



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 eight holders of the 2005 February Convertible Notes, holding an aggregate principal amount of HK\$26,657,000, representing 57.13% of the outstanding principal of HK\$46,657,000, gave notices to the Company to convert the 2005 February Convertible Notes at the conversion price of HK\$0.414 per Share on 1st, 2nd, 13th and 14th March, 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. The Board wishes to state that it is not aware of any reasons for such increase.

The Directors wish to announce that eight holders of the 2005 February Convertible Notes, holding an aggregate principal amount of HK\$26,657,000, representing 57.13% of the outstanding principal of HK\$46,657,000, gave notices to the Company to convert the 2005 February Convertible Notes at the conversion price of HK\$0.414 per Share on 1st, 2nd, 13th and 14th March, 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 will be reduced to HK\$20,000,000. As a result of the Conversion, a total of 64,388,885 ordinary Shares of HK\$0.01 each, representing 13.70% of the issued share capital of the Company as at 28th February, 2006 and 12.05% of the issued share capital of the Company as enlarged by the issue of Shares 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 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, upon further conversion of any convertible notes of the Company (if any), has become a substantial shareholder of the Company. Details of the Conversion and the changes in the issued share capital of the Company as at 14th March, 2006 are set out below:

	Number of Shares
Number of issued Shares as at 28th February, 2006	469,874,940
Notice of Conversion received on 1st March, 2006 for the 2005 February Convertible Notes of HK\$500,000 at the conversion price of HK\$0.414 per Share	1,207,729
Notice of Conversion received on 2nd March, 2006 for the 2005 February Convertible Notes of HK\$1,000,000 at the conversion price of HK\$0.414 per Share	2,415,458
Notice of Conversion received on 13th March, 2006 for the 2005 February Convertible Notes of HK\$2,000,000 at the conversion price of HK\$0.414 per Share	4,830,917
Notices of Conversion received on 14th March, 2006 for the 2005 February Convertible Notes of HK\$23,157,000 at the conversion price of HK\$0.414 per Share	55,934,781
Number of issued Shares after the issue of the Conversion Shares (<i>Note</i>)	<u>534,263,825</u>

Note: As at 14th March, 2006, the Board had yet to approve the conversion notice given on 15th February, 2006 by a holder holding a principal amount of HK\$4,000,000 of the Convertible Notes to convert into 9,090,909 Shares at the conversion price of HK\$0.44 per Share pending receipt of certain requisite information from such holder. Appropriate disclosure will be made in the next monthly announcement after the relevant conversion has been approved by the Board subject to the receipt of the requisite information.

Save as disclosed above and in the announcement of the Company dated 16th 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.

* For identification purpose only

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, 14th March, 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 Cheong as independent non-executive Directors.

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