



祥泰行集團有限公司*

CHEUNG TAI HONG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 199)

**UNUSUAL MOVEMENT IN TRADING VOLUME
OF THE SHARES OF THE COMPANY
AND
CONVERSION OF CONVERTIBLE NOTES**

The Board has noted today an increase in the trading volume of the Shares of the Company and wishes to state that it is not aware of any reasons for such increase.

The Directors wish to announce that five holders of the 2005 February Convertible Notes, holding an aggregate principal amount of HK\$16,720,000, representing 26.38% of the outstanding principal of HK\$63,377,000, gave notices to the Company to convert the 2005 February Convertible Notes at the conversion price of HK\$0.42 per Share on 16th February, 2006 and four holders of the Convertible Notes, holding an aggregate principal amount of HK\$5,264,000, representing 0.53% of the outstanding principal of HK\$1,000,000,000, gave notices to the Company to convert the Convertible Notes at the conversion price of HK\$0.44 per Share on 15th February, 2006 and 16th February, 2006 respectively pursuant to the terms and conditions stipulated in the Conversion.

Shareholders and investors should exercise caution when dealing in the Shares.

The following statement is made at the request of the Stock Exchange.

Reference is made to the Company's announcement dated 20th April, 2005 (the "Announcement") and circular dated 23rd May, 2005 (the "Circular"). Unless the context herein otherwise requires, terms used in this announcement shall have the same meanings as defined in the Announcement and the Circular.

The Board of the Company has noted today an increase in the trading volume of the Shares of the Company and wishes to state that it is not aware of any reasons for such increase.

The Directors wish to announce that five holders of the 2005 February Convertible Notes, holding an aggregate principal amount of HK\$16,720,000, representing 26.38% of the outstanding principal of HK\$63,377,000, gave notices to the Company to convert the 2005 February Convertible Notes at the conversion price of HK\$0.42 per Share on 16th February, 2006 and four holders of the Convertible Notes, holding an aggregate principal amount of HK\$5,264,000, representing 0.53% of the outstanding principal of HK\$1,000,000,000, gave notices to the Company to convert the Convertible Notes at the conversion price of HK\$0.44 per Share on 15th February, 2006 and 16th February, 2006 respectively pursuant to the terms and conditions stipulated in the aforesaid convertible notes (the "Conversion"). Accordingly, the aggregate outstanding principal for the 2005 February Convertible Notes and the Convertible Notes will be reduced to HK\$46,657,000 and HK\$994,736,000 respectively. As a result of the Conversion, a total of 51,773,159 ordinary Shares of HK\$0.01 each, representing 12.20% of the existing issued share capital of the Company and 10.87% of the issued share capital of the Company as enlarged by the issue of Shares of the Company upon the Conversion, will be allotted and duly issued. As at the date of this announcement, the Company is not aware that any of the above noteholders, after the Conversion, will become a substantial shareholder of the Company. The Company will make appropriate announcement when it is confirmed that any of the above noteholders becomes a substantial shareholder of the Company. Details of the Conversion and the changes in the issued share capital of the Company as at 15th February, 2006 and 16th February, 2006 are set out below:

	Number of Shares
Number of issued Shares at 31st January, 2006 and 14th February, 2006	424,383,600
Notices of Conversion received on 15th February, 2006 for the Convertible Notes of HK\$4,000,000 at the conversion price of HK\$0.44 per Share	9,090,909
Notices of Conversion received on 16th February, 2006 for:	
– the Convertible Notes of HK\$1,264,000 at the conversion price of HK\$0.44 per Share	2,872,727
– 2005 February Convertible Notes of HK\$16,720,000 at the conversion price of HK\$0.42 per Share	39,809,523
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Number of issued Shares after the issue of Shares upon the Conversion	<u>476,156,759</u>

Save as disclosed above and in the announcements of the Company dated 6th January, 2006 and 7th February, 2006, we confirm that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23, either is the Board aware of any matter discloseable under general obligation imposed by Rule 13.09, which is or may be of a price-sensitive nature.

Shareholders and investors should exercise caution when dealing in the Shares.

Made by the order of the Board, the Directors of which individually and jointly accept responsibility for the accuracy of the above statement.

By order of the Board
Yan Ha Hung, Loucia
Company Secretary

Hong Kong, 16th February, 2006

As at the date of this announcement, the Board comprises Mr. Cheung Hon Kit (Chairman), Mr. Chan Fut Yan (Managing Director) and Mr. Tse Cho Tseung as executive Directors, Mr. Ho Hau Chong, Norman (Deputy Chairman) and Mr. Lo Lin Shing, Simon as non-executive Directors, and Mr. Wong Chi Keung, Alvin, Mr. Kwok Ka Lap, Alva and Mr. Chui Sai Cheung as independent non-executive Directors.

* For identification purpose only

"Please also refer to the published version of this announcement in The Standard."