THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in 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 Golden Resorts Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



(Incorporated in Bermuda with limited liability)
(Stock Code: 1031)

CONTINUING CONNECTED TRANSACTIONS

Financial adviser to Golden Resorts Group Limited



Independent Financial Adviser to the Independent Board Committee and Independent Shareholders



INCU Corporate Finance Limited

A letter from the board of directors of Golden Resorts Group Limited (the "Company") is set out on pages 4 to 10 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 11 of this circular. A letter from INCU Corporate Finance Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 22 of this circular.

A notice convening the special general meeting of the Company to be held at Suite 2809, 28th Floor, One International Finance Centre, 1 Harbour View Street, Hong Kong on 11 May 2007 at 10:00 a.m. is set out on pages 28 to 30 of this circular. A form of proxy for use by the Independent Shareholders at the aforesaid special general meeting is also enclosed. Whether or not you propose to attend the meeting and at any adjournment thereof you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's principal place of business in Hong Kong at Suite 2809, 28th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong or the Company's branch share registrar and transfer office in Hong Kong, Abacus Share Registrars Limited at 26/F., Tesbury Centre, 28 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 the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting, or any adjourned meeting, should you so wish.

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DEFINITIONS

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

"Announcement" the announcement of the Company dated 3 April 2007

in relation to the Master Agreements (including the

Annual Caps)

"Annual Caps" the maximum aggregate annual value of the

transactions contemplated under the Master Agreements for each of the three financial years ended

31 December 2009

"associate(s)" has the meaning ascribed to it in the Listing Rules

"Board" the board of Directors

"chief executive" has the meaning ascribed to it in the Listing Rules

"Company" Golden Resorts Group Limited, a company

incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the

Stock Exchange

"connected person(s)" has the meaning ascribed to it in the Listing Rules

"controlling shareholder(s)" has the meaning ascribed to it in the Listing Rules

"Director(s)" the director(s) of the Company

"Group" the Company and its subsidiaries

"Hong Kong" the Hong Kong Special Administrative Region of the

People's Republic of China

"INCU" INCU Corporate Finance Limited, a licensed

corporation under the SFO to conduct type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Master

Agreements and the Annual Caps

"Independent Board Committee" an independent committee of the Board to be

established to advise the Independent Shareholders in relation to the terms of the Master Agreements (including the Annual Caps) and the transactions

contemplated thereunder

DEFINITIONS

"Independent Shareholders" Shareholders other than Mrs. Chu and her associates "Independent Third Party(ies)" person(s) or company(ies) which is/are independent of any members of the Group, the directors, the chief executives, the controlling shareholders, the substantial shareholders of the Company or its subsidiaries, and their respective associates "KCF" Kingston Corporate Finance Limited, a licensed corporation to carry on business in type 6 regulated activity under the SFO "KSL" Kingston Securities Limited, a licensed corporation to carry out business in type 1 regulated activity under the SFO "Latest Practicable Date" 23 April 2007, being the latest practicable date for ascertaining certain information contained in this circular "Listing Rules" the Rules Governing the Listing of Securities on the Stock Exchange the agreement dated 3 April 2007 entered into between "Master Agreement A" the Company and KSL in relation to the provision of placement, underwriting and sub-underwriting of securities for the Company "Master Agreement B" the agreement dated 3 April 2007 entered into between the Company and KCF in relation to the provision of financial advisory services to the Company "Master Agreements" Master Agreement A and Master Agreement B "Mrs. Chu" Mrs. Chu Yuet Wah, being a Shareholder and an executive Director, was a controlling Shareholder of the Company, KCF and KSL as at the Latest Practicable Date "Placing" the placing under the placing agreement entered between Mrs. Chu, Sure Expert Limited and KSL on 30 March 2007, details of which have been set out in the Company's announcement dated 30 March 2007 "SFO" the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

"SGM" the special general meeting of the Company to be held

to approve, among others, the Master Agreements (including the Annual Caps) and the transactions

contemplated thereunder

"Share(s)" ordinary share(s) of HK\$0.01 each in the share capital

of the Company

"Shareholder(s)" holder(s) of the Share(s)

"Stock Exchange" The Stock Exchange of Hong Kong Limited

"subsidiary(ies)" as defined under the Listing Rules

"substantial shareholder(s)" has the meaning ascribed to it in the Listing Rules

"HK\$" Hong Kong dollars, the lawful currency of Hong Kong

"%" per cent.



Golden Resorts Group Limited 黄金集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1031)

Executive Directors:

Mrs. Chu Yuet Wah (Chief Executive Officer)

Mr. Wong Hin Shek

Non-executive Directors:

Mr. Chu, Nicholas Yuk-yui (Chairman)

Independent Non-executive Directors:

Dr. Wong Yun Kuen

Ms. Lo Miu Sheung, Betty

Mr. Lau Man Tak

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head Office and Principal Place of Business in Hong Kong:

Suite 2809, 28th Floor

One International Finance Centre

1 Harbour View Street

Central

Hong Kong

25 April 2007

To the Shareholders

Dear Sir or Madam

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

The Group has, from time to time, been engaging KSL and KCF to provide financial services to the Group. Given that KSL and KCF are controlled by Mrs. Chu, who is the chief executive officer having controlling interest in the Company, KSL and KCF are associates of a connected person of the Company. Accordingly, since the date on which Mrs. Chu became a connected person (as defined under the Listing Rules) of the Company, being 6 April 2005, the services provided by KSL and KCF to the Company have become connected transactions of the Company pursuant to the Listing Rules. In compliance with Rule 14A.35 of the Listing Rules in relation to continuing connected transactions, the Company has entered into the Master Agreements dated 3 April 2007 with KSL and KCF respectively for a fixed term commencing from 1 January 2007 up to 31 December 2009.

^{*} for identification purposes only

Pursuant to Rule 14A.52 of the Listing Rules, the Company is required to seek the approval for the Master Agreements (including the Annual Caps) and the transactions contemplated thereunder from the Independent Shareholders at the SGM where voting must be taken by way of poll. Mrs. Chu and her associates will abstain from voting on the resolution(s) in relation to the Master Agreements (including the Annual Caps) and the transactions contemplated thereunder at the SGM.

The purpose of this circular is to provide you with further details of the Master Agreements (including the Annual Caps) and the transactions contemplated thereunder, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, a letter of advice from the independent financial adviser, INCU, to the Independent Board Committee and the Independent Shareholders, and a notice of the SGM.

THE MASTER AGREEMENTS

Master Agreement A

Date: 3 April 2007

Parties: (i) the Company

(ii) KSL

Duration: commencing from 1 January 2007 up to 31 December 2009 (both days

inclusive).

KSL's service to the Company:

dealing in securities including but not limited to, acting as placing agent, underwriter or sub-underwriter for fund raising exercises of

the Company and any other services which KSL is licensed to do

under the SFO.

Terms: on normal commercial terms and at rates no less favorable to the

Company compared to the relevant services provided by Independent Third Parties. Detailed payment terms will be specified in individual

contracts governing particular transactions.

Master Agreement B

Date: 3 April 2007

Parties: (i) the Company

(ii) KCF

Duration: commencing from 1 January 2007 up to 31 December 2009 (both days

inclusive).

KCF's service to the Company:

provision of corporate financial advisory services to the Group, including but not limited to, giving advice on compliance with the Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases, capital or group reorganisation and corporate restructuring, and assisting in the preparation of announcements and circulars and any other services which KCF is licensed to do under the SFO.

Terms:

on normal commercial terms and at rates no less favorable to the Company compared to the relevant services provided by Independent Third Parties. Detailed payment terms will be specified in individual contracts governing particular transactions.

The Directors consider that the terms of each of the Master Agreements (including the Annual Caps) and the transactions contemplated thereunder are made on an arm's length basis, in the benefits of the Group and on normal commercial terms which are no less favourable than terms available to or from Independent Third Parties. The Directors (including independent non-executive Directors) are of the view that the terms of each of the Master Agreements (including the Annual Caps) and the transactions contemplated thereunder are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Pursuant to the Master Agreements, the Company may engage KSL and KCF to provide financial services to the transactions contemplated under the Master Agreements commencing from 1 January 2007 up to 31 December 2009. However, each of the Company, KSL and KCF reserves the right not to make or accept such appointment or engagement in respect of any transaction which it considers such appointment or engagement to be inappropriate.

THE ANNUAL CAPS

Proposed annual caps for the payment to KSL

The underwriting and sub-underwriting commitments contemplated under the four placing agreements entered between the Company and KSL in the year 2004 amounted to approximately HK\$712 million (details have been set out in the Company's announcement dated 15 June, 11 November, 18 November and 17 December 2004 respectively) and under the Placing amounted to approximately HK\$435.6 million (details have been set out in the Company's announcement dated 30 March 2007). The Directors have noted the recent improvements in the economy and stock market sentiment of Hong Kong, which may give rise to an increase in fund raising activities in Hong Kong and may provide more business opportunities to the Group. Having considered, among others, the historical figures and the anticipated growth in market capitalisation of the Company, the Directors expect that the size and amount of the underwriting and sub-underwriting commitments will increase in the next three financial years. With reference to the market capitalization and the anticipated growth of the issued shares by 20% from the previous year, the Directors anticipate the underwriting and sub-underwriting commitments contemplated under the

Master Agreement A shall amount to approximately HK\$1,930 million, HK\$2,320 million and HK\$2,780 million for the years ending 31 December 2007, 2008 and 2009 respectively. The Directors anticipate that the maximum amount of the fees/charges/commissions including the placing commission, underwriting commission and sub-underwriting commission to KSL will be approximately HK\$49 million, HK\$58 million and HK\$70 million for the years ending 31 December 2007, 2008 and 2009, respectively which is approximately 2.5% (with reference to the previous placing commission rates) on the anticipated commitment on the relevant year. Therefore, the Director propose that the annual caps for the payment to KSL in respect of the services to be delivered by KSL to the Company under the Master Agreement A shall be HK\$50 million, HK\$60 million and HK\$70 million for the years ending 31 December 2007, 2008 and 2009 respectively.

Such proposed annual caps are based on, amongst other things:

- (i) the simple arithmetic average of the gross underlying value of securities on securities placed, underwritten or sub-underwritten by the Group during the financial year ended 31 December 2004 and under the Placing;
- (ii) the flexibility to the Company in terms of size of possible fund raising exercises given the improvement in the economy and the capital market sentiment in the capital market;
- (iii) the market capitalisation of the Company; and
- (iv) the anticipated growth of market capitalisation of the Company.

Based on (i) to (iv) above, the previous placement, underwriting and/or sub-underwriting commitment of approximately HK\$712 million and approximately HK\$435.6 million given by KSL to the Company for the year ended 31 December 2004 and for the Placing that resulted in the payment of commission of approximately HK\$18 million and approximately HK\$9.8 million respectively by the Company to the KSL and the optimistic prospect in the economy in Hong Kong and Macau in the coming years, the Directors (including independent non-executive Directors) are of the view that such proposed annual caps which have been arrived after arm's length negotiation are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Proposed annual caps for the payment to KCF

The Directors consider that the recent and continual improvements in stock market sentiment of Hong Kong and the economy of Hong Kong and Macau will favour the development of the Group's business and give rise to more business opportunities to the Group, and therefore believe that the Company will require more financial advisory services as compared to the previous financial periods. The Directors anticipate that the maximum amount of fees for advisory and/or documentation fees paid by the Company to KCF will be approximately HK\$4 million, HK\$5 million and HK\$6 million for the years ending 31 December 2007, 2008 and 2009 respectively and therefore propose that the annual caps for the payment to KCF in respect of the services to be delivered by KCF to the Company under the Master Agreement B shall be in HK\$4 million, HK\$5 million and HK\$6 million for the years ending 31 December 2007, 2008 and 2009 respectively.

Such proposed annual caps are based on, amongst other things:

- (i) the advisory and documentation fee on the Group's corporate finance transactions paid to KCF during the three financial years ended 31 December 2006; and
- the anticipated increase in the Group's corporate finance activities that triggers the demand for more advisory and documentation services from KCF for the coming years;

Based on (i), (ii) above and the previous transactions in relation to financial advisory services provided by KCF for the three years ended 31 December 2006, and the optimistic prospect in the economy of Hong Kong and Macau in the coming years, the Directors (including independent non-executive Directors) are of the view that such proposed annual caps which have been arrived after arm's length negotiation are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

REASONS FOR THE MASTER AGREEMENTS

The Directors consider it to be in the best interests of the Group and the Independent Shareholders to enter into the Master Agreements on the following grounds:

- following the improvements of the economy and the stock market performance, the Directors expect that, in order to cope with the business development of the Group, there may be a rise in the number of corporate finance transactions and fund raising activities;
- (ii) KCF has, in its ordinary and usual course of business, provided financial advisory and documentation services to the Company on, among other things, fund raising activities and notifiable transactions in the past years, and has an understanding of the Company's structure, business and financial position, and as a result, retaining KCF as the financial adviser to the Company will ensure an efficient and smooth delivery of services to the Company;
- (iii) KSL has, in its ordinary and usual course of businesses, provided several securities offering services to the Company in year 2004 and has a better understanding on the Company's business and performance of its shares, and as a result, retaining KSL to provide services including placement, underwriting and sub-underwriting will assume smooth fund-raising activities if so required; and
- (iv) the Group benefited from the sales and distribution network of KSL to enlarge the Shareholders' base in the event of any placement of Shares.

RELATIONSHIP BETWEEN THE PARTIES TO THE MASTER AGREEMENTS AND THE COMPANY

Mrs. Chu, the chief executive officer having controlling interest in the Company, has controlling interests (which are over 50% of the issued share capital of each of KSL and KCF) in KSL and KCF respectively. Therefore, KSL and KCF are associates of Mrs. Chu, a connected person (as defined in the Listing Rules) of the Company. Accordingly, the transactions contemplated under the Master Agreements, which were entered into between the Company and the associates of its connected person, constitute continuing connected transactions under the Listing Rules.

THE SGM

Since the Board anticipates that the percentage ratios (other than the profit ratio) for the transactions contemplated under the Master Agreements on an annual basis will exceed 2.5% and the annual consideration is expected to be higher than HK\$10,000,000, the Master Agreements therefore constitute non-exempt continuing connected transaction of the Company under Rule 14A.35 of the Listing Rules and will accordingly be subject to reporting, announcement and independent shareholders' approval requirements of the Listing Rules. In the circumstances, the notice convening the SGM at which ordinary resolutions will be proposed to approve the Master Agreements (including the Annual Caps) and the transactions contemplated thereunder is set out on pages 28 to 30 of this circular.

PROCEDURES BY WHICH A POLL MAY BE DEMANDED

Pursuant to the bye-laws of the Company, all the resolutions put to vote by the Shareholders at the SGM shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded by certain persons as summarised below:

- (i) by the chairman of the meeting; or
- (ii) by at least three Shareholders (present in person or by its duly authorised representative or by proxy) for the time being entitled to vote at the meeting; or
- (iii) by any Shareholder(s) (present in person or by its duly authorised representative or by proxy) representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (iv) by any Shareholder(s) (present in person or by its duly authorised representative or by proxy) holding Shares 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 Shares conferring that right.

In addition, under the Listing Rules, if the chairman of the meeting and/or the Directors individually or collectively hold(s) proxies in respect of Shares holding 5% or more of the total voting rights of the Company at the SGM, and if the votes cast at the SGM on a show of hands are in the opposite manner to that instructed in those proxies, then the chairman and/or the Directors shall demand a poll. However, if it is apparent from the total proxies held that a vote taken on a poll will not reverse the vote taken on a show of hands, then the chairman and/or the Directors shall not be required to demand a poll.

RECOMMENDATION

The Board considers that the terms of the Master Agreements (including the Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders as a whole are concerned. The Board also considers that the entering into of the Master Agreements are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Master Agreements (including the Annual Caps) and the transactions contemplated thereunder.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 11 of this circular which contains the recommendation from the Independent Board Committee to the Independent Shareholders concerning the terms of the Master Agreements (including the Annual Caps) and the transactions contemplated thereunder; and (ii) the letter from INCU set out on pages 12 to 22 of this circular which contains its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Master Agreements and the Annual Caps and the principal factors considered by INCU in arriving at its recommendation.

By Order of the Board
Golden Resorts Group Limited
Wong Hin Shek
Executive Director



Golden Resorts Group Limited 黄金集團有限公司*

(Incorporated in Bermuda with limited liability) (Stock Code: 1031)

25 April 2007

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company to the Shareholders dated 25 April 2007 (the "Circular"), in which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them in the section headed "Definitions" of the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the terms of each of the Master Agreements (including the Annual Caps) and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned.

We wish to draw your attention to the letter from INCU, the independent financial adviser appointed, as set out on pages 12 to 22 of the Circular and the letter from the Board as set out on pages 4 to 10 of the Circular.

Having considered the principal factors and reasons set out in the letter from INCU, we consider that the entering into of the Master Agreements (including the Annual Caps) are in the interests of the Company and the Shareholders as a whole and that the terms thereof as well as the basis for determining the Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders as a whole are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Master Agreements (including the Annual Caps) and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the Independent Board Committee of

GOLDEN RESORTS GROUP LIMITED

Wong Yun Kuen

Lo Miu Sheung, Betty

Lau Man Tak

Independent Non-executive Director Independent Non-executive Director

Independent Non-executive Director

for identification purposes only

The following is the letter of advice from INCU to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



INCU Corporate Finance Limited

Unit 1602, Ruttonjee House Ruttonjee Centre, 11 Duddell Street Central, Hong Kong

25 April, 2007

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Master Agreements and the Annual Caps, details of which are contained in a circular of the Company (the "Circular") to the Shareholders dated 25 April 2007, of which this letter forms part. Expressions used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

An independent board committee comprising Dr. Wong Yun Kuen, Ms. Lo Miu Sheung, Betty and Mr. Lau Man Tak, being the independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the terms of the Master Agreements and the Annual Caps. Any vote of the Independent Shareholders at the SGM shall be taken by poll. Mrs. Chu and her associates will abstain from voting in relation to the ordinary resolutions approving the Master Agreements and the transactions contemplated thereunder at the SGM.

BASIS OF OUR ADVICE

In formulating our recommendation, we have relied on the information, facts and representations contained or referred to in the Circular, the information, facts and representations provided by, the opinions expressed by the Directors, the Company and its management and our review of the relevant public information and statistics. We have assumed that all statements, information, facts, opinions and representations made to us or referred to in the Circular were true, accurate and complete at the time when they were made and continued to be true, accurate and complete as at the date of the Circular. We have no reason to doubt the truth, accuracy and completeness of the statements,

information, facts, opinions and representations provided to us by the Directors, the Company and its management. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We consider that we have been provided with sufficient information to reach an informed view to provide a reasonable basis for our opinion.

All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that, to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and that there are no other facts not contained in the Circular the omission of which would make any statement in the Circular misleading. We have relied on such information and opinions and have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in respect of the terms of the Master Agreements and the Annual Caps, we have considered the following principal factors and reasons:

1. Background of the Master Agreements

The Group is principally engaged in the operation of hotels, gaming and entertainment business.

The Group has, from time to time, been engaging KSL and KCF to provide financial services to the Group. Given that KSL and KCF are controlled by Mrs. Chu, who is the chief executive officer having controlling interest in the Company, KSL and KCF are associates of a connected person of the Company. Accordingly, since the date on which Mrs. Chu became a connected person (as defined under the Listing Rules) of the Company, being 6 April 2005, the services provided by KSL and KCF to the Company have become connected transactions of the Company pursuant to the Listing Rules. In compliance with Rule 14A.35 of the Listing Rules in relation to continuing connected transactions, the Company has entered into the Master Agreements dated 3 April 2007 with KSL and KCF respectively for a fixed term commencing from 1 January 2007 up to 31 December 2009.

Pursuant to Rule 14A.52 of the Listing Rules, the Company is required to seek the approval for the Master Agreements and the transactions contemplated thereunder (including the Annual Caps) from the Independent Shareholders at the SGM where voting must be taken by way of poll. Mrs. Chu and her associates will abstain from voting on the resolutions in relation to the Master Agreements and the transactions contemplated thereunder at the SGM.

2. Reasons for the Master Agreements

The Directors consider it to be in the best interests of the Group and the Independent Shareholders to enter into the Master Agreements on the following grounds:

- following the improvements of the economy and the stock market performance, (i) the Directors expect that, in order to cope with the business development of the Group, there may be a rise in the number of corporate finance transactions and fund raising activities;
- (ii) KCF has, in its ordinary and usual course of business, provided financial advisory and documentation services to the Company on, among other things, fund raising activities and notifiable transactions in the past years, and has an understanding of the Company's structure, business and financial position, and as a result, retaining KCF as the financial adviser to the Company will ensure an efficient and smooth delivery of services to the Company;
- KSL has, in its ordinary and usual course of businesses, provided several (iii) securities offering services to the Company in year 2004 and has a better understanding on the Company's business and performance of its shares, and as a result, retaining KSL to provide services including placement, underwriting and sub-underwriting will assume smooth fund-raising activities if so required; and
- (iv) the Group benefits from the sales and distribution network of KSL to enlarge the Shareholders' base in the event of any placement of Shares.

The Master Agreements 3.

Master Agreement A

Date: 3 April 2007

Parties: (i) the Company

> (ii) **KSL**

Duration: commencing from 1 January 2007 up to 31 December 2009

(both days inclusive).

KSL's service to

dealing in securities including but not limited to, acting as the Company: placing agent, underwriter or sub-underwriter for fund

raising exercises of the Company and any other services

which KSL is licensed to do under the SFO.

Terms:

on normal commercial terms and at rates no less favorable to the Company compared to the relevant services provided by Independent Third Parties. Detailed payment terms will be specified in individual contracts governing particular transactions.

Master Agreement B

Date: 3 April 2007

Parties: (i) the Company

(ii) KCF

Duration: commencing from 1 January 2007 up to 31 December 2009

(both days inclusive).

KCF's service to the Company:

provision of corporate financial advisory services to the Group, including but not limited to, giving advice in compliance with the Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases, capital or group reorganization and corporate restructuring, and assisting in the preparation of announcements and circulars and any other services which KCF is licensed to do under the SFO.

Terms:

on normal commercial terms and at rates no less favorable to the Company compared to the relevant services provided by Independent Third Parties. Detailed payment terms will be specified in individual contracts governing particular transactions.

Pursuant to the Master Agreements, the Company may engage KSL and KCF to provide financial services to the transactions contemplated under the Master Agreements commencing from 1 January 2007 up to 31 December 2009. However, each of the Company, KSL and KCF reserves the right not to make or accept such appointment or engagement in respect of any transaction which it considers such appointment or engagement to be inappropriate.

Given the above and the fact that the terms of the Master Agreements are and will continue to be made on normal commercial terms and at rates no less favorable to the Company compared to the relevant services provided by Independent Third Parties, we concur with the view of the Directors that the terms of the Master Agreements are fair and reasonable so far as the interests of the Company and the Independent Shareholders are concerned.

4. The Annual Caps

Proposed Annual Caps for the payment to KSL

The Directors propose that the Annual Caps for the payment to KSL in respect of the services to be delivered by KSL to the Company under the Master Agreement A shall be HK\$50 million, HK\$60 million and HK\$70 million for the years ending 31 December 2007, 2008 and 2009 respectively (based on the underwriting and sub-underwriting commitments contemplated under the Master Agreement A of approximately HK\$1,930 million, HK\$2,320 million and HK\$2,780 million for the years ending 31 December 2007, 2008 and 2009 respectively, multiplied by a commission rate of 2.5% with reference to the previous placing commission rate).

Such proposed annual caps are based on, amongst other things:

- (i) the simple arithmetic average of the gross underlying value of securities on securities placed, underwritten or sub-underwritten by the Group during the financial year ended 31 December 2004 and under the Placing;
- (ii) the flexibility to the Company in term of size of possible fund raising exercises given the improvement in the economy and the capital market sentiment in the capital market;
- (iii) the market capitalization of the Company; and
- (iv) the anticipated growth of market capitalization of the Company.

As mentioned in the Circular, the underwriting and sub-underwriting commitments contemplated under the four placing agreements entered between the Company and KSL in year 2004 amounted to approximately HK\$712 million (details have been set out in the Company's announcement dated 15 June, 11 November, 18 November and 17 December 2004 respectively) and under the Placing amounted to approximately HK\$435.6 million (details have been set out in the Company's announcement dated 30 March 2007) and the respective commission charged by KSL was approximately HK\$18 million and approximately HK\$9.8 million. We have checked against the respective announcements in relation to the placing of the Company involving KSL as the placing agent that KSL charged the Company a placing commission of 2.5% on the gross proceeds of the placing.

With reference to the market capitalization and the anticipated growth of the issued shares by 20% from the previous year, the Directors anticipate the underwriting and sub-underwriting commitments contemplated under the Master Agreement A shall amount to approximately HK\$1,930 million, HK\$2,320 million and HK\$2,780 million for the years ending 31 December 2007, 2008 and 2009 respectively. The Directors anticipate that the maximum amount of the fees/charges/commissions including the placing commission, underwriting commission and sub-

underwriting commission to KSL will be approximately HK\$49 million, HK\$58 million and HK\$70 million for the years ending 31 December 2007, 2008 and 2009, respectively which is based on 2.5% (with reference to the previous placing commission rates) on the anticipated commitment on the relevant year. Therefore, the Directors propose that the Annual Caps for the payment to KSL in respect of the services to be delivered by KSL to the Company under the Master Agreement A shall be HK\$50 million, HK\$60 million and HK\$70 million for the years ending 31 December 2007, 2008 and 2009 respectively.

We have reviewed the Fact Book 2006 (the "Fact Book") published by the Stock Exchange and noted that with the continued improvement of the Hong Kong overall economic and market conditions in 2006 and the positive market sentiment as a result thereof, the stock market in Hong Kong recorded strong performance and new records in 2006. Based on the Fact Book, the total market capitalisation of the main board of the Stock Exchange in 2006 recorded a consecutive double-digit increase of approximately 63% as compared to 2005 from HK\$8,113 billion in 2005 to HK\$13,248 billion in 2006. We also note that the aggregate market capitalisation of the Company also increased from approximately HK\$1.9 billion on 29 December 2006 to approximately HK\$3.5 billion as of the date of the Master Agreements and approximately HK\$4.57 billion as at the Latest Practicable Date, representing an increase of approximately 84% and 141% respectively. We further note from the Fact Book that the total amount of funds raised by the listed issuers in the secondary capital market in Hong Kong in 2006 was approximately HK\$191 billion as compared to the same of approximately HK\$136 billion in 2005 which represents an increase of approximately 40%.

Based on the above, we consider that there has been recent improvements in the economy and stock market sentiment of Hong Kong, which has given rise to an increase in fund raising activities of listed issuers in the secondary capital market in Hong Kong in 2006 of approximately 40% and hence, may provide more fund raising opportunities to the Group in the future. Accordingly, we concur with the Directors that the size and amount of the underwriting and sub-underwriting commitments will increase in the next three financial years.

Assuming new shares to be issued pursuant to the 20% general mandate at HK\$2.86 (with reference to the closing price of Shares on the date of Master Agreements) and other possible fund raising exercises including further placement of shares, open offers and/or rights issue in 2007 in view of the positive market sentiment as mentioned above as well as the anticipated growth of market capitalization of the Company (with reference to previous growth rate) and based on an annual growth rate of 20% new Shares pursuant to 20% general mandate in each of the subsequent financial years ending 2008 and 2009 and having considered, among others, the historical figures, we consider that the basis for determining the Annual Caps for the commission to be charged by KSL to be justifiable.

In order to assess the fairness and reasonableness of the proposed commission rate for the underwriting and sub-underwriting commitments provided by KSL, we have conducted a research on the recent placings (for the six months from 1 October 2006 to 31 March 2007) involving placing agent(s) as the underwriter(s) for the listed companies on the main board of the Stock Exchange for comparison purposes. (out of a total 79 comparables, ten listed companies involved KSL as their placing agent(s)) with 2.5% commission rates as disclosed in the announcements. We have reviewed all the announcements published on the Stock Exchange website during the relevant period. Details of our findings on the commission rate are summarized in the following table C.

Table C:

				No. of		Gross	
Date of	N	1.0.1	B 41 1	shares	Placing		Commission
announcement	Name of issuer Sto	ck Code	Particulars	placed	price (HK\$)	raised (HK\$)	rate (%)
					(11ΚΦ)	(11Κψ)	(70)
1. 30-Mar-07	China Glass Holdings Limited	3300	Top up placing	42,000,000	2.75	115,500,000	3.50
2. 30-Mar-07	China Star Entertainment Limited	326	Placing of new shares	206,000,000	0.37	76,220,000	2.50
3. 27-Mar-07	Willie International Holdings Limited	273	Placing of new shares	1,189,000,000	0.11	130,790,000	2.50
4. 26-Mar-07	China Water Industry Group Limited	1129	Top up placing	300,000,000	1.06	318,000,000	3.00
5. 23-Mar-07	China Sci-tech Holdings Limited	985	Placing of new shares	343,496,000	0.1	34,349,600	2.50
6. 22-Mar-07	Wonson International Holdings Limited	651	Placing of new shares	600,000,000	0.16	96,000,000	2.50
7. 19-Mar-07	Riche Multi-Media Holdings Limited	764	Top-up placing	1,296,860,000	0.04	51,874,400	2.50
8. 13-Mar-07	Wang On Group Limited	1222	Placing of new shares	11,500,000	2.8	32,200,000	2.50
9. 13-Mar-07	Wang On Group Limited	1222	Top-up placing	53,000,000	2.8	148,400,000	2.50
10. 5-Mar-07	Aurora Global Investment Holdings Limited	353	Placing of new shares	87,000,000	0.308	26,796,000	2.50
11. 27-Feb-07	Get Nice Holdings Limited	64	Top-up placing	219,130,000	0.75	164,347,500	1.50
12. 26-Feb-07	Willie International Holdings Limited	273	Placing of new shares	684,000,000	0.12	82,080,000	2.50
13. 22-Feb-07	Sunlink International Holdings Limited	2336	Placing of new shares	430,080,000	0.128	55,050,240	2.22
14. 21-Feb-07	Freeman Corporation Limited	279	Placing of new shares	1,000,000,000	0.1	100,000,000	2.00

Date of announcement	Name of issuer Sto	ck Code	Particulars	No. of shares placed	Placing price (HK\$)	Gross Funds raised (HK\$)	Commission rate (%)
15. 16-Feb-07	e-Kong Group Limited	524	Top-up placing	52,000,000	0.9	46,800,000	2.50
16. 15-Feb-07	U-Right International Holdings Limited	627	Placing of new shares	258,000,000	0.29	74,820,000	2.50*
17. 14-Feb-07	Genesis Energy Holdings Limited	d 702	Top-up placing	374,000,000	0.325	121,550,000	1.50
18. 14-Feb-07	Teem Foundation Group Ltd.	628	Top-up placing	134,400,000	1.525	204,960,000	1.50
19. 13-Feb-07	China Rich Holdings Limited	1191	Placing	135,000,141	0.22	29,700,031	2.50*
20. 13-Feb-07	China Seven Star Shopping Limit	ed 245	Top-up placing	575,000,000	0.658	378,350,000	3.00
21. 12-Feb-07	HKC (Holdings) Limited	190	Placing of new shares	729,927,000	1.37	999,999,990	2.00
22. 12-Feb-07	CASH Retail Management Group Limited	996	Top-up placing	100,000,000	0.28	28,000,000	1.00
23. 7-Feb-07	New World Cyberbase Limited	276	Placing of new shares	1,100,000,000	0.24	264,000,000	2.00
24. 1-Feb-07	China Water Industry Group Limited	1129	Top-up placing	230,000,000	0.49	112,700,000	3.00
25. 31-Jan-07	Capital Strategic Investment Lim	ited 497	Top-up placing	90,000,000	1.49	134,100,000	2.50
26. 26-Jan-07	Poly Investments Holdings Limit	ed 263	Placing of new shares	24,000,000	0.74	17,760,000	1.50
27. 26-Jan-07	GFT Holdings Limited	1003	Placing of new shares	850,000,000	0.04	34,000,000	2.50
28. 16-Jan-07	China Grand Forestry Resources Group Limited	910	Top-up placing	400,000,000	1.15	460,000,000	2.50*
29. 22-Dec-06	Tak Shun Technology Group Limited	1228	Placing of new shares	460,800,000	0.215	99,072,000	2.50*
30. 21-Dec-06	New Times Group Limited	166	Top-up placing and subscription of new share	92,700,000 n	0.35	32,445,000	2.50*
31. 14-Dec-06	DVN (Holdings) Limited	500	Top-up placing	168,000,000	2.85	478,800,000	4.50
32. 13-Dec-06	Yanion International Holdings Limited	82	Subscription and placing of new shares	342,856,000	0.7	239,999,200	1.00
33. 1-Dec-06	Beijing Development (Hong Kong) Limited	154	Top-up placing	98,000,000	1.1	107,800,000	2.50
34. 20-Nov-06	Genesis Energy Holdings Limited	d 702	Top-up placing	304,250,000	0.188	57,199,000	2.50*
35. 23-Nov-06	HKC (Holdings) Limited	190	Placing of new shares	607,664,546	1.1	668,431,001	2.00

Date of announcement	Name of issuer Stock	Code	Particulars	No. of shares placed	Placing price (HK\$)	Gross Funds raised (HK\$)	Commission rate (%)
36. 16-Nov-06	Hon Kwok Land Investment Company, Limited	160	Top-up placing	80,047,700	4.05	324,193,185	2.50
37. 15-Nov-06	Hop Fung Group Holdings Limited	2320	Top-up placing	40,000,000	2	80,000,000	2.50
38. 10-Nov-06	Agile Property Holdings Limited	3383	Top-up placing	280,400,000	6.8	1,906,720,000	1.30
39. 7-Nov-06	Lo's Enviro-Pro Holdings Limited	309	Top-up placing	60,000,000	0.61	36,600,000	1.00
40. 27-Oct-06	Tak Shun Technology Group Limited	1228	Placing of new shares	288,000,000	0.089	25,632,000	2.00
41. 27-Oct-06	Shenzhen Investment Limited	604	Top-up placing	300,000,000	2.91	873,000,000	2.00
42. 25-Oct-06	Hopefluent Group Holdings Limited	733	Top-up placing	27,500,000	2.85	78,375,000	1.50
43. 19-Oct-06	139 Holdings Limited	139	Placing of new shares	226,640,000	0.325	73,658,000	1.50
44. 11-Oct-06	A-Max Holdings Limited	959	Placing of new shares	1,172,824,310	0.0856	100,393,761	2.50
45. 6-Oct-06	Spread Prospects Limited	572	Top-up placing	21,000,000	0.8	16,800,000	2.50
46. 3-Oct-06	Nubrands Group Holdings Limited	835	Top-up placing	87,000,000	0.23	20,010,000	1.00
						Highest Lowest Average	4.50 1.00 2.24

Source of information: the Stock Exchange

Note to Table C: Some of the placing that we have researched have been excluded for comparison purpose since the respective commission rates have not been stated in the respective announcements. Out of a total of 79 comparables, 33 of which have been taken out for such reason.

As stipulated in the Master Agreement A, the commission rate to be charged by KSL to the Company will be determined with reference to the prevailing market rate of the relevant services. Based on the Table C above, the commission rates charged by KSL to its clients are within the highest and lowest commission rates of 4.5% and 1.00% respectively and they are comparable to the average commission rate of 2.24%. Therefore, we consider that the commission rates charged by KSL to its clients on the underwriting and sub-underwriting commitments are comparable to the prevailing market rate.

In view of the above and having considered (i) the reasons for entering into the Master Agreement A and its basis for determining the Annual Caps payment to KSL; (ii) the terms of the Master Agreement A (including the individual contracts governing particular transactions) will be determined on normal commercial terms and at rates no less favorable to the Company compared to the relevant services provided by the Independent Third Parties; (iii) pursuant to the terms of the Master

^{*} The listed companies that engaged KSL as their placing agent(s).

Agreement A, each of the Company and KSL reserves the right not to make or accept such appointment or engagement in respect of any transaction which it considers such appointment or engagement to be inappropriate; and (vi) the Annual Caps in relation to the Master Agreement A could allow the Group to have a greater flexibility in seizing any underwriting business opportunities with the sales and distribution network of KSL in the coming years, we concur with the views of the Directors that the Master Agreement A was determined on an arm's length basis between the Company and KSL and we consider its basis of consideration adopted by the Directors in determining the Annual Caps in respect of the Master Agreement A are fair and reasonable so far as the Company and the Independent Shareholders as a whole are concerned.

Proposed Annual Caps for the payment to KCF

As mentioned in the Circular, the Directors propose that the Annual Caps for the payment to KCF in respect of the services to be delivered by KCF to the Company under the Master Agreement B shall be in HK\$4 million, HK\$5 million and HK\$6 million for the years ending 31 December 2007, 2008 and 2009 respectively.

Such proposed annual caps are based on, amongst other things:

- (i) the advisory and documentation fee on the Group's corporate finance transactions paid to KCF during the three financial years ended 31 December 2006, which amounted to HK\$1.25 million, HK\$0.8 million and HK\$0.3 million respectively; and
- (ii) the anticipated increase in the Group's corporate finance activities that triggers the demand for more advisory and documentation services from KCF for the coming years.

We concur with the Directors that (i) there has been a positive market sentiment with anticipated increase in the corporate finance transactions and fund raising activities in Hong Kong as analysed under the section headed "Proposed Annual Caps for the payment to KSL"; (ii) the retaining of KCF as financial adviser of the Company will ensure an efficient and smooth delivery of necessary services to the Company; and (iii) the positive market sentiment will lead to an increase in the Group's corporate finance activities.

In view of the above and having considered (i) the reasons for entering into the Master Agreement B and its basis for determining the Annual Caps payment to KCF; (ii) the advisory and documentation fees on the Group's corporate finance transactions paid to KCF during the three financial years ended 31 December 2006; (iii) pursuant to the Master Agreement B, each of the Company and KCF reserves the right not to make or accept such appointment or engagement in respect of any transaction which it considers such appointment or engagement to be inappropriate during the period of the Master Agreement B; and (iv) the terms of the Master Agreement B (including the individual

contracts governing particular transactions) will be on normal commercial terms and at rates no less favorable to the Company compared to the relevant services provided by the Independent Third Parties, we consider the terms of the Master Agreement B and its basis for determining the Annual Caps payment to KCF are fair and reasonable so far as the Company and the Independent Shareholders as a whole are concerned.

RECOMMENDATION

Having considered the principal factors and reasons referred to the above, we consider that the entering into of the Master Agreements are in the interests of the Company and the Shareholders as a whole and that the terms thereof as well as the basis for determining the Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders as a whole are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Master Agreements and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
INCU Corporate Finance Limited
Gina Leung
Executive Director

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 matters the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

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

Long positions in the Shares:

	Number of shares of the Company		No. of underlying	Approximate	
Name of Directors	Personal Interests	Corporate Interests	shares of the Company	Total	percentage of shareholding
Mrs. CHU Yuet Wah	-	602,304,336 (Note 1)	85,000,000 (Note 2)	687,304,336	47.38%
Mr. CHU, Nicholas Yuk-yui	-	602,304,336 (Note 1)	85,000,000 (Note 2)	687,304,336	47.38%
Mr. WONG Hin Shek	-	-	12,120,000 (Note 3)	12,120,000	0.84%

Notes:

- (1) As at the Latest Practicable Date, of the 602,304,336 Shares, 596,989,998 Shares are held by Sure Expert, 5,313,333 Shares are held by Kingston Capital Limited and 1,005 Shares are held by Kingston Securities Limited. Both Kingston Capital Limited and Kingston Securities Limited are controlled by Mrs. CHU. Mr. CHU, the husband of Mrs. CHU, is deemed to be interested in these 602,304,336 Shares.
- (2) As at the Latest Practicable Date, Mrs. CHU, through Sure Expert held 80,000,000 warrants conferring rights to subscribe for up to HK\$200,000,000 in aggregate in cash for 80,000,000 new shares at an adjusted subscription price of HK\$2.50 per share (the "Warrants"). Each of Mr. CHU, and Mrs. CHU personally held 2,500,000 Share Options conferring rights to subscribe for 2,500,000 Shares. Mr. CHU, the husband of Mrs. CHU, is deemed to be interested in the 82,500,000 underlying Shares held by Mrs. CHU. Mrs. CHU is deemed to be interested in the 2,500,000 underlying shares held by Mr. CHU.
- (3) As at the Latest Practicable Date, 12,120,000 Share Options conferring rights to subscribe for 12,120,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in the Listing Rules.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of SFO, and so far as is known to any Director or chief executive or the Company, the following persons had, or were deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

	Number of shares of the Company		No. of underlying		Approximate	
Name of Shareholders	Personal Interests	Corporate Interests	shares of the Company	Total	percentage of shareholding	
Sure Expert Limited (Note)	-	596,989,998	80,000,000	676,989,998	46.67%	
Choose Right Limited	-	127,250,000	-	127,250,000	8.77%	

Note: Sure Expert is wholly owned by Mrs. CHU. The interests of Mrs. CHU and Sure Expert in the Company are stated under the section headed "Directors' and Chief Executive's interests and short positions in securities" above.

Save as disclosed in this section (b), the Directors and chief executive of the Company are not aware of any person who has an interest or short position in the Shares, or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 Part XV of the SFO.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has 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 relevant member of the Group within one year without compensation, other than statutory compensation.

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

Mrs. CHU has beneficial interests as a partner in several self managed VIP Rooms in Macau, which compete or are likely to compete, either directly or indirectly, with the business of the Group. The Board is of the view that in the performance of her duties as Director of the Company, Mrs. CHU has acted and will continue to act in the commercial best interest of the Group and all its shareholders.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any member of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm there is no material adverse change in the financial and trading position of the Company since 31 December 2006, being the date to which the latest published audited financial statements of the Company were made up.

7. MISCELLANEOUS

(1) So far as is known to the Directors, as at the Latest Practicable Date, there was (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder, whereby he/she/it has or may have temporarily or permanently passed control over the exercise of the voting rights in respect of his/her/its Shares to a third party, either generally or on a case-by-case basis.

- (2) So far as is known to the Directors, as at the Latest Practicable Date, there was no discrepancy between any Shareholder's beneficial shareholding interest in the Company as disclosed in this circular and the number of Shares in respect of which it will control or will be entitled to exercise control over the voting rights at the SGM.
- (3) As at the Latest Practicable Date, there was no contract or arrangement subsisting as at the Latest Practicable Date in which any Director is materially interested and which is significant in relation to the business of the Group.
- (4) As at the Latest Practicable Date, none of the Directors had, any direct or indirect interest in any assets which have been acquired, disposed of or leased to, or which are proposed to be acquired, disposed of or leased to, the Company or any of its subsidiaries since 31 December 2006, the date to which the latest published audited accounts of the Group were made up.

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the professional adviser who has given its opinion or advice or report which is contained in this circular:

Name Qualification

INCU Corporate Finance Limited

a licensed corporation under the SFO to conduct type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Master Agreements and the Annual Caps

INCU has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, INCU was not interested in any Share or share in any member of the Group nor did it have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Share or share in any member of the Group.

As at the Latest Practicable Date, INCU did not have any direct or indirect interest in any asset which had been, since 31 December 2006, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, INCU was not interested in any contracts or arrangements which were significant in relation to the business of the Group.

9. GENERAL

- (a) The qualified accountant and secretary of the Company is Mr. So Wai Yin, who is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The Company's branch share registrars and transfer office in Hong Kong is Abacus Share Registrars Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (c) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at Suite 2809, 28th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong during normal business hours between the period from the date of this circular up to and including 11 May 2007:

- (a) the Master Agreements;
- (b) the letter from INCU, the text of which is set out in this circular; and
- (c) the consent letter of INCU referred to in the section headed "QUALIFICATION AND CONSENT OF EXPERT" in this appendix.

NOTICE OF SGM



Golden Resorts Group Limited 黄金集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1031)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Golden Resorts Group Limited (the "Company") will be held at Suite 2809, 28th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong, on 11 May 2007 at 10:00 a.m. (or any adjournment thereof) for the purposes of considering and, if thought fit, passing with or without amendment or modification, of the following resolutions:

ORDINARY RESOLUTIONS

1. **"THAT:**

- (a) the agreement dated 3 April 2007 ("Master Agreement A") between the Company and Kingston Securities Limited (a copy of which marked "A" is produced to the meeting and initialed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) the cap amounts in relation to the transactions contemplated under the Master Agreement A for each of the three financial years ending 31 December 2007, 2008 and 2009 of HK\$50 million, HK\$60 million and HK\$70 million respectively be and are hereby approved; and
- (c) the directors of the Company or any one of the directors of the Company be and is hereby authorised to do all such further acts and things and sign, seal, execute and deliver all such documents and take all such actions which in their absolute discretion consider necessary, desirable or expedient to implement and/or give full effect to the Master Agreement A and the transactions contemplated thereunder and the cap amounts referred to in (b) above."

^{*} for identification purposes only

NOTICE OF SGM

2. "THAT:

- (a) the agreement dated 3 April 2007 ("Master Agreement B") between the Company and Kingston Corporate Finance Limited (a copy of which marked "B" is produced to the meeting and initialed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) the cap amounts in relation to the transactions contemplated under the Master Agreement B for each of the three financial years ending 31 December 2007, 2008 and 2009 of HK\$4 million, HK\$5 million and HK\$6 million respectively be and are hereby approved; and
- (c) the directors of the Company or any one of the directors of the Company be and is hereby authorised to do all such further acts and things and sign, seal, execute and deliver all such documents and take all such actions which in their absolute discretion consider necessary, desirable or expedient to implement and/or give full effect to the Master Agreement B and the transactions contemplated thereunder and the cap amounts referred to in (b) above."

By order of the Board of
Golden Resorts Group Limited
Wong Hin Shek
Executive Director

Hong Kong, 25 April 2007

As at the date hereof, the executive Directors are Mrs. Chu Yuet Wah and Mr. Wong Hin Shek; the non-executive Director is Mr. Chu, Nicholas Yuk-yui; and the independent non-executive Directors are Dr. Wong Yun Kuen, Mrs. Lo Miu Sheung, Betty, and Mr. Lau Man Tak.

Registered Office: Principal Place of Business in Hong Kong:

Clarendon House Suite 2809, 28th Floor

2 Church Street One International Finance Centre

Hamilton HM 11 1 Harbour View Street

Bermuda Central

Hong Kong

NOTICE OF SGM

Notes:

- 1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more than one proxy to attend and to vote in his stead. A proxy need not be a member of the Company.
- 2. A form of proxy for use at the meeting is enclosed herewith. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the form of a proxy must be under its common seal or under the hand of an officer, attorney or other person authorised to sign the proxy.
- 3. To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of authority, must be deposited at the Company's principal place of business in Hong Kong at Suite 2809, 28th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong or the Company's branch share registrar and transfer office in Hong Kong, Abacus Share Registrars Limited, at 26th Floor, Tesbury Centre, 28 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.
- 4. Completion and return of the form of proxy shall not preclude members from attending and voting in person at the meeting or at any adjourned meeting (as the case may be) should they wish, and in such event, the form of proxy shall be deemed to be revoked.
- 5. Where there are joint holders of any shares of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the name stands first on the register of members of the Company in respect of the joint holding.