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If you are in any doubt as to any aspect of this circular or as to the action you should take, 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 **Addchance Holdings Limited**, you should at once hand this circular to the purchaser or the transferee or the bank, stockbroker or other registered dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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ADDCHANCE HOLDINGS LIMITED

互益集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3344)

**DISCLOSEABLE AND CONNECTED TRANSACTION:
DISPOSAL OF PROPERTIES**

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**



亞洲資產管理

ASIA INVESTMENT MANAGEMENT

Asia Investment Management Limited

A letter from the Independent Board Committee is set out on page 10 of this circular and a letter from Asia Investment, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 11 to 20 of this circular.

A notice convening the EGM to be held at Hilltop Country Club, No.10 Hill Top Road, Lo Wai, Tsuen Wan, New Territories, Hong Kong on Tuesday, 2 September 2008 at 12:00 noon is set out on pages 34 to 35 of this circular. Whether or not you intend to attend the meeting or any adjourned meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

15 August 2008

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DEFINITIONS

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

“Addchance Limited”	Addchance Limited (互益有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company;
“Agreements”	the provisional agreements for sale and purchase of Property 1 and Property 2 respectively both dated 16 July 2008;
“Asia Investment”	Asia Investment Management Limited, a corporation licensed to carry on type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Agreements and the transactions contemplated therein;
“associates”	has the meaning ascribed under the Listing Rules;
“Board”	the board of Directors;
“Company”	Addchance Holdings Limited (互益集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“Directors”	the directors of the Company (including non-executive director and independent non-executive directors of the Company);
“Dr. Sung”	Dr. Sung Chung Kwun, the Chairman and the controlling shareholder of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held at Hilltop Country Club, No.10 Hill Top Road, Lo Wai, Tsuen Wan, New Territories, Hong Kong on Tuesday, 2 September 2008 at 12:00 noon to approve the Agreements and the transactions contemplated therein;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors formed to give recommendation to the Independent Shareholders in respect of the Agreements and the transactions contemplated therein;

DEFINITIONS

“Independent Shareholders”	Shareholders other than Dr. Sung and his associates;
“Independent Third Party”	a person who is an independent third party independent of the Group as well as connected persons (as defined in the Listing Rules) of the Group;
“King On”	King On (China) Limited (金安(中國)有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company;
“Latest Practicable Date”	14 August 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information as referred to in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Lai”	Mr. Lai Kin Wing;
“Properties”	Property 1 and Property 2;
“Property 1”	the Basement, Flat A and Flat B on 2nd Floor, Tai Tong Factory Building, Nos. 7-13 Lam Tin Street, Kwai Chung, New Territories, Hong Kong;
“Property 2”	Flat A and Flat B on 1st Floor, 3rd Floor, Flat A and Flat B on 4th Floor, Flat A and Flat B on 5th Floor, Flat A and Flat B on 6th Floor, Flat A and Flat B on 7th Floor, Flat A and Flat B on 8th Floor and the Flat on the Roof (including the whole Roof), Tai Tong Factory Building, Nos. 7-13 Lam Tin Street, Kwai Chung, New Territories, Hong Kong;
“Property 3”	Ground Floor, Tai Tong Factory Building, Nos. 7-13 Lam Tin Street, Kwai Chung, New Territories, Hong Kong;
“Purchaser”	Mr. Lai and/or his nominee(s);
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Valuer” or “Vigers”	Vigers Appraisal & Consulting Limited, an independent firm of professional valuers; and
“Vendors”	Addchance Limited and King On.

LETTER FROM THE BOARD



ADDCHANCE HOLDINGS LIMITED

互益集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3344)

Executive Directors:

Dr. Sung Chung Kwun
Mr. Wong Chiu Hong
Mr. Ip Siu Lam
Ms. Mok Pui Mei
Mr. Sung Kim Ping
Mr. Cheung Yung Fat, Albert

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Non-executive Director:

Mr. Lau Gary Q.

Principal office in Hong Kong:

Sung's Tower
15-19 Lam Tin Street
Kwai Chung
New Territories
Hong Kong

Independent non-executive Directors:

Mr. Chan Tsz Fu, Jacky
Mr. Ng Man Kin
Professor Cai Xiu Ling

15 August 2008

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION: DISPOSAL OF PROPERTIES

INTRODUCTION

On 31 July 2008, the Board announced that the Vendors respectively and Mr. Lai entered into the Agreements both on 16 July 2008 for the sale and purchase of the Properties at an aggregate consideration of about HK\$53,357,000 in cash.

The disposal of the Properties constituted a discloseable transaction for the Company according to Rule 14.06(2) of the Listing Rules. As the Purchaser has been deemed by the Listing Division of the Stock Exchange to be a connected person of the Company pursuant to R14A.11(4)(a) of the Listing Rules, the disposal under the Agreements constituted connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the approval of the Independent Shareholders at the EGM with vote to be taken on a poll.

LETTER FROM THE BOARD

An Independent Board Committee has been established to give recommendation to the Independent Shareholders regarding the Agreements and the transactions contemplated therein. Asia Investment has been appointed by the Company as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Agreements and the transactions contemplated therein.

The purpose of this circular is to provide you with, among other things, (i) further details of the Agreements and the disposal of the Properties; (ii) letter from the Independence Board Committee in relation to the Agreements; (iii) letter of advice from Asia Investment to the Independent Board Committee and the Independent Shareholders in relation to the Agreements; and (iv) the notice convening the EGM at which resolution will be proposed to consider and if thought fit, approve, among other things, the Agreements and the transactions contemplated therein.

PROVISIONAL AGREEMENTS FOR SALE AND PURCHASE BOTH DATED 16 JULY 2008

Parties:

Vendors: Addchance Limited and King On, both being indirect wholly-owned subsidiaries of the Company.

Purchaser: Mr. Lai and/or his nominee(s). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Mr. Lai is an Independent Third Party. However, the Listing Division of the Stock Exchange has deemed the Purchaser to be a connected person of the Company pursuant to R14A.11(4)(a) of the Listing Rules. As Mr. Lai wished to purchase the whole block of Tai Tong Factory Building for redevelopment purpose, he was introduced by the estate agent to the Group and Dr. Sung, the only owners of the said building, separately. Other than the disposal, the Group has no prior dealings with Mr. Lai.

Properties to be disposed of:

The properties to be disposed of under the Agreements comprise:

- (i) The Basement, Flat A and Flat B on 2nd Floor, Tai Tong Factory Building, Nos. 7-13 Lam Tin Street, Kwai Chung, New Territories, Hong Kong; and
- (ii) Flat A and Flat B on 1st Floor, 3rd Floor, Flat A and Flat B on 4th Floor, Flat A and Flat B on 5th Floor, Flat A and Flat B on 6th Floor, Flat A and Flat B on 7th Floor, Flat A and Flat B on 8th Floor and the Flat on the Roof (including the whole Roof), Tai Tong Factory Building, Nos. 7-13 Lam Tin Street, Kwai Chung, New Territories, Hong Kong.

Dr. Sung, the Chairman and the controlling shareholder of the Company, is the owner of Property 3 and the vendor to the sale of Property 3 to the Purchaser under another provisional sale and purchase agreement. Each of the Group and Dr. Sung has separately engaged the Valuer, an independent valuer

LETTER FROM THE BOARD

to assess the respective values of (i) the Properties and (ii) Property 3. The Valuer has assessed the value of Property 1 and Property 2 as being HK\$11,180,000 and HK\$32,180,000 respectively as at 31 December 2007. The aggregate consideration for the sale of the Properties of about HK\$53,357,000 was thus higher than the valuation of the Properties in the aggregate amount of HK\$43,360,000.

As regards the sale of Property 3, Dr. Sung has confirmed that Mr. Lai is also independent of him. As Property 1, Property 2 and Property 3 comprise the whole of Tai Tong Factory Building and the Purchaser wished to purchase the whole block of Tai Tong Factory Building for redevelopment purpose, the Purchaser required the purchase of Property 1, Property 2 and Property 3 to be inter-conditional. The Group and Dr. Sung separately agreed to such sale with the Purchaser. Accordingly, completion of the sale of Property 1, Property 2 and Property 3 to the Purchaser shall take place simultaneously and is inter-conditional. The other terms of the three provisional agreements for the sale and purchase in respect of Property 1, Property 2 and Property 3 are similar to one another. If any of the Vendors or Dr. Sung fails to prove good title to Property 1, Property 2 or Property 3 (as the case may be) or shall be in breach of the provisional agreement or the formal agreement (if any) in respect of Property 1, Property 2 or Property 3 (as the case may be), the Purchaser shall have the right to rescind the sale and purchase of Property 1, Property 2 and Property 3 and all the deposits paid by the Purchaser to the Vendors and Dr. Sung shall be returned to the Purchaser without compensation and without any claim against the other parties.

Dr. Sung did not personally involve in the negotiations of the terms for the sale and purchase of Property 1 and Property 2. Instead, other members of the management team of the Group was responsible for the negotiations and submitted the sale proposal of the Properties for approval by the Board at a meeting of the Board in which Dr. Sung and three other Directors attended and approved the disposal of the Properties. Dr. Sung himself has negotiated with the estate agent on the consideration for the sale of Property 3 on his own without any prior consultation with the Board and he himself approved the disposal of Property 3. Though the consideration for the sale of Property 3 was lower than the valuation of Property 3 as assessed by the Valuer, Dr Sung made the decision to sell Property 3 to the Purchaser himself.

Vacant possession of the Properties will be delivered to the Purchaser on completion. In respect of the accounting treatment of the Properties, Property 2 and part of Property 1 are treated as investment properties and the remaining part of Property 1 is treated as property, plant and equipment.

Consideration:

About HK\$53,357,000 in cash, of which about HK\$12,460,000 and HK\$40,897,000 are the consideration for Property 1 and Property 2 respectively.

The consideration was arrived at after arm's length negotiations and with reference to the above valuation of the Properties by the Valuer and the prevailing market conditions which include the open market value of the Property. The valuation was carried out by the Valuer on an open market value basis. As at the Latest Practicable Date, the net book value of the Properties was approximately HK\$24,100,000. Accordingly, a gain of approximately HK\$29,257,000 will be accrued to the Company as a result of the disposal of the Properties. The Company will recognise such gain as gain on disposal of investment properties and property, plant and equipment in its income statement.

LETTER FROM THE BOARD

The Board (excluding the independent non-executive Directors) consider that the terms for the disposal of the Properties under the Agreements are of normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Please refer to page 10 of this circular for the view of the Independent Board Committee, which comprises all the independent non-executive Directors, on the disposal of the Properties.

Payment terms:

The consideration in respect of Property 1 of about HK\$12,460,000 shall be paid by the Purchaser in the following manner:-

- (a) an initial deposit of about HK\$374,000 has been received by the solicitors for the Group as stakeholders on the date of the Agreements;
- (b) a further deposit of about HK\$872,000 has been received by the solicitors for the Group as stakeholders on 30 July 2008; and
- (c) the balance of about HK\$11,214,000 shall be paid on completion.

The consideration in respect of Property 2 of about HK\$40,897,000 shall be paid by the Purchaser in the following manner:-

- (a) an initial deposit of about HK\$1,227,000 has been received by the solicitors for the Group as stakeholders on the date of the Agreements;
- (b) a further deposit of about HK\$2,863,000 has been received by the solicitors for the Group as stakeholders on 30 July 2008; and
- (c) the balance of about HK\$36,807,000 shall be paid on completion.

Use of proceeds:

The proceeds arising from the disposal of the Properties will be used as general working capital of the Group and for future investment should such opportunities arise and expenses of the business of the Group. The Directors confirmed that the Group has not identified any investment opportunities as at the date of this circular.

REASONS FOR THE DISPOSAL

As the Properties are not used as the production or operation facilities of the Group and its use is not in line with the principal business of the Group, the Directors consider that it is in the interest of the Company not to continue putting and incurring additional resources, time and efforts to manage the Properties and decided to dispose of the Properties accordingly. Taking into account the recent prevailing market conditions of non-residential property and the booming sales and purchases for industrial premises associated with the increase in the value of the industrial properties and the overall economy in Hong Kong, the Board is of the opinion that the entering into of the Agreements represents

LETTER FROM THE BOARD

a good opportunity to dispose of the Properties and to enhance the cash flow of the Company for improving the liquidity of the Group. Property 1 comprises two industrial units on the Second Floor and car parking spaces on the Basement Floor. Originally, the Group intended to use Property 1 for investment (in respect of the Second Floor) and self use (in respect of the Basement) purpose. Flat A and Flat B on the 2nd Floor are now leased by the Group and the car parking spaces on the Basement Floor have been used by the Group. Originally, Property 2 was for investment purpose either for sale or for lease. Other than Flat A and Flat B on the 6th Floor which are now subject to tenancies, the other units on the 1st Floor, 3rd Floor, 4th Floor, 5th Floor, 7th Floor and 8th Floor have been vacant since 9 August 2007, the date of acquisition of King On by the Group.

INFORMATION ABOUT THE GROUP AND THE PROPERTIES

The Group is principally engaged in the production and sale of dyed yarns and knitted sweaters.

The audited net profits attributable to the Properties for the financial years ended 31 December 2006 and 31 December 2007 were approximately HK\$106,700 and HK\$218,700 respectively.

The financial effects of the disposal of the Properties on the assets and liabilities of the Group are expected to be (a) a decrease in non-current assets of approximately HK\$24,100,000; (b) an increase in bank and cash balances of approximately HK\$42,227,000 (after repayment of the mortgaged loan); and (c) a decrease in liabilities of approximately HK\$11,130,000 representing the mortgaged loan.

The Group has not involved in any previous transaction with the Purchaser or any of his associates which would otherwise require aggregation with the disposal of the Properties pursuant to Rule 14.22 and Rule 14A.25 of the Listing Rules.

LISTING RULES IMPLICATIONS

Since the consideration ratio (as defined in the Listing Rules) is greater than 5% but less than 25%, the entering into of the Agreements constituted a discloseable transaction for the Company according to Rule 14.06(2) of the Listing Rules. As the Purchaser has been deemed by the Listing Division of the Stock Exchange to be a connected person of the Company pursuant to R14A.11(4)(a) of the Listing Rules, the disposal under the Agreements constituted connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the approval of the Independent Shareholders at the EGM with vote to be taken on a poll. Dr. Sung and his associates, Powerlink Industries Limited and Herojoy Trading Limited, the Shareholders holding an aggregate of 300,000,000 shares of the Company (representing 75% of the entire issued share capital of the Company as at the Latest Practicable Date) will be required to abstain from voting at the EGM approving the Agreements and the transactions contemplated therein.

The Company has established the Independent Board Committee comprising Mr. Chan Tsz Fu, Jacky, Mr. Ng Man Kin and Professor Cai Xiu Ling (all independent non-executive Directors) to give recommendation to the Independent Shareholders on the terms of the Agreements. Asia Investment has

LETTER FROM THE BOARD

been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. The text of the letter of advice from Asia Investment containing its advice and recommendation in respect of the Agreements and the transactions contemplated therein is set out on pages 11 to 20 of this circular.

EGM

A notice convening the EGM to be held at Hilltop Country Club, No.10 Hill Top Road, Lo Wai, Tsuen Wan, New Territories, Hong Kong on Tuesday, 2 September 2008 at 12:00 noon is set out on pages 34 to 35 of this circular. Whether or not you intend to attend the meeting or any adjourned meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

PROCEDURE FOR DEMAND OF VOTING BY POLL

According to the articles of association of the Company, before the chairman of the meeting has declared the result of voting on a show of hands on a resolution at a general meeting, a poll may be demanded by:

- (a) at least three members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy entitled to vote at the meeting; or
- (b) any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing not less than 10% of the total voting rights of all the members having the right to vote at the meeting; or
- (c) any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; or
- (d) if required by the Listing Rules, by any director or directors who, individually or collectively, hold proxies in respect of shares representing five per cent. or more of the total voting rights at the meeting.

LETTER FROM THE BOARD

GENERAL

Your attention is drawn the letters from the Independent Board Committee and Asia Investment respectively as contained in this circular and the additional information as set out in the appendices to this circular.

By Order of the Board
Addchance Holdings Limited
Sung Chung Kwun
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Agreements:



ADDCHANCE HOLDINGS LIMITED

互 益 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3344)

15 August 2008

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION: DISPOSAL OF PROPERTIES

We have been appointed as members of the Independent Board Committee to advise you in connection with the Agreements and the transactions contemplated therein, details of which are set out in the letter from the Board contained in the circular (the “Circular”) of the Company dated 15 August 2008. Terms defined in the Circular shall have the same meanings herein, unless the context otherwise requires.

Having taken into account the advice and recommendation of Asia Investment as set out on pages 11 to 20 of the Circular, we are of the opinion that the terms of the Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreements and the transactions contemplated therein.

Yours faithfully,

Mr. Chan Tsz Fu, Jacky

Mr. Ng Man Kin

Professor Cai Xiu Ling

Independent Board Committee

LETTER FROM ASIA INVESTMENT

Set out below is the text of the letter of advice from AIM in respect of the Discloseable and Connected Transaction for incorporation in the Circular:



亞洲資產管理
ASIA INVESTMENT MANAGEMENT

Asia Investment Management Limited

Unit B, 14/F, Vulcan House

21-23 Leighton Road

Causeway Bay, Hong Kong

15 August 2008

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF PROPERTIES

INTRODUCTION

We refer to our engagement as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders of the Company in respect of the terms of the agreements for the sale and purchase of the Properties dated 16 July 2008 (the “Agreements”), particulars of which are set out in the circular (the “Circular”) of the Company dated 15 August 2008 and in which this letter is reproduced. Unless the context requires otherwise, capitalized terms used in this letter shall have the same meanings as ascribed to them under the section headed “Definitions” in the Circular.

As set out in the letter from the Board (the “Letter from the Board”), two indirect wholly-owned subsidiaries of the Company (as vendors) entered into the Agreements to dispose of the Properties (the “Disposal”) to a Purchaser, an independent third party independent of the Group and its connected persons on 16 July 2008. On the same date, Dr. Sung entered into another agreement for the disposal of Property 3 (the “Sung Disposal”) with the Purchaser. Dr. Sung has no personal interest in the Disposal and the Company has no interest in the Sung Disposal. The Disposal is inter-conditional on the Sung Disposal and both disposals will be completed simultaneously. Under Rule 14.06(2) of the Listing Rules, the transaction contemplated under the Agreements is a discloseable transaction. The Purchaser is a deemed connected person pursuant to Rule 14A.11(4)(a) of the Listing Rules, and, accordingly, the Disposal is subject to Independent Shareholders’ approval at the extraordinary general meeting of the Company (the “EGM”) by poll. Dr. Sung and his associates, Powerlink Industries Limited and Herojoy Trading Limited, the shareholders of the Company holding an aggregate of 300,000,000 shares of the Company (the “Shares”) (representing approximately 75% of

LETTER FROM ASIA INVESTMENT

the entire issued share capital of the Company as at the date of the Circular) will be required to abstain from voting at the EGM approving the Agreements. The Company has established an independent board committee comprising Mr. Chan Tsz Fu, Jacky, Mr. Ng Man Kin and Professor Cai Xiu Ling to advise Independent Shareholders on the terms of the Agreements.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular as provided by the directors of the Company (the “Directors”) were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the Directors regarding the Group and the Agreements. We have assumed that all statements of belief, opinion and intention made by the Directors respectively in the Circular were reasonably made after due enquiry. We have endeavoured to comply with the requirements stipulated under Rule 13.80(d)(i), (ii) and (iii). We have taken reasonable steps including discussing with Vigers Appraisal & Consulting Limited, an independent valuer (the “Valuer”) on (i) the basis of its valuation; (ii) its expertise on similar transactions; (iii) current or prior relationship with the Company, Dr. Sung, the Purchaser and connected persons of either the Company, Dr. Sung and the Purchaser; and (iv) representation to the Valuer made by the Company; and reviewing the terms of the engagement of the Valuer by the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, Dr. Sung and the Purchaser and their respective associates and the Properties, the Disposal and the Sung Disposal, nor have we carried out any independent verification of the information supplied to us.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion regarding the terms of the Agreements, we have considered the following principal factors and reasons:

1. Reasons for entering into the Agreements

As set out in the Letter from the Board, the principal business activities of the Group are the production and sale of dyed yarns and knitted sweaters.

(i) *Background*

As set out in the Letter from the Board, on 16 July 2008, Addchance Limited and King On (China) Limited (the “Vendors”), both being wholly-owned subsidiaries of the Company, entered into the Agreements with the Purchaser, whereby the Vendors have agreed to sell to the Purchaser the Properties for a total consideration of approximately HK\$53,357,000. The Company has engaged the Valuer to assess the respective values of the Properties as at 30 June 2008 which valuation report was set out in Appendix I of the Circular.

The Properties comprise:

- (i) the Basement, Flat A and Flat B on 2nd Floor, Tai Tong Factory Building, Nos. 7-13 Lam Tin Street, Kwai Chung, New Territories, Hong Kong (“Property 1”); and

LETTER FROM ASIA INVESTMENT

- (ii) Flat A and Flat B on 1st Floor, 3rd Floor, Flat A and Flat B on 4th Floor, Flat A and Flat B on 5th Floor, Flat A and Flat B on 6th Floor, Flat A and Flat B on 7th Floor, Flat A and Flat B on 8th Floor and the Flat on the Roof (including the whole Roof), Tai Tong Factory Building, Nos. 7-13 Lam Tim Street, Kwai Chung, New Territories, Hong Kong (“Property 2”).

Dr. Sung, the Chairman and the controlling shareholder of the Company, is the owner of Ground Floor, Tai Tong Factory Building, Nos. 7-13 Lam Tin Street, Kwai Chung, New Territories, Hong Kong (“Property 3”) and the vendor to the sale of Property 3 to the Purchaser under another provisional sale and purchase agreement.

We have discussed with the management of the Company and have obtained written confirmation from the Company and Dr. Sung that, to the best of their knowledge, information and belief and after having made all reasonable enquiries, the Purchaser is an independent third party independent of the Company and its subsidiaries (together, the “Group”) as well as connected persons (as defined in the Listing Rules) of the Group. As the Purchaser wished to purchase the whole block of Tai Tong Factory Building for redevelopment purpose, he was introduced by the estate agent to the Group and Dr. Sung, the only owners of the said building, separately. Other than the Disposal, the Group has no prior dealings with the Purchaser. The Directors also advised us that the Group has not involved in any previous transaction with the Purchaser or any of his associates which would otherwise require aggregation with the disposal of the Properties pursuant to Rule 14.22 of the Listing Rules.

We have reviewed the terms of the three agreements for the sale and purchase in respect of Property 1, Property 2 and Property 3 and noted that they are similar to one another and that the Disposal and the Sung Disposal are inter-conditional. We further noted that if any of the Vendors or Dr. Sung fails to prove good title to Property 1, Property 2 or Property 3 (as the case may be) or shall be in breach of the provisional agreement or the formal agreement (if any) in respect of Property 1, Property 2 and Property 3 (as the case may be), the Purchaser shall have the right to rescind the sale and purchase of Property 1, Property 2 and Property 3 and all the deposits paid by the Purchaser to the Vendors and Dr. Sung shall be returned to the Purchaser without compensation and without any claim against the other parties.

Dr. Sung did not personally involve in the negotiations of the terms for the sale and purchase of Property 1 and Property 2. We have discussed with the management of the Company and noted their verbal confirmation that Mr. Cedric Yeung who is the manager of the Group responsible for the negotiation of the Disposal. Mr. Yeung submitted the sale proposal of the Properties to the board of directors of the Company (the “Board”) for approval by the Board at a meeting of the Board on 16 July 2008. Our inspection of the board minutes of the Company dated 16 July 2008 indicated that Dr. Sung and three other directors of the Company namely, Mr. Wong Chiu Hong, Ms. Mok Pui Mei, and Mr. Cheung Yung Fat, Albert were present. The board minutes indicated that Ms. Fung Ka Lai, the company secretary of the Company, was also in attendance.

LETTER FROM ASIA INVESTMENT

To ensure a smooth completion of the Disposal, the Company is negotiating with Dr. Sung with a view to entering into an irrevocable undertaking to the Company (the "Undertaking") to proceed with the completion of the disposal of Property 3 pursuant to the terms of the provisional agreement for the sale and purchase of Property 3 upon, and provided that, the approval by Independent Shareholders by poll of the Disposal at the EGM can be obtained in which Dr. Sung and his associates shall abstain in voting. The Undertaking is intended to procure completion on the part of the Sung Disposal should approval be obtained from Independent Shareholders on the Disposal. It has not been signed as at the date of the Circular. The Undertaking does not constitute any price sensitive information and/or represents any material change of the terms of the Disposal and the execution of which will not have any effect on the fairness and reasonableness of our opinion of the Disposal.

(ii) *Payment terms*

The consideration in respect of Property 1 of about HK\$12,460,000 shall be paid by the Purchaser in the following manner:

- (a) an initial deposit of about HK\$374,000 has been received by the solicitors for the Group as stakeholders on the date of the Agreements;
- (b) a further deposit of about HK\$872,000 has been received by the solicitors for the Group as stakeholders on 30 July 2008; and
- (c) the balance of about HK\$11,214,000 shall be paid on completion.

The consideration in respect of Property 2 of about HK\$40,897,000 shall be paid by the Purchaser in the following manner:-

- (a) an initial deposit of about HK\$1,227,000 has been received by the solicitors for the Group as stakeholders on the date of the Agreements;
- (b) a further deposit of about HK\$2,863,000 has been received by the solicitors for the Group as stakeholders on 30 July 2008; and
- (c) the balance of about HK\$36,807,000 shall be paid on completion.

We have examined the Agreements and the agreement for sale of Property 3. The payment terms of the disposals of Property 1, Property 2 and Property 3 with the Purchasers are the same and no different. We have also enquired with the estate agent involved in the Disposal and other estate agents in the market and the Valuer and other professional property valuers. Based on information enquired with the above, we noted that the payment terms of the disposals are in line with market transactions currently in place.

LETTER FROM ASIA INVESTMENT

(iii) *Review of financial position/performance of the Group*

Based on information set out in the annual/interim reports of the Company, we summarise the audited/unaudited consolidated balance sheet of the Group as at the most recent financial year-end and as at the most recent interim period-end below:

	As at 31 December, 2007 <i>(audited)</i> HK\$'000	As at 30 June, 2007 <i>(unaudited)</i> HK\$'000
NON-CURRENT ASSETS		
Investment properties	9,461	3,929
Property, plant and equipment	628,648	566,084
Prepaid lease payments	87,200	67,043
Available-for-sale investments	1,325	1,325
Deposit paid for acquisition of property, plant and equipment	38,588	29,660
Club debentures	1,070	1,070
Deferred tax assets	<u>315</u>	<u>356</u>
	<u>766,607</u>	<u>669,467</u>
CURRENT ASSETS		
Prepaid lease payments	2,110	1,626
Inventories	417,863	437,998
Trade receivables, bills receivables and other receivables, deposits and prepayments	259,001	316,394
Amounts due from related companies	840	1,378
Taxation recoverable	4,392	5,130
Pledged bank deposits	6,692	4,600
Fixed bank deposits	4,680	4,680
Bank balances and cash	<u>25,644</u>	<u>33,885</u>
	<u>721,222</u>	<u>805,691</u>

LETTER FROM ASIA INVESTMENT

	As at 31 December, 2007 <i>(audited)</i> <i>HK\$'000</i>	As at 30 June, 2007 <i>(unaudited)</i> <i>HK\$'000</i>
CURRENT LIABILITIES		
Trade and other payables	128,751	173,677
Bills payable	53,381	4,706
Amount due to a related company	305	451
Amount due to a director	170	—
Bank borrowings — due within one year	440,848	531,556
Obligations under finance leases — due within one year	9,027	2,467
Taxation payable	4,519	3,174
	<u>637,001</u>	<u>716,031</u>
NET CURRENT ASSETS	<u>84,221</u>	<u>89,660</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>850,828</u>	<u>759,127</u>
CAPITAL AND RESERVES		
Share Capital	4,000	4,000
Reserves	628,041	570,936
	<u>632,041</u>	<u>574,936</u>
Equity attributable to equity holders of the Company	632,041	574,936
Minority interests	864	852
	<u>632,905</u>	<u>575,788</u>
NON-CURRENT LIABILITIES		
Bank borrowings — due after one year	187,349	167,819
Obligations under finance leases — due after one year	13,726	—
Deferred tax liabilities	16,848	15,520
	<u>217,923</u>	<u>183,339</u>
	<u>850,828</u>	<u>759,127</u>

Source: the Company's annual/interim financial report

LETTER FROM ASIA INVESTMENT

Upon review of the latest published annual report of the Group for the year ended 31 December 2007, we noted that the total interest-bearing bank borrowings of the Group amounted to approximately HK\$651.0 million as at 31 December 2007, which represented the then largest item of the Group's total liabilities, of which approximately HK\$449.9 million was short-term liabilities repayable within one year. Such indebtedness was substantially higher than the bank and cash balances of approximately HK\$37.0 million as at 31 December 2007.

We further summarise the audited cash flow statement of the Group for the two most recent financial year-ends below:

<i>HK\$'000</i>	For the year ended	
	31 December	
	2006	2007
Cash flow from operating activities	49,234	(85,797)
Cash flow from investing activities	(98,275)	(218,001)
Cash flow from financing activities (<i>Note</i>)	<u>13,901</u>	<u>245,157</u>
Net change in cash and cash equivalents	<u>(35,140)</u>	<u>(58,641)</u>
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	65,592	25,644
Bank overdrafts	<u>(8,814)</u>	<u>(26,492)</u>

Source: the Company's annual reports

Note: including dividend payout

We noted that the Group experienced two consecutive years' of deficit in cash and cash equivalents as at the two most recent financial year-ends. As at 31 December 2007, the Group recorded negative cash and cash equivalents of approximately HK\$0.85 million, which was consisted of (i) bank overdrafts of approximately HK\$26.5 million and (ii) cash and bank balances of approximately HK\$25.6 million.

The Group has not performed any fund raising activities since listing. Cashflow requirements are mainly satisfied out of cashflow from operating and financing activities. As set out in the latest published annual report of the Group for the year ended 31 December 2007, the Directors believe the textile business will continue to face severe challenges in the coming year due to continuing rising of material and labour costs and increase in the exchange rate of RMB.

Based on the above analysis, we consider that the Disposal can improve cashflow by way of raising net cash proceeds of around HK\$42,227,000 million (before costs). As stated in the Letter from the Board, the proceeds arising from the Disposal will be used as general working capital of the Group and for future investment and expenses of the business of the Group should such opportunities arise. The Directors advised us that the Group has not identified any investment opportunities as at the date of the Circular.

LETTER FROM ASIA INVESTMENT

(iv) *Reasons for the Disposal*

As set out in the Letter from the Board, taking into account the recent prevailing market conditions of non-residential properties and the booming sales and purchases for industrial premises associated with the increase in the value of the industrial properties and the overall economy in Hong Kong, the Board is of the opinion that entering into the Agreements represents a good opportunity to dispose of the Properties and to enhance the cash flow of the Company for improving the liquidity of the Group. In the “Market Overview on Hong Kong Property Market” by Colliers International (an international property consultant) issued in July 2008, they mentioned that despite the external uncertainties, the local industrial property market remained resilient, with an average growth of 1% quarter on quarter during the second quarter in 2008. Underpinned by the prospective growth of intra-regional trade, industrial rentals will rise 8% over the next 12 months, which capital values may potentially increase during the same period to 2%. We understand from the Directors that despite the bullish outlook of this general commentary on the industrial property prices, the Directors are of the view that the Group prefers (on a prudent approach) to lock-in a realisable market value of the Properties at this stage for a profit, rather than taking risk to wait for further potential upside potential on the future market value of the Properties.

As further set out in the Letter from the Board, since the Properties are not occupied by the Group as a production site for any production purpose, the disposal of the Properties does not affect the Group’s production efficiency.

The Directors also advised us that the use of the Properties is not in line with the principal business of the Group. The Directors consider that it is in the interest of the Company not to continue putting and incurring additional resources, time and effort to manage the Properties and decided to dispose of the Properties accordingly. Property 1 comprises two industrial units on the second floor and carparking spaces on the basement floor. Originally, the Group intended to use Property 1 for investment (in respect of the second floor) and self use (in respect of the basement) purpose. Flat A and Flat B on the second floor are now leased by the Group and the carparking spaces on the Basement Floor have been used by the Group. Originally, Property 2 was for investment purpose either for sale or for lease. Other than Flat A and Flat B on the 6th Floor which are now subject to tenancies, the other units on the 1st Floor, 3rd Floor, 4th Floor, 5th Floor, 7th Floor and 8th Floor have been vacant since acquisition by the Group. The audited net profits attributable to the Properties for the financial years ended 31 December 2006 and 31 December 2007 were approximately HK\$106,700 and HK\$218,700 respectively.

We concur with the Directors that the Agreements can serve to enhance the liquidity position of the Group after receiving an one-off sizeable cash consideration for the disposal of the Properties upon completion.

LETTER FROM ASIA INVESTMENT

2. Key terms of the Agreements

Pursuant to the Agreements, consideration for Property 1 was approximately HK\$12,460,000 and Property 2 was approximately HK\$40,897,000 respectively. Under the Disposal, total consideration would be approximately HK\$53,357,000. Consideration will be in cash and the Properties will be delivered in vacant possession on completion, which is scheduled on 30 September 2008. The consideration was arrived at after arm's length negotiations and with reference to the above valuation of the Properties by the Valuer. The valuation was carried out by the Valuer on an open market value basis.

As at the date hereof, the net book value of the Properties is approximately HK\$24,100,000. Accordingly, a gain of approximately HK\$29,257,000 will be accrued to the Company as a result of the Disposal. The Company will recognize such gain as gain on disposal of investment properties and property, plant and equipment in its income statement in the year ended 31 December 2008. In respect of the accounting treatment of the Properties, Property 2 and part of Property 1 were treated as investment properties and the remaining part of Property 1 was treated as property, plant and equipment.

We have compared the sale price under the Disposal to the professional valuation by the Valuer. The Valuer has assessed the value of the Property 1 and Property 2 as being approximately HK\$45,330,000 in aggregate as at 30 June 2008. The consideration of the Disposal under the Agreements are approximately HK\$53,357,000 in aggregate and represents a premium of approximately HK\$8,027,000 over the valuation as at 30 June 2008. As set out in the Letter from the Board, the Consideration was arrived at after arm's length negotiations between the Vendors with the Purchaser with reference to the prevailing market conditions which include the open market values of the Properties.

Based on the foregoing and our discussion with the Valuer, we consider that the valuation approach adopted by the Valuer concerned is generally in line with market practice of valuing the Properties and is hence reasonable. We consider that the terms of the Disposals are at arm's length and are fair and reasonable.

Pursuant to the Agreements, the Purchaser required the purchase of the Properties and Property 3 to be inter-conditional. Accordingly, the completion of the Properties and Property 3 will take place simultaneously and are inter-conditional. As stated in the paragraph headed "Reasons for entering into the Agreements" in the above and in the Letter from the Board, Property 1, Property 2 and Property 3 comprise the whole of Tai Tong Factory Building and the Purchaser wished to purchase the whole block of Tai Tong Factory Building for redevelopment purpose, the Purchaser required the purchase of Property 1, Property 2 and Property 3 to be inter-conditional. On such basis, we consider it is normal commercial terms that completion of the Properties and Property 3 be inter-conditional and we are of the view that it is fair and reasonable and is in the interest of the Company.

3. Financial effects of the Disposal on the Group

(i) *Earnings and net assets*

As at 31 December 2007, the Properties reflected a value of approximately HK\$24,100,000 in the consolidated accounts of the Group. We understand from the Directors that such value was subject to

LETTER FROM ASIA INVESTMENT

annual revaluation by independent valuer appointed by the Company. Based on the consideration of approximately HK\$53,357,000 for sale of the Properties, the disposal of the Properties is expected to generate a gain of approximately HK\$29,257,000 (before expenses) in the Group's profit and loss accounts, which in turn is expected to impact positively on the net assets position of the Group by an equivalent amount.

(ii) *Liquidity/cashflow*

As set out in the Letter from the Board, the net proceeds from the Disposal will be used as general working capital of the Group and for future investment and expenses of the business of the Group. On such basis, the disposal of the Properties is expected to have a positive impact on the liquidity position of the Group immediately upon completion.

(iii) *Gearing*

Currently, outstanding mortgage loan was approximately HK\$11,130,000. The Directors advised us that the relevant bank has agreed to release such pledge upon completion of the Disposal when the outstanding loan will be repaid. The Disposal would not adversely affect the Group's ability to maintain other existing interest-bearing bank borrowings. The Directors expect no material impact in the gearing ratio of the Group immediately upon completion of the Disposal, other than that arising from the positive impact on the net assets position of the Group which in turn is attributable to the gain on disposal in the Group's profit and loss accounts.

RECOMMENDATION

Having considered the above principal factors, in particular,

- (i) the reasons for entering into the Agreements;
- (ii) the key terms of the Agreements; and
- (iii) the financial effects of the Agreements on the Group,

we consider that the terms of the Agreements to be on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to, and we recommend the Independent Shareholders to, vote in favour of the resolution to approve the Agreements.

For and on behalf of
Asia Investment Management Limited
Alice Kan
Managing Director

The following is the text of the letter, summary of valuation and valuation certificates on the Properties as at 30 June 2008 prepared by Vigers Appraisal & Consulting Limited for the purpose of inclusion in this circular.

**Vigers Appraisal & Consulting Limited
International Property Consultants**

10th Floor, The Grande Building
398 Kwun Tong Road
Kwun Tong
Kowloon
Hong Kong



15 August 2008

The Directors
Addchance Holdings Limited
Sung's Tower
Nos. 15-19 Lam Tin Street
Kwai Chung
New Territories
Hong Kong

Dear Sirs,

In accordance with your instructions to us to value the property interests of Addchance Holdings Limited (the "Company") and its subsidiaries (together referred to as the "Group") in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at 30 June 2008 (the "date of valuation") for the purpose of incorporation into the circular.

Our valuation is our opinion of the market value which we would define as intended to mean — "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property interests in Group I, which are owned and occupied by the Group in Hong Kong, direct comparison approach is adopted with reference to comparable transactions in the open market and on the basis of vacant possession.

In valuing the property interest in Group II, we have valued the property interest on the basis of capitalization of net rental income derived from the existing tenancy and made allowance for reversionary income potential of the properties and by reference to comparable market transactions.

Our valuation has been made on the assumption that the owner sells the property interests on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property interests.

We have been provided with copies of title documents relating to such property interests. For properties located in Hong Kong, we have caused searches to be made at the relevant Land Registry and in some instances; we have been provided with copies of title documents relating to those properties. We have not, however, searched the original documents to verify ownership or existence of any amendment which does not appear on the copies handed to us. All documents and leases have been used for reference only. All dimensions, measurements and areas are approximations.

In valuing properties situated in Hong Kong and held under the government leases which will be expired before 30 June 2047, we have taken into account of the statement contained in the Annex III of the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases would have been extended without payment of premium until 30 June 2047 and that an annual rent of three percent of the rateable value of the properties would be charged from the date of extension.

Our valuation is prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 to the Rule Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

We have inspected the exterior of the properties and, where possible, the interior of the premises. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures, which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the properties are free from defect.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us by the Group on such matters as planning approvals, statutory notices, easements, tenure, occupancy, lettings, site and floor areas and in the identification of those property interests in which the Group has a valid interest.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Unless otherwise stated, all money amounts stated are in Hong Kong Dollars.

We enclose herewith a summary of our valuation and the valuation certificates.

Yours faithfully,
For and on behalf of
Vigers Appraisal & Consulting Limited
Raymond Ho Kai Kwong
Registered Professional Surveyor
MRICS, MHKIS, MSc (e-com)
Deputy Managing Director

Note: Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc(e-com), has over twenty years' experiences in undertaking valuations of properties in Hong Kong.

SUMMARY OF VALUATION

Property	Market value as at 30 June 2008	Interest attributable to the Group	Market value attributable to the Group as at 30 June 2008
Group I — Property interests owned and occupied by the Group in Hong Kong			
1. The Basement of Tai Tong Factory Building, Nos. 7-13 Lam Tin Street, Kwai Chung, New Territories, Hong Kong	HK\$6,080,000	100%	HK\$6,080,000
2. 1/F, 3/F to 8/F and the Roof, Tai Tong Factory Building, Nos. 7-13 Lam Tin Street, Kwai Chung, New Territories, Hong Kong	HK\$33,880,000	100%	HK\$33,880,000
Sub-total:	<u>HK\$39,960,000</u>		<u>HK\$39,960,000</u>
Group II — Property interest owned by the Group for investment in Hong Kong			
3. Flats A & B on 2/F, Tai Tong Factory Building, Nos. 7-13 Lam Tin Street, Kwai Chung, New Territories, Hong Kong	HK\$5,370,000	100%	HK\$5,370,000
Sub-total:	<u>HK\$5,370,000</u>		<u>HK\$5,370,000</u>
Grand-total:	<u>HK\$45,330,000</u>		<u>HK\$45,330,000</u>

VALUATION CERTIFICATES

Group I — Property interests owned and occupied by the Group in Hong Kong

Property	Description and Tenure	Particulars of occupancy	Market value as at 30 June 2008
1. The Basement of Tai Tong Factory Building, Nos. 7-13 Lam Tin Street, Kwai Chung, New Territories, Hong Kong	The property comprises the Basement of a 10-storey industrial building completed in 1971. The property has a gross floor area of approximately 2,239 sq.ft. The property is held under New Grant No. 3984 for a term of the residue of 99 years less 3 days commencing from 1 July 1898 and extended until 30 June 2047 at an annual rent of 3% of the then rateable value charged from the date of extension.	The property is at present occupied by the Group as car park.	HK\$6,080,000 Interest attributable to the Group 100% Market value attributable to the Group as at 30 June 2008 HK\$6,080,000

Note:

Pursuant to the record in the Land Registry, the current registered owner of the subject property is Addchance Limited.

Property	Description and Tenure	Particulars of occupancy	Market value as at 30 June 2008
2. 1/F, 3/F to 8/F and the Roof, Tai Tong Factory Building, Nos. 7-13 Lam Tin Street, Kwai Chung, New Territories, Hong Kong	<p>The property comprises 1/F, 3/F to 8/F and the Roof of a 10-storey industrial building completed in 1971.</p> <p>The property has a gross floor area of approximately 55,582 sq.ft. (plus Roof of gross floor area of approximately 2,239 sq.ft.).</p> <p>The property is held under New Grant No. 3984 for a term of the residue of 99 years less 3 days commencing from 1 July 1898 and extended until 30 June 2047 at an annual rent of 3% of the then rateable value charged from the date of extension.</p>	<p>The property is at present occupied by the Group for factory, warehouse and ancillary office uses.</p>	<p>HK\$33,880,000</p> <p>Interest attributable to the Group</p> <p>100%</p> <p>Market value attributable to the Group as at 30 June 2008</p> <p>HK\$33,880,000</p>

Notes:

1. Pursuant to the record in the Land Registry, the current registered owner of the subject property is King On (China) Limited.
2. The property is subject to a mortgage and a rent assignment in favour of The Hongkong and Shanghai Banking Corporation Limited (HSBC).

Group II — Property interest owned by the Group for investment in Hong Kong

Property	Description and Tenure	Particulars of occupancy	Market value as at 30 June 2008
3. Flats A & B on 2/F, Tai Tong Factory Building, Nos. 7-13 Lam Tin Street, Kwai Chung, New Territories, Hong Kong	<p>The property comprises units A & B on 2/F of a 10-storey industrial building completed in 1971.</p> <p>The property has a total gross floor area of approximately 8,796 sq.ft.</p> <p>The property is held under New Grant No. 3984 for a term of the residue of 99 years less 3 days commencing from 1 July 1898 and extended until 30 June 2047 at an annual rent of 3% of the then rateable value charged from the date of extension.</p>	<p>The property is subject to a tenancy leased from the Group to a connected party for a term of 2 years from 1 September 2006 to 31 August 2008 at a monthly rent of HK\$10,000 inclusive of rates and government rent but exclusive of management fee.</p> <p>The property is occupied for workshop, storage and ancillary office uses.</p>	<p>HK\$5,370,000</p> <p>Interest attributable to the Group</p> <p>100%</p> <p>Market value attributable to the Group as at 30 June 2008</p> <p>HK\$5,370,000</p>
2/20th equal undivided shares of and in Lot No. 300 in D.D. 444			

Note:

Pursuant to the record in the Land Registry, the current registered owner of the subject property is Addchance Limited.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries and that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

DISCLOSURE OF INTERESTS**Interests of Directors in the shares, underlying shares and debentures**

As at the Latest Practicable Date, the interests of the Directors in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in ordinary shares of HK\$0.01 each of the Company (“Shares”)

Name of directors	Capacity	Number of ordinary Shares held	Percentage of shareholding
Dr. Sung	Founder of discretionary trusts	300,000,000 <i>(Note 1)</i>	75%
Mr. Sung Kim Ping (“Mr. Sung”)	Beneficiary of discretionary trust	267,000,000 <i>(Note 2)</i>	66.75%
Mr. Wong Chiu Hong (“Mr. Wong”)	Beneficiary of discretionary trust	33,000,000 <i>(Note 3)</i>	8.25%
Ms. Mok Pui Mei (“Ms. Mok”)	Beneficiary of discretionary trust	33,000,000 <i>(Note 4)</i>	8.25%
Mr. Ip Siu Lam (“Mr. Ip”)	Beneficiary of discretionary trust	33,000,000 <i>(Note 5)</i>	8.25%

Notes:

1. Dr. Sung is deemed to be interested in 300,000,000 Shares in the capacity as the founder of The CK Sung’s Trust, the beneficial owner of Powerlink Industries Limited and founder and settlor of The Addchance Employee’s Trust, the beneficial owner of Herojoy Trading Limited. Under the SFO, Dr. Sung is also deemed to be interested in the entire issued share capital of Powerlink Industries Limited, the associated corporation of the Company holding 267,000,000 Shares, representing 66.75% in the issued share capital of the Company.

2. Mr. Sung is deemed to be interested in 267,000,000 Shares in the capacity as a discretionary beneficiary of The CK Sung's Trust, the beneficial owner of Powerlink Industries Limited. Mr. Sung is also deemed to be interested in the entire issued share capital of Powerlink Industries Limited under the SFO.
3. Mr. Wong is deemed to be interested in 33,000,000 Shares in the capacity as a discretionary beneficiary of The Addchance Employee's Trust.
4. Ms. Mok is deemed to be interested in 33,000,000 Shares in the capacity as a discretionary beneficiary of The Addchance Employee's Trust.
5. Mr. Ip is deemed to be interested in 33,000,000 Shares in the capacity as a discretionary beneficiary of The Addchance Employee's Trust.
6. The deemed interest of Dr. Sung as founder of The CK Sung's Trust and the deemed interest of Mr. Sung were in respect of the same interest and duplicated each other.
7. The deemed interest of Dr. Sung as founder and settler of The Addchance Employee's Trust and all the deemed interests of Mr. Wong, Ms. Mok and Mr. Ip were in respect of the same interest and duplicated each other.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have 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 he/she was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules to be notified to the Company and the Stock Exchange.

Interests of substantial Shareholders and other persons in the share capital of the Company

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

*Long position in Shares**Substantial Shareholders (as defined under the Listing Rules)*

Name	Capacity	Number of ordinary Shares held	Percentage of shareholding
GZ Trust Corporation (“GZ Trust”) (Note 1)	Trustee of discretionary trusts	300,000,000	75%
Powerlink Industries Limited (Note 2)	Beneficial owner	267,000,000	66.75%
Ms. Tse Mui Chu (“Mrs. Sung”) (Note 3)	Beneficiary of discretionary trust	267,000,000	66.75%
Mr. Sung Kim Wa (Note 4)	Beneficiary of discretionary trust	267,000,000	66.75%

Notes:

- The entire issued share capital of Powerlink Industries Limited and Herojoy Trading Limited are respectively owned by GZ Trust in its capacity as the trustee of (i) The CK Sung’s Trust, a discretionary trust the founder (as defined in the SFO) of which is Dr. Sung and the discretionary objects of which include Mrs. Sung, Mr. Sung and Mr. Sung Kim Wa (excluding Dr. Sung himself), and (ii) The Addchance Employee’s Trust, a discretionary trust the founder (as defined in the SFO) and the settlor of which is Dr. Sung and the discretionary objects of which are the employees of the Group from time to time including Mr. Wong, Ms. Mok and Mr. Ip (excluding Ms. Sung Lam Ching). Accordingly, GZ Trust is deemed to be interested in the 300,000,000 Shares under the SFO.
- The 267,000,000 Shares are beneficially owned by Powerlink Industries Limited.
- Mrs. Sung is deemed to be interested in 267,000,000 Shares in the capacity as a discretionary beneficiary of The CK Sung’s Trust.
- Mr. Sung Kim Wa is deemed to be interested in 267,000,000 Shares in the capacity as a discretionary beneficiary of The CK Sung’s Trust.
- The deemed interest of GZ Trust as trustee of The CK Sung’s Trust and all the deemed interests of Mrs. Sung and Mr. Sung Kim Wah were in respect of the same interest and duplicated each other.

Other person

Name	Capacity	Number of ordinary Shares held	Percentage of shareholding
Herojoy Trading Limited	Beneficial owner	33,000,000	8.25%

Save as disclosed above, as at the Latest Practicable Date, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any 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.

Dr. Sung is the sole director of Powerlink Industries Limited and Herojoy Trading Limited.

Interests in other members of the Group

Save as disclosed above and Even Success International Limited, Happy Kind Corporation Limited and Jumbo Hill Group Limited who were the substantial shareholders of Addchance Thread Manufacturing Limited holding 24%, 12% and 12% of its share capital respectively, as at the Latest Practicable Date, the Directors were not aware of any person (other than a Director or chief executive of the Company) who was interested, directly or indirectly, in 10% or more of the issued shares of any subsidiary of the Company or any options in respect of such capital.

Service contracts

None of the Directors has entered into any service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

Competing business and contracts or arrangements

As at the Latest Practicable Date, none of the Directors or any of their respective associates has any interest in any business which competes or is likely to compete, either directly or indirectly, with the Group's business.

Other than the disposal of the Properties as contemplated under the Agreements and as disclosed in this circular, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of or leased to, or which are proposed to be acquired, disposed of or leased to the Company or any member of the Group since 31 December 2007 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

As at the Latest Practicable Date, there was no contract or arrangement entered into by any member of the Group subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

MATERIAL ADVERSE CHANGE

The Directors confirm that as at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2007 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

EXPERTS AND CONSENTS

The following are the experts, and their qualifications, who have given opinion contained in this circular:

Name	Qualification
Asia Investment Management Limited	a corporation licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Vigers Appraisal & Consulting Limited	Professional valuers and chartered surveyors

Each of Asia Investment and Vigers has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its reports or opinion as set out in this circular and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of Asia Investment and Vigers was beneficially interested in the share capital of any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interest in any assets which were, since 31 December 2007 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to, any member of the Group.

GENERAL

- (a) The secretary and qualified accountant of the Company is Ms. Fung Ka Lai. She is a fellow member of the Association of Chartered Certified Accountants, an associate of the Hong Kong Institute of Certified Public Accountants and a practising certified public accountant in Hong Kong.

- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal office in Hong Kong is Sung's Tower, 15-19 Lam Tin Street, Kwai Chung, New Territories, Hong Kong.
- (c) The Hong Kong share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text thereof.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal office of the Company in Hong Kong at Sung's Tower, 15-19 Lam Tin Street, Kwai Chung, New Territories, Hong Kong during normal business hours on any weekdays other than public holidays up to and including 1 September 2008:

- (i) the memorandum of association and articles of association of the Company;
- (ii) the annual reports of the Company containing audited consolidated financial statements of the Group for the two years ended 31 December 2006 and 31 December 2007;
- (iii) the letter from Asia Investment containing its advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Letter from Asia Investment" in this circular;
- (iv) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;
- (v) the written consents referred to in the paragraph headed "Experts and consents" of this appendix; and
- (vi) the Agreements.

NOTICE OF THE EGM



ADDCHANCE HOLDINGS LIMITED

互益集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3344)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Addchance Holdings Limited (the “**Company**”) will be held at Hilltop Country Club, No.10 Hill Top Road, Lo Wai, Tsuen Wan, New Territories, Hong Kong on Tuesday, 2 September 2008 at 12:00 noon for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the sale of (i) The Basement, Flat A and Flat B on 2nd Floor, Tai Tong Factory Building, Nos. 7-13 Lam Tin Street, Kwai Chung, New Territories, Hong Kong (“**Property 1**”) by Addchance Limited and (ii) Flat A and Flat B on 1st Floor, 3rd Floor, Flat A and Flat B on 4th Floor, Flat A and Flat B on 5th Floor, Flat A and Flat B on 6th Floor, Flat A and Flat B on 7th Floor, Flat A and Flat B on 8th Floor and the Flat on the Roof (including the whole Roof), Tai Tong Factory Building, Nos. 7-13 Lam Tin Street, Kwai Chung, New Territories, Hong Kong (“**Property 2**”) by King On (China) Limited to Mr. Lai Kin Wing and/or his nominee(s) (the “**Purchaser**”) on the terms and conditions contained in the two provision agreements for sale and purchase of Property 1 and Property 2 respectively both dated 16 July 2008 (a copy of which have been produced to this meeting and marked “**A**” and “**B**”) and initialled by the chairman of the meeting for the purpose of identification) and all transactions contemplated thereunder be and they are hereby approved, and the directors of the Company (“**Directors**”) be and they are hereby authorized to do all such acts and things, to sign and execute all such further documents and to take such steps as the Directors may in their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to the said sale and all transactions contemplated under the said agreements for sale and purchase of Property 1 and Property 2 and all other matters in connection therewith.”

By Order of the Board
Addchance Holdings Limited
Fung Ka Lai
Company Secretary

Hong Kong, 15 August 2008

NOTICE OF THE EGM

Principal office in Hong Kong:

Sung's Tower
15-19 Lam Tin Street
Kwai Chung
New Territories
Hong Kong.

Notes:

- (1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) In order to be valid, the form of proxy must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.