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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)**

*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

*Principal Office:*

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

*Non-executive director:*

Mr. Lau Gary Q.

*Independent non-executive directors:*

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

23rd April, 2009

*To the shareholders*

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**  
**RE-ELECTION OF DIRECTORS**

**INTRODUCTION**

It is proposed that at the annual general meeting of Addchance Holdings Limited (the "Company") to be held on 3rd June, 2009 (the "AGM"), ordinary resolutions will be proposed to grant to the directors of the Company (the "Directors") general mandates to issue and repurchase shares of the Company (the "Shares").

This circular contains the explanatory statement in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and gives all the information reasonably necessary to enable shareholders to make an informed decision on whether to vote for or against the ordinary resolution to approve the purchase by the Company of its own shares.

## **GENERAL MANDATE TO ISSUE SHARES**

At the AGM, an ordinary resolution will be proposed to grant a general mandate to the Directors to allot, issue and otherwise deal with the Shares up to 20 per cent. of the issued share capital of the Company as at the date of the resolution (the “Share Issue Mandate”) in order to provide flexibility for the Company to raise fund by way of issue of new Shares efficiently. As at 23rd April, 2009 (the “Latest Practicable Date”), being the latest practicable date prior to the printing of this circular, there were in issue an aggregate of 400,000,000 Shares. If the Company exercises the Share Issue Mandate in full, on the basis that no further Shares will be issued prior to the date of the AGM, up to 80,000,000 new Shares will be allotted and issued by the Company.

The Share Issue Mandate authorizes the Directors to allot, issue and otherwise deal with the Shares during the period from the passing of the relevant ordinary resolution at the AGM and ending on the earliest of:

- (a) the date of the next annual general meeting;
- (b) the date by which the next annual general meeting of the Company is required to be held by the articles of association of the Company or by the applicable laws; or
- (c) the date on which the Share Issue Mandate is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

## **GENERAL MANDATE TO REPURCHASE SHARES**

At the AGM, an ordinary resolution will be proposed that the Directors be given a general mandate to exercise all powers of the Company to repurchase issued and fully paid Shares (the “Repurchase Mandate”). Under the Repurchase Mandate, the number of Shares that the Company may repurchase shall not exceed 10 per cent. of the issued share capital of the Company as at the date of the resolution. The Company’s authority is restricted to purchases made on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in accordance with the Listing Rules. If the Company exercises the Repurchase Mandate in full, on the basis that no further Shares will be issued prior to the date of the AGM, up to 40,000,000 Shares will be repurchased by the Company.

The Repurchase Mandate allows the Company to make or agree to make purchases only during the period from the passing of the relevant ordinary resolution at the AGM and ending on the earliest of:

- (a) the date of the next annual general meeting;
- (b) the date by which the next annual general meeting of the Company is required to be held by the articles of association of the Company or by the applicable laws; or
- (c) the date upon which the Repurchase Mandate is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will afford the Company the flexibility to make such repurchase when appropriate and beneficial to the Company.

Such repurchases may enhance the net value and/or earnings per Share. As compared with the financial position of the Company as at 31st December, 2008 (being the date of its latest audited accounts), the Directors consider that there would be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed Repurchase Mandate is to be exercised in full during the proposed repurchase period.

No purchase would be made in circumstances that would have a material adverse impact on the working capital or gearing ratio of the Company.

The Company is empowered by its memorandum and articles of association to purchase its Shares. The laws of the Cayman Islands provide that the amount of capital repaid in connection with a share repurchase may only be paid out of either the profits that would otherwise be available for distribution by way of dividend or the proceeds of a new issue of shares made for such purpose. The amount of premium payable on redemption may only be paid out of either the profits that would otherwise be available for distribution by way of dividend or out of the share premium of the Company. Under the laws of the Cayman Islands, the repurchased shares will remain part of the authorised but unissued share capital of the Company.

The Directors intend to apply the profits that would otherwise be available for distribution by way of dividend for any purchase of the Shares.

#### **Directors, their associates and connected persons**

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of their respective associates has any present intention, in the event that the proposed Repurchase Mandate is approved by the shareholders, to sell Shares to the Company.

No connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make purchases of the Shares.

## **Undertaking of the Directors**

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed resolution in accordance with the Listing Rules, all applicable laws of the Cayman Islands and the regulations set out in the memorandum and articles of association of the Company.

## **Effect of Takeovers Code**

A repurchase of Shares by the Company may result in an increase in the proportionate interests of a substantial shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers (the “Code”).

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Powerlink Industries Limited (a company beneficially owned by The CK Sung’s Trust (the “Sung’s Family Trust”), the discretionary family trust set up by Dr. Sung Chung Kwun (“Dr. Sung”), the Chairman of the Company, as founder, the discretionary objects of which are Ms. Tse Mui Chu, Mr. Sung Kim Ping and Mr. Sung Kim Wa) which held 66.75 per cent. of the issued share capital of the Company, was the only substantial shareholder holding more than 10 per cent of the issued share capital of the Company. In the event that the Repurchase Mandate is to be exercised in full, the shareholding of Powerlink Industries Limited in the Company would be increased to approximately 74.17 per cent. of the issued share capital of the Company and such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Code.

## **Listing Rules in relation to repurchases of Shares**

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

### ***(a) Shareholders’ approval***

The Listing Rules provide that all repurchases of shares on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, which may be by way of general mandate, or by specific approval in relation to the repurchase transactions.

### ***(b) Source of funds***

Repurchases must be funded out of funds legally available for the purpose.

## General

During each of the six months preceding the date of this circular, no Shares have been repurchased by the Company.

During each of the previous twelve months, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

Month	Per Share	
	Highest HK\$	Lowest HK\$
<b>2008</b>		
April	1.03	1.01
May	1.34	1.00
June	1.10	1.00
July	1.08	0.93
August	1.10	1.00
September	1.13	0.98
October	1.10	1.02
November	1.05	0.98
December	1.05	0.98
<b>2009</b>		
January	1.05	0.93
February	1.04	0.95
March	1.05	0.96
April (up to the Latest Practicable Date)	1.03	0.96

## RE-ELECTION OF DIRECTORS

An ordinary resolution will be proposed at the AGM for the re-election of Mr. Ip Siu Lam, Ms. Mok Pui Mei and Professor Cai Xiu Ling as Directors according to the articles of association of the Company. Their particulars are as follows:-

**Mr. IP Siu Lam**, aged 53, is an executive director of the Company and the Technical Controller of the Group's yarn-dyeing section. Mr. Ip is responsible for the supervision of the production, technological research and technical support of the dyeing operation of the Group. Mr. Ip obtained an Ordinary Certificate in Mechanical Engineering and a Higher Certificate in Textile Technology from the Hong Kong Polytechnic in 1975 and 1979 respectively. He has over 20 years of experience in textile industry with extensive knowledge in the dyeing technique. Mr. Ip joined the Group in November 1982 and was appointed the executive director of Addchance Limited, a subsidiary of the Company, in April 1993. He has been the Technical Controller of Luoding Composite Mill since 2000.

**Ms. MOK Pui Mei**, aged 47, is an executive director of the Company. Ms. Mok is responsible for the financial management, corporate finance matters and administrative management of the Group. Ms. Mok has over 20 years of experience in accounting and financial management in the textile industry. Ms. Mok joined the Group as accountant in April 1988 and was appointed the executive director of Addchance Limited in April 1993.

Each of Mr. Ip and Ms. Mok has entered into a service contract with the Company for a term of three years commencing from 1st September, 2005, and will continue thereafter until terminated by either party thereto giving to the other not less than three months' prior notice in writing. Under their service contracts, the remuneration of Mr. Ip and Ms. Mok are HK\$600,000 and HK\$1,000,000 per annum respectively and each of them is entitled to a management bonus which is determined with reference to the results of the Group and his/her performance. Mr. Ip and Ms. Mok have no relationships with any directors, senior management or substantial or controlling shareholders of the Company. Each of Mr. Ip and Ms. Mok is deemed to be interested in 33,000,000 Shares under the Securities and Futures Ordinance (the "SFO") as being one of the discretionary beneficiaries of The Addchance Employee's Trust, the beneficial owner of the entire issued share capital of Herojoy Trading Limited.

**Professor CAI Xiu Ling**, aged 46, is an independent non-executive director of the Company and the head of the Department of Economics at the 福建師範大學 (Fujian Normal University). Professor Cai is experienced in economic research and has been teaching at the Fujian Normal University for over 24 years. Professor Cai graduated with a Bachelor's degree in Economics from the 廈門大學 (Xiamen University) in 1984 and obtained a Master degree and PhD in Economics from Fujian Normal University in 1989 and 2001 respectively. She was appointed as the independent non-executive director of the Company on 2nd August, 2005.

Professor Cai has entered into a letter of appointment with the Company for a term of one year from 1st September, 2008 to 31st August, 2009 subject to retirement by rotation pursuant to the articles of association of the Company. Under her letter of appointment, her director's fee is HK\$160,000 per annum which is determined with reference to the prevailing range of fees for non-executive directors and independent non-executive directors of listed companies in Hong Kong. Professor Cai has no relationships with any directors, senior management or substantial or controlling shareholders of the Company and do not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, the board of directors of the Company is not aware of any matters which are required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules or any other matters that need to be brought to the attention of the shareholders of the Company.

## **RECOMMENDATION**

The Directors consider that the granting of the Share Issue Mandate and the Repurchase Mandate is in the interest of the Company and so recommend you to vote in favour of the ordinary resolutions to be proposed at the AGM. The Directors will vote their respective shareholdings in favour of the ordinary resolutions.

Yours faithfully,  
**Sung Chung Kwun**  
*Chairman*