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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this document or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Honesty Treasure International Holdings Limited, you should at once hand this document to the purchaser, transferee or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**HONESTY TREASURE INTERNATIONAL HOLDINGS LIMITED**

**信寶國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 600)**

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF CERTAIN PROPERTIES IN MACAU**

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## DEFINITIONS

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

“Agreement”	the provisional contract for the sale and purchase of properties (樓宇轉讓臨時合同) dated 26 March 2007 and entered into by the Purchaser and the Vendor in respect of the Properties
“Board”	the Board of Directors
“Company”	Honesty Treasure International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Properties by the Vendor pursuant to the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s), who are third party(ies) independent of the Company and its connected persons
“Latest Practicable Date”	11 April 2007, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information for inclusion in this document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this document excludes Hong Kong and Macau
“Properties”	24 residential units at various floors of Edificio Chu Kuan Mansion (珠光大廈) as more particularly set out in the Agreement
“Purchaser”	Yue, Moon Tong Tom, an Independent Third Party

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## DEFINITIONS

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“Shares(s)”	ordinary share(s), currently with par value of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Super Times/the Vendor”	Super Times Far East Limited, a limited liability company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“MOP”	Macau Patacas, the lawful currency of Macau

*Amounts denominated in MOP in this document have been translated into HK\$ at a rate of MOP1.03 = HK\$1.00 for illustration purposes.*

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## LETTER FROM THE BOARD

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# HONESTY TREASURE INTERNATIONAL HOLDINGS LIMITED 信寶國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 600)

*Executive Directors:*

Pedro Chiang, *Chairman*  
Law Kar Po, *Vice Chairman*  
Wu Ka I, Miguel, *Chief Executive Officer*  
Hoi Man Pak  
Ung Choi Kun  
Law Wing Yee, Wendy  
Lee Siu Yuk, Eliza

*Non-executive Director:*

Leonel Alberto Alves

*Independent non-executive Directors:*

Lau Wai Ming  
Kwok Hong Yee, Jesse  
Wong King Lam, Joseph

*Head office and principal place  
of business in Hong Kong:*

Room 2007, 20th Floor  
West Tower, Shun Tak Centre  
168 – 200 Connaught Road  
Central, Hong Kong

*Registered office:*

The RHB Trust Co., Ltd.  
P.O. Box 1787  
Second Floor  
One Capital Place  
Grand Cayman  
Cayman Islands  
British West Indies

13 April 2007

*To the Shareholders*

Dear Sir or Madam,

## DISCLOSEABLE TRANSACTION DISPOSAL OF CERTAIN PROPERTIES IN MACAU

### INTRODUCTION

On 27 March 2007, the Company announced that the Agreement was entered into between the Vendor and the Purchaser, pursuant to which the Vendor agreed to dispose of and the Purchaser agreed to acquire 24 residential units at various floors of Edificio Chu Kuan Mansion (珠光大廈) for a total consideration of HK\$53.6 million. Details of the Properties are set out under the section headed “The Agreement” below.

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## LETTER FROM THE BOARD

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Summarised below are the principal terms of the Agreement.

### **THE AGREEMENT**

**(i) Date**

26 March 2007

**(ii) Parties**

Purchaser: Yue, Moon Tong Tom

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Vendor: Super Times, a wholly-owned subsidiary of the Company

**(iii) Subject of the Disposal**

Pursuant to the Agreement, the Purchaser has agreed to acquire from the Vendor 24 residential units located at various floors of Edificio Chu Kuan Mansion (珠光大廈). Out of the 24 residential units, 4 residential units have been rented out and are sold with tenancy agreements, for a total monthly rent of approximately MOP\$11,160.00 (approximately HK\$10,834.95). The other 20 residential units are vacant. The aggregate gross floor area of the Properties are 31,496 sq. ft. The Properties, together with another 42 residential units and 60 car parking spaces, were acquired by the Group in July 2006 for a total consideration of HK\$139.8 million.

Edificio Chu Kuan Mansion (珠光大廈) comprises of three blocks of buildings, with a total of 267 office units, 156 residential units, 31 shops and 441 car parking spaces. One of the blocks is for commercial use, with 22-storeys, and is located at Avenida Xian Xing Hai (洗星海大馬路) No. 105. The other two blocks are for residential use (being the south wing and the north wing). The south wing, with 16-storeys, is located at Rua de Madrid (馬德里街) No.169. The north wing, with 16-storeys, is located at Rua de Londres (倫敦街) No. 170.

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## LETTER FROM THE BOARD

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### (iv) Consideration

The consideration for the Properties of HK\$53.6 million was determined after arm's length negotiations between the parties by reference to the recent market transactions value.

Under the Agreement, the consideration was or will be paid (as the case maybe) under the following schedule:

- (a) an initial deposit of HK\$3 million was paid by the Purchaser upon signing of the Agreement;
- (b) 15% of the consideration (i.e. HK\$8.04 million, including the initial deposit) will be payable upon signing of the formal sale and purchase agreement;
- (c) 15% of the consideration (i.e. HK\$8.04 million) will be payable within 45 days from the date of formal sale and purchase agreement; and
- (d) the remaining 70% of the consideration (i.e. HK\$37.52 million) will be payable within 120 days from the date of the formal sale and purchase agreement.

### (v) Completion

Completion of the Disposal is subject to, inter alias, the entering into a formal sale and purchase agreement with the Purchaser. Except for 6 residential units (which would require additional renovation work), the expected long stop date of completion of the remaining residential units (i.e. 18 units) under the Disposal will be on or before 30 July 2007, being 120 days from the expected date of signing of the formal sale and purchase agreement.

## REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is primarily an investment holding company and its investment portfolio includes (i) hotel and real estate investments; and (ii) trading and distribution of leather products.

According to the unaudited management accounts of the Group, the book value of the Properties was approximately HK\$49.3 million as at 31 December 2006. The Disposal at a consideration of HK\$53.6 million will give rise to a gain of approximately HK\$4.3 million (subject to final audit for the year ending 31 December 2007). With the improvement in the Macau's property market, the Directors consider that it is a good opportunity to dispose the Properties at a

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## LETTER FROM THE BOARD

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profit. Since the Group acquired the Properties in July 2006, after taking into account the rental income and deducting the management fee and interest expenses attributable to the Properties, the Properties would incur a net loss for the period from 25 July 2006 (date of acquisition) to 31 December 2006 and the period from 1 January 2007 to 31 March 2007 amounting to approximately HK\$902,000 (subject to audit) and HK\$496,000 (subject to audit) respectively. As a result, the earnings of the Group is likely to be improved after the Disposal.

The Board intends to use the net proceeds (after deducting the legal fees, stamp duty, if any) for the repayment of part of the outstanding mortgage loan in relation to the Properties (being HK\$97.86 million outstanding as at the Latest Practicable Date).

On the basis of the above-mentioned gain on Disposal of approximately HK\$4.3 million (subject to audit), the net assets of the Group are expected to increase by the same amount. After the completion of the Disposal, the total assets of the Group will be reduced by the same amount as the book value attributable to the Properties.

As the net proceeds of the Disposal will be used to repay part of the mortgage loan in relation to the Properties, the Group's total liabilities will accordingly be reduced by the same amount as the net proceeds. In addition, the Group will be able to save on interest expenses and hence, the debt gearing position would also improve as a result of the Disposal.

The Directors (including the independent non-executive Directors) are of the view that the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole and the terms of the Agreement, including the consideration, are fair and reasonable.

### **GENERAL**

The Disposal constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. Your attention is also drawn to the additional information set out in the appendix to this document.

Yours faithfully,  
By Order of the Board  
**Honesty Treasure International Holdings Limited**  
**Lee Siu Yuk Eliza**  
*Executive Director*



## 1. RESPONSIBILITY STATEMENT

This document 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 document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this document, the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

### 2.1. Disclosure of interests by the Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (“Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), to be notified to the Company and the Stock Exchange were as follows:

#### *2.1.1. Long position in the ordinary shares of HK\$0.05 each (“Shares”) of the Company*

Name of Director	Capacity	Number of Shares	% to the issued share capital of the Company as at the Latest Practicable Date
Mr. Chiang Pedro	Beneficial owner	153,640,520	5.43
Mr. Law Kar Po	Beneficial owner	397,356,000	14.04
Mr. Wu Ka I, Miguel	Beneficial owner	35,067,140	1.24
Mr. Ung Choi Kun	Beneficial owner	2,200,000	0.08
Mr. Hoi Man Pak	Beneficial owner	89,126,600	3.15
	Interest of spouse ( <i>Note</i> )	136,000	0.01

*Note:* These Shares are held by Ms. Wong Sao Lai, spouse of Mr. Hoi Man Pak.

*2.1.2. Long position in the underlying Shares*

- (i) *Long position in the listed warrants (“HONESTY W0906”) of the Company*

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of underlying Shares (in respect of “HONESTY W0906” of the Company) held</b>	<b>% to the issued share capital of the Company as at the Latest Practicable Date</b>
Mr. Chiang Pedro	Beneficial owner	15,364,052	0.54
Mr. Law Kar Po	Beneficial owner	35,852,200	1.27
Mr. Wu Ka I, Miguel	Beneficial owner	3,506,714	0.12
Mr. Ung Choi Kun	Beneficial owner	220,000	0.01
Mr. Hoi Man Pak	Beneficial owner	8,497,660	0.30
	Interest of spouse ( <i>Note</i> )	13,600	0.01

*Note:* These underlying Shares are held by Ms. Wong Sao Lai, spouse of Mr. Hoi Man Pak.

HONESTY W0906 entitle the holders to subscribe for new Shares at a price of HK\$0.26 per Share (subject to adjustment) until 6 June 2009.

- (ii) *Long position in the unlisted 2.5% fixed interest convertible redeemable notes (“CNs”) of the Company*

Name of Director	Capacity	Amount of CNs HK\$	Number of underlying Shares and (%) to the issued share capital of the Company as at the Latest Practicable Date
Mr. Chiang Pedro	Beneficial owner	36,437,703	246,200,696 (8.70)
	Interest of spouse	4,554,713	30,775,088 (1.08)
Mr. Law Kar Po	Beneficial owner	22,773,565	153,875,439 (5.44)
Mr. Wu Ka I, Miguel	Beneficial owner	4,554,713	30,775,087 (1.09)
Mr. Hoi Man Pak	Beneficial owner	13,664,137	92,325,250 (3.26)

*Note:* These underlying Shares are held by Ms. Leong Lai Heng, spouse of Mr. Chiang Pedro.

Holder of the CNs are entitled to elect to convert the CNs into Shares at the conversion price of HK\$0.148 per Share (subject to adjustment) until 27 April 2011.

- (iii) *Long position in the unlisted warrants of the Company (“Unlisted Warrants”)*

Mr. Ung Choi Kun, as beneficial owner, directly held 5,000,000 Unlisted Warrants carrying the rights to subscribe for 5,000,000 new Shares (representing approximately 0.18% of the issued share capital of the Company) of the Company at a subscription price of HK\$0.35 per Share (subject to adjustment) until 20 July 2007.

### **2.1.3. Interests in other members of the Group**

Each of Mr. Law Kar Po and Ms. Law Wing Yee, Wendy was interested in 10% of the issued share capital of Star Palace Enterprises Limited.

## **2.2. Particulars of Directors’ Service Contracts**

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

**2.3. Save as disclosed above, as at the Latest Practicable Date:**

**2.3.1.** none of the Directors and chief executive hold any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of the SFO) notifiable 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 are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange;

**2.3.2.** none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2005 the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries except the following transactions:

- (i) major and connected transaction in relation to the acquisition of an interest in Companhia De Investimento E Desenvolvimento Continental Ocean Limitada as disclosed in the circular issued by the Company dated 22 March 2006;
- (ii) connected and discloseable transaction entering into of the transfer of business agreement as disclosed in the circular issued by the Company dated 13 July 2006;

**2.3.3.** none of the Directors is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this document and which is significant in relation to the business of the Group; and

**2.3.4.** none of the Directors is a director or employee of a company which 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.

**2.4. Directors' interests in competing businesses**

As at the Latest Practicable Date, none of the Directors is interested in the businesses (other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or any member of the Group) which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors or the chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO:

#### 3.1. Long position in the Shares

Name of shareholder	Capacity	Number of Shares	% to the issued share capital of the Company as at the Latest Practicable Date
Ms. Leong Lai Heng	Interest of spouse ( <i>Note 1</i> )	153,640,520	5.43
Ms. Wong Sao Lai	Beneficial owner	136,000	0.01
	Interest of spouse ( <i>Note 2</i> )	89,126,600	3.15

*Notes:*

- (1) These Shares are held by Mr. Chiang Pedro, the spouse of Ms. Leong Lai Heng.
- (2) These Shares are held by Mr. Hoi Man Pak, the spouse of Ms. Wong Sao Lai.

#### 3.2. Long position in the underlying Shares

Name of shareholder	Capacity	Number of underlying Shares	% to the issued share capital of the Company as at the Latest Practicable Date
Ms. Leong Lai Heng	Beneficial owner	30,775,088	1.08
	Interest of spouse ( <i>Note 1</i> )	261,564,748	9.24
Ms. Wong Sao Lai	Beneficial owner	13,600	0.01
	Interest of spouse ( <i>Note 2</i> )	100,822,910	3.56

*Notes:*

- (1) These underlying Shares are held by Mr. Chiang Pedro, the spouse of Ms. Leong Lai Heng.
- (2) These underlying Shares are held by Mr. Hoi Man Pak, the spouse of Ms. Wong Sao Lai.

Save as disclosed above, as at the Latest Practicable Date, no person (other than Directors or chief executive of the Company) had an interest or a short position in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

#### **4. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was 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 by or against the Company or any of its subsidiaries.

#### **5. MISCELLANEOUS**

- (a) The head office and principal place of business of the Company in Hong Kong is located at Room 2007, 20th Floor, West Tower, Shun Tak Centre, 168 – 200 Connaught Road, Central, Hong Kong. The registered office of the Company is located at The RHB Trust Co., Ltd., P.O. Box 1787, Second Floor, One Capital Place, Grand Cayman, Cayman Islands, British West Indies.
- (b) The share registrars of the Company is Standard Registrars Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (c) The company secretary and qualified accountant of the Company is Mr. Law Chun Choi, a fellow member of The Hong Kong Institute of Certified Public Accountants, The Chartered Association of Certified Accountants, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries.
- (d) This document will be displayed on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk).
- (e) In the event of inconsistency, the English text of this document will prevail over the Chinese text.