
 3. as to RMB4,000,000 to be paid within 10 days upon commencement foundation piling of the plant of Wuxi Grand in the new site; and
 4. as to the balance of RMB8,317,600 to be paid within 10 days upon completion of the Disposal Agreement.
- Delivery of Possession** : Wuxi Grand shall deliver the vacated Land A and the Property A to the Purchaser no later than 31st December, 2009.
- Penalty** : If the Disposal Agreement cannot be completed due to:
- (i) the infringement of the Purchaser, then the Purchaser shall pay to Wuxi Grand 20% of the consideration which had been paid to the Wuxi Grand by that time as penalty; or
 - (ii) the infringement of Wuxi Grand, then Wuxi Grand shall refund to the Purchaser the consideration which had been paid to Wuxi Grand by that time and compensate the Purchaser by paying 20% of such paid consideration to the Purchaser.

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If Wuxi Grand incapable to deliver Land A and the Property A to the Purchaser by 31st December, 2009, there will be a penalty fee of 3% (daily basis) on the consideration which had been paid to Wuxi Grand by that time. In the event that Land A and Property A cannot be delivered to the Purchaser 60 days after 31st December, 2009, the Purchaser has a right to terminate the Disposal Agreement and request Wuxi Grand to repay to the Purchaser all the consideration which had been paid to Wuxi Grand and be responsible for the relevant loss and liabilities arising from the failure of such delivery.

If the Purchaser incapable to settle the consideration pursuant to the Disposal Agreement, there will be a penalty fee of 3% (daily basis) on the outstanding balance of the consideration which had not been paid to Wuxi Grand. In the event that the consideration has not been settled in full upon 60 days after 31st December, 2009, Wuxi Grand has a right to terminate the Disposal Agreement and the Purchaser has to be responsible for the relevant loss and liabilities arising from the failure of such settlement.

3. THE COMPENSATION AGREEMENT

- Date** : 30th May, 2008 (after the close of trading hours)
- Parties** :
- Wuxi Grand : Wuxi Grand Tech Machinery Group Ltd. (無錫格蘭機械集團有限公司), a wholly owned subsidiary of the Company and the tenant of the Land B and the Property B;
- The Landlord : Wuxi Plastic Machinery Factory (無錫塑料機械廠), the landlord of the Land B and the Property B, principally engaged in manufacturing of machinery and land and properties leasing. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save for being the landlord of the Land B and the Property B, the Landlord and its ultimate beneficial owners are independent of and not connected with the Company and any of its connected person. The Group has no previous transactions with the Landlord and its ultimate beneficial owners within a 12 months period which required aggregation under Rule 14.22 of the Listing Rules; and

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The Purchaser : Wuxi Industry Development Group Co., Ltd. (無錫產業發展集團有限公司) to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are independent of and not connected with the Company and any of its connected person. The Group has no previous transactions with the Purchaser and its ultimate beneficial owners within a 12 months period which required aggregation under Rule 14.22 of the Listing Rules.

Land B : A parcel of land located at No. 89, Hubin Road, Wuxi City, Jiangsu Province, the PRC with a site area of 46,947.10 sq.m.. As at the Latest Practicable Date, Wuxi Grand has a remaining tenure of approximately 12 years until 31st May, 2020 on the Land B.

Property B : 19 buildings build on Land B of total construction area of 27,408.66 sq.m. comprising production workshops, offices and staff quarters. As at the Latest Practicable Date, Wuxi Grand has a remaining tenure of approximately 12 years until 31st May, 2020 on the Property B.

Amount of Compensation : RMB55,518,200.

The aggregate amount of Compensation for early termination of a lease agreement in respect of Wuxi Grand's remaining tenure of approximately 12 years on the Land B and the Property B was agreed after arm's length negotiations between the Company and the Purchaser with reference to the prevailing rental of similar industry buildings in Wuxi and the relocation costs of the plants of Wuxi Grand to a new site after considering the scale and standards of the existing factory buildings, their functions, structures and also their facilities and so on.

Payment of Compensation : The Compensation shall be paid in cash in the manner as follows:

1. as to RMB10,000,000 to be paid within 10 days from the date of the Compensation Agreement;
2. as to RMB17,000,000 to be paid by the end of December, 2008;

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3. as to RMB11,000,000 to be paid within 10 days upon commencement foundation piling of the plant of Wuxi Grand in the new site; and
4. as to the balance of RMB17,518,200 to be paid within 10 days upon completion of the Compensation Agreement.

Delivery of Possession : Wuxi Grand shall deliver possession of the vacated Land B and the Property B to the Purchaser no later than 31st December, 2009.

Penalty : If the Compensation Agreement cannot be completed due to:

- (i) the infringement of the Purchaser, then the Purchaser shall pay to Wuxi Grand 20% of the compensation which had been paid to the Wuxi Grand by that time as penalty; or
- (ii) the infringement of Wuxi Grand, then Wuxi Grand shall refund to the Purchaser the compensation which had been paid to Wuxi Grand by that time and compensate the Purchaser by paying 20% of such paid Compensation to the Purchaser.

If Wuxi Grand incapable to deliver Land B and the Property B to the Purchaser by 31st December, 2009, there will be a penalty fee of 3% (daily basis) on the Compensation which had been paid to Wuxi Grand by that time. In the event that Land B and Property B cannot be delivered to the Purchaser 60 days after 31st December, 2009, the Purchaser has a right to terminate the Compensation Agreement and request Wuxi Grand to repay to the Purchaser all the compensation which had been paid to Wuxi Grand and be responsible for the relevant loss and liabilities arising from the failure of such delivery.

If the Purchaser incapable to settle the compensation pursuant to the Compensation Agreement, there will be a penalty fee of 3% (daily basis) on the outstanding balance of the compensation which had not been paid to Wuxi Grand. In the event that the Compensation has not been settled in full upon 60 days after 31st December, 2009, Wuxi Grand has a right to terminate the Compensation Agreement and the Purchaser has to be responsible for the relevant loss and liabilities arising from the failure of such settlement.

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The Directors (including the independent non-executive Directors) consider that the terms of the Disposal Agreement and the Compensation Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. BACKGROUND AND REASON FOR THE DISPOSAL AND THE COMPENSATION

The Group is principally engaged in manufacturing and trading of plastic injection moulding machines, trading of industrial consumables, manufacturing and selling of plastic processing products and printed circuit boards.

Based on the information provided by the Purchaser, the Purchaser is a corporation authorized by the PRC Government body to perform the management work of state owned assets and supervise the preservation and increment of the value of state-owned assets in state enterprises.

In view that (i) the consideration for the Disposal is above the valuation of the Land A and the Property A, (ii) the Compensation is expected to be sufficient to cover the relocation costs of the existing plants of Wuxi Grand in the new site; and (iii) there is an existing parcel of land purchased by the Company in 2006 for the relocation of the plants of Wuxi Grand, the Directors consider that the terms of the Disposal Agreement and the Compensation Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will relocate its production workshops, offices, staff quarters and other facilities of Wuxi Grand to the parcel of Land located at B7-C of Wuxi National High-tech Industrial Development Zone. Such parcel of land with a site area of 75,354.6 sq.m. was purchased in 2006 by the Group.

5. FINANCIAL EFFECT OF THE DISPOSAL AND THE COMPENSATION

With reference to the audited account of the Group for the year ended 31st December, 2007, the book value of the Land A and the Property A were approximately HK\$2,054,000 (equivalent to RMB1,827,000) and approximately HK\$3,000,000 (equivalent to RMB2,668,000) as at 31st December, 2007 respectively. It is estimated that a net gain of approximately HK\$23,410,000 (equivalent to RMB20,822,000) can be realized as a result of the Disposal (based on the difference between the book value of the Land A and the Property A and the consideration of the Disposal). The Compensation will result in a book profit of approximately HK\$62,417,000 (equivalent to RMB55,518,000) (before expenses) for the financial year ended 31st December, 2008.

6. USE OF PROCEEDS

The proceeds from the Disposal and the Compensation will be entirely used as the construction of new factories and replacement of machineries of Wuxi Grand.

LETTER FROM THE BOARD

7. GENERAL

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

Yours faithfully,
For and on behalf 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 following Directors and chief executive of the Company were interested, or were deemed to be interested in the following long position 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); (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein (the "Register"); or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange:

(a) Long position in the Shares

Name of Director	Number of shares held					Approximate % of total issued shares of the Company
	Personal interests	Family interests	Corporate interests	Others interests	Total	
Tang To	2,970,000	2,000 <i>(Note 2)</i>	300,617,458 <i>(Note 1)</i>	224,000 <i>(Note 3)</i>	303,813,458	42.79
Wong Yiu Ming	11,696,072	–	–	–	11,696,072	1.65
Tang Kwan	–	297,157,052 <i>(Note 4)</i>	–	–	297,157,052	41.85
Kan Wai Wah	136,400	–	–	–	136,400	0.02
Cheng Tak Yin	1,716,000	–	–	4,400	1,720,400	0.24

Notes:

1. As at the Latest Practicable Date, 3,460,406 Shares of those 300,617,458 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 50% by his spouse. Mr. Tang was deemed to be interested in the remaining 297,157,052 Shares of those 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 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 Holding Inc., a 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 Holding Inc. and as to 2.58% by Fullwin Limited; (iv) 16.09% by Yik Wan Company Limited; and (v) 20.23% by 5 individuals and 2 limited companies.

2. As at the Latest Practicable Date, 2,000 Shares were held by the spouse of Mr. Tang.
3. As at the Latest Practicable Date, 224,000 Shares were jointly held by Mr. Tang and his spouse.
4. 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 deemed interests in Codo. As at the Latest Practicable Date, Codo through its wholly owned subsidiaries, Cosmos Holdings and Tai Shing, was deemed to be interested in 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 5 individuals and 2 limited companies.

(b) Long position in Share Options

Name of Director	Capacity	Number of options held	Number of underlying shares	Approximate % of total issued shares of the Company (Note)
Li Tin Loi	Beneficial owner	1,600,000	1,600,000	0.23

Note: The percentage shown above was calculated based on the number of issued shares of the Company as at the Latest Practicable Date.

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

3. SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, the following parties (other than the Directors and chief executive of the Company) had interest in the following long positions in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(a) Long position in the Shares

Name of substantial shareholders	Number of Shares held			Approximate % of total issued shares of the Company (Note 6)
	Direct interests	Deemed interests	Total	
Law Kit Fong	–	297,157,052 (Note 1)	297,157,052	41.85
Codo	–	297,157,052 (Note 2)	297,157,052	41.85
Cosmos Holdings	127,052,600	170,104,452 (Note 3)	297,157,052	41.85
Tai Shing	170,104,452	–	170,104,452	23.96
Saniwell Holding Inc.	–	297,157,052 (Note 4)	297,157,052	41.85
China Resources (Holdings) Company Limited	169,649,046 (Note 5)	–	169,649,046	23.89

Notes:

- 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. As at the Latest Practicable Date, Codo through its wholly owned subsidiaries, Cosmos Holdings and Tai Shing, was deemed to be interested in 297,157,052 Shares. As at the Latest Practicable Date, Codo is owned as to 30.25% by Friendchain (which is owned as to 40% by Elegant Power) and 8.37% by Elegant Power (which is wholly owned by Ms. Law Kit Fong).
- As at the Latest Practicable Date, Codo is interested in 297,157,052 Shares through its wholly owned subsidiaries, Cosmos Holdings and Tai Shing. As at the Latest Practicable Date, Codo is owned as to (i) 25.06% by Keepsound Investments Limited, a Hong Kong company controlled by Saniwell Holding Inc., a trustee of The Saniwell Trust; (ii) 8.37% by Elegant Power, which is wholly-owned by Ms. Law Kit Fong; (iii) 30.25% by Friendchain, which is owned as to 40% by Elegant Power, as to 57.42% by Saniwell Holding Inc. and as to 2.58% by Fullwin Limited; (iv) 16.09% by Yik Wan Company Limited; and (v) 20.23% by 5 individuals and 2 limited companies.

3. Cosmos Holdings was deemed to be interested in 170,104,452 Shares through its subsidiary, Tai Shing.
4. As at the Latest Practicable Date, Saniwell Holding Inc. was deemed to be interested in the block of 297,157,052 Shares under the SFO through its deemed interests in Codo. Codo is owned as to (i) 25.06% by Keepsound Investments Limited, a Hong Kong company controlled by Saniwell Holding Inc., a trustee of The Saniwell Trust; (ii) 8.37% by Elegant Power; (iii) 30.25% by Friendchain which is owned as to 40% by Elegant Power, as to 57.42% by Saniwell Holding Inc. and as to 2.58% by Fullwin Limited; (iv) 16.09% by Yik Wan Company Limited; and (v) 20.23% by 5 individuals and 2 limited companies.
5. As shown by the latest interest disclosure information maintained pursuant to Part XV of the SFO provided to the Company by China Resources Corporation, China Resources Co., Limited and CRC Bluesky Limited, the above three companies were deemed to be interested in the Shares owned by China Resources (Holdings) Company Limited.
6. The percentage shown above was calculated based on the number of issued shares of the Company as at the Latest Practicable Date.

(b) Long position in shares in members of the Group

Name of members of the Group	Name of substantial Shareholders	Approximate % of shareholding
Cooney Investment Limited	Yue Xiu International Development Ltd.	12.87
Dekuma International Limited	King Diamond Enterprises Limited	10
	BMPR Plastics	10
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

Name of members of the Group	Name of substantial Shareholders	Approximate % of shareholding
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
Gold Base Management Limited	Yip Kar Shun	48
Taligain Limited	Jenk Young Investment Limited	20
	Talibest Limited	11.4
Wuxi GI Precision Plastic Products Co., Ltd.	Wuxi City Xinqu Yunchang Electronics Trading Ministry*	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 are 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. SERVICE CONTRACTS

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

5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened by or against either the Company or any of its subsidiaries.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

7. MISCELLANEOUS

- (i) The qualified accountant of the Company is Mr. Ho Kwong Sang, who is a Certified Public Accountant and a Chartered Certified Accountant of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants respectively. He is also a Fellow member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.
- (ii) The joint company secretaries of the Company are Mr. Ho Kwong Sang and Ms. Tam Pui Ling who is an associate member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.
- (iii) The share registrar of the Company in Hong Kong is Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (iv) The registered office of the Company is at 8th Floor, Tai Tung Industrial Building, 29-33 Tsing Yi Road, Tsing Yi Island, New Territories, Hong Kong.
- (v) In case of inconsistency, the English text of this circular shall prevail over its Chinese text.