



BERJAYA HOLDINGS (HK) LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 288)

VERY SUBSTANTIAL DISPOSAL AND RESUMPTION OF TRADING

The Directors announce that Panluck Limited, a wholly owned subsidiary of the Company, enter into the Agreement with the Purchasers on 12 January 2006 pursuant to which Panluck Limited has agreed to sell, and the Purchasers have agreed to purchase, 82% of the equity interests of the Target Company, representing the entire equity interest held by Panluck Limited in the Target Company at a consideration of RMB41 million (equivalent to HK\$39,423,077).

The terms of the Disposal were negotiated on an arm's length basis and the Directors consider that the Disposal and its terms are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Disposal constitutes a very substantial disposal of the Company under the Listing Rules. Pursuant to Rule 14.49 of the Listing Rules, the Disposal is conditional upon the approval of the Shareholders in the EGM.

A circular containing, among others, details of the Disposal and a notice of the EGM will be despatched to the Shareholders within 21 days from the date of publication of this announcement.

At the request of the Company, trading in the shares of the Company has been suspended from 9:30 a.m. on 12 January 2006. An application has been made to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:30 a.m. on 20 January 2006.

THE AGREEMENT

1. **Date**
12 January 2006
2. **Parties**
Vendor: Panluck Limited
The Vendor is an investment holding company incorporated in Hong Kong and a wholly-owned subsidiary of the Company

Purchasers: Shanghai Huifa Investment Limited Company, a company established in the PRC which is principally engaged in construction and decoration projects, real estate information consultation and investment.

Shanghai Baizhong Investment Management Limited Company, a company established in the PRC which is principally engaged in real estate information consultation, management and investment.

Both of the Purchasers do not have any business relationships with the Vendor prior to this Disposal. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchasers and their respective ultimate beneficial owners are Independent Third Parties. After the Disposal, Shanghai Huifa Investment Limited Company and Shanghai Baizhong Investment Management Limited Company will be interested in 70% and 12% of the entire equity interests of the Target Company respectively.

3. **Subject matter of the Agreement**
82% of the equity interests of the Target Company beneficially owned by the Vendor, representing the entire equity interests owned by the Vendor in the Target Company.

Target Company is a joint venture established in the PRC which is principally engaged in the business of property holding. The Target Company was established in 1994 by the Vendor and Shanghai Bai'an Health Real Estate Development Company, which held 18% of the equity interests of the Target Company as at the date of the Agreement. To the best knowledge of the Directors, Shanghai Bai'an Health Real Estate Development Company is independent of the two purchasers of this transaction. The principal asset of the Target Company is the PRC Property. Other than the PRC Property, the Target Company does not own any other fixed assets.

According to a valuation on the PRC Property made by an independent property valuer, Savills Valuation and Professional Services Limited, as at the 31 December 2005, the value of the PRC Property was HK\$74 million.

As at 31 October 2005, the unaudited book value of the PRC Property was HK\$53,635,000.

Before the Disposal, three out of five of the directors of the Target Company were nominated by the Group and the remaining two directors of the Target Company were nominated by Shanghai Bai'an Health Real Estate Development Company, the PRC party of the Target Company.

4. **Consideration**
The Consideration for the Disposal is RMB41,000,000 (equivalent to HK\$39,423,077) of which RMB35,000,000 (equivalent to HK\$33,653,846) and RMB6,000,000 (equivalent to HK\$5,769,231) shall be paid by Shanghai Huifa Investment Limited Company and Shanghai Baizhong Investment Management Limited Company, respectively. The Consideration was agreed after arm's length negotiation between the Vendor and the Purchasers on normal commercial terms and determined with reference to the net assets value of the Target Company.

The payment terms of the Considerations are as follows:

- (1) the Purchasers shall within five days after the date of the Agreement pay 20% of the Consideration to a custodian agent, a PRC law firm, which shall deposit the same in a custodian account;
- (2) the Purchasers shall pay the remaining 80% of the Consideration to the custodian agent within 14 days after the completion of the change of the registered capital of the Target Company;
- (3) after the completion of the procedures of changing the shareholders of the Target Company, the custodian agent shall release the Consideration, after deducting the Withholding Amount for setting any debt, to the Vendor.

Any Withholding Amount left shall be paid to Panluck Limited after two years from the date of the completion of the changing of the shareholders of the Target Company.

5. **Conditions of the Disposal**
According to the Agreement, the Disposal is conditional upon the reduction of the registered capital of the Target Company from US\$15,000,000, to US\$8,407,432. The

reduction of the registered capital of the Target Company and the change of the shareholders of the Target Company are required to be approved by the relevant PRC authorities. Should the reduction of the registered capital of the Target Company cannot be completed within six months from the date of the Agreement, the Agreement shall be terminated and no party shall have any further rights thereunder.

Pursuant to the Listing Rules, the Disposal is conditional upon the passing of an ordinary resolution by the Shareholders approving the Disposal in the EGM as requested by the Listing Rules.

6. **Completion**
Completion for the Agreement will take place after the conditions stated in paragraph 5 above have been fulfilled.

7. **Further Obligations of Panluck Limited**
Panluck Limited further agreed in the Agreement, among others, that:

- a. within three days after completion of the change of shareholders of the Target Company, it shall be responsible for terminating the lease made between the Target Company and the tenants on the PRC Property, if any, at its own cost;
- b. within three days after the completion of the change of the shareholders of the Target Company, it shall be responsible for ensuring there are no occupants occupying or stationing on the PRC Property; and
- c. Panluck Limited shall be responsible for any claims against the Target Company for any losses incurred as a result of any activities carried out by the Target Company before the change of the shareholders of the Target Company in pro rata, i.e. it shall be responsible for 82% of the said losses.

INFORMATION ON THE TARGET COMPANY

Based on the unaudited management accounts prepared under the Hong Kong generally accepted accounting policies, the unaudited net loss and profit of the Target Company for the years ended 30 April 2005 and 30 April 2004 is HK\$2,058,000 and HK\$1,508,000 respectively and the unaudited net asset value of the Target Company as at 30 April 2005 and 30 April 2004 is HK\$48,762,000 and HK\$50,820,000 respectively. The unaudited net asset value of the Target Company under HK GAAP as at 31 October 2005 is HK\$49 million. The Directors confirmed that the reduction of capital as mentioned in paragraph 5 above shall not have any impact of the net asset value of the Target Company.

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After the Disposal, the Group shall have no remaining interest in the Target Company and the Target Company shall cease to be a subsidiary of the Group.

REASONS FOR THE DISPOSAL

The Target Company was established by the Company with Shanghai Bai'an Health Real Estate Development Company with a view to invest in and develop the PRC Property. However, since the establishment of the Target Company, there had been changes of the shareholders of the PRC party of the Target Company and the present shareholders of the PRC party of the Target Company are entirely different from those at the time when the Target Company was established. The new shareholders of the PRC party of the Target Company hold different view on various aspect of Target Company, which include the management approach, the appointment of various key personnel and the development of the PRC property. In these circumstances, although the Directors have been considering commencing the development activities on the PRC Property when the time is appropriate, due to the disagreement between the Company and the PRC party of the Target Company on the development strategy and business plans of the PRC Property, the Directors consider that Group may not be able to develop the PRC Property as originally planned. As at the date of this Announcement, there is no lease on the PRC Property and it has not yet been developed by the Target Company.

In these circumstances, the Directors believe that the Disposal represents a good opportunity for the Group to realise its investment in the PRC Property at a reasonable price which enables the Group to make other investment which may have better returns. The PRC party of the Target Company also has given its consent in respect of the Disposal.

The Directors are of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole because with the disagreement with the PRC Party as described above, the Directors anticipate that the Target Company could not be operated in an efficient manner. Without agreed development plan among the partners, the PRC Property could not be developed and fully utilised for the benefit of the Group. Taking into account all of these factors, the Directors consider that although there is a book loss of HK\$9,500,000 as a result of the Disposal, the Disposal is in the interests of the Shareholders as a whole.

USE OF PROCEEDS

The sales proceeds from the Disposal is RMB41 million (equivalent to HK\$39,423,077 million) and the net sales proceeds from the Disposal will be utilised for reduction of bank borrowings, general working capital and for future investment purpose. However, as at the date of this Announcement, no specific project has been identified by the Board.

FINANCIAL EFFECT ON DISPOSAL

It is estimated that, as a result of the Disposal, the Group will record a book loss of HK\$9,500,000. The Directors confirmed that there is no minority interest effect on the loss of Disposal. According to the Hong Kong Accounting Standard, as the PRC party of the Target Company has no binding obligations to make good for any losses and it does not have advance to the Target Company, the PRC party of the Target Company, as a minority shareholder, does not share any of the losses incurred by the Target Company in excess of its paid up capital.

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company.

GENERAL

The Group is principally engaged in property investment and development.

The Disposal constitutes a very substantial disposal of the Company under the Listing Rules. Pursuant to Rule 14.49 of the Listing Rules, the Disposal is conditional upon the approval of the Shareholders in the EGM.

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DEFINITION

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

“Agreement”	: the agreement for the sale and purchase of the Sale Equity Interest dated 12 January 2006, and entered into between the Vendor and the Purchasers
“Company”	: Berjaya Holdings (HK) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Consideration”	: the consideration for the Disposal to be paid by the Purchasers pursuant to the Agreement
“Directors”	: the directors of the Company
“Disposal”	: the disposal by the Vendor of the Sale Equity Interest pursuant to the Agreement
“EGM”	: an extraordinary general meeting of the Company to be convened for approving the Agreement and the Disposal
“Group”	: the Company and its subsidiaries
“Hong Kong”	: the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	: Independent third party(ies) who is/are independent of and not connected with the Company and any of the Directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
“Listing Rules”	: the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	: the People’s Republic of China
“PRC Property”	: Lot No.15, Jinqiao Export Processing Zone, Pudong New Area, Shanghai, PRC (上海金橋出口加工區浦東新區), a property comprises an irregularly shaped level site, with an approximate site area of 95,530 sq.m. (1,028,285 sq. ft.) for industrial use
“Purchasers”	: Shanghai Huifa Investment Limited Company and Shanghai Baizhong Investment Management Limited Company, the details of which are stated under the paragraph headed “The Agreement”
“Sale Equity Interests”	: 82% of the equity interests of the Target Company
“Shareholders”	: shareholders of the Company
“Stock Exchange”	: The Stock Exchange of Hong Kong Limited
“Target Company”	: Shanghai Berjaya-Huitong Real Estate Development Co. Ltd., a joint venture established in the PRC which is principally engaged in property holding, and the equity interests of which is owned as to 82% by the Group and as to 18% by Shanghai Bai’an Health Real Estate Development Company
“Vendor”	: Panluck Limited, a wholly owned subsidiary of the Company
“Withholding Amount”	: the total amount of the debts of the Target Company agreed among by the parties to the Agreement, i.e. RMB7,834,990.00
“HK\$”	: Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	: Renminbi yuan, the lawful currency of the PRC
“US\$”	: US dollars, the lawful currency of the United States of America
“%”	: per cent.

As of the date hereof, the Board of the Directors of the Company comprises four executive Directors namely Mr. Chan Kien Sing, Mr. Chin Chee Seng Derek, Ms. Tan Ee Ling and Mr. Wong Man Hong; and three independent non-executive Directors namely Dato’ Lee Ah Hoe and Mr. Tan Tee Yong and Mr. Leou Thiam Lai.

On Behalf of the Board
Chan Kien Sing
Chairman

Hong Kong, 19 January 2006

For the purpose of this announcement, an exchange rate of HK\$1 = RMB1.04 has been adopted for illustrative purpose only.