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

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**If you are in any doubt** as to any aspect of this circular 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 securities in WO KEE HONG (HOLDINGS) LIMITED, you should at once hand this circular to the purchaser(s), transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

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.

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**WO KEE HONG (HOLDINGS) LIMITED**

**和記行（集團）有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 720)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO  
THE ACQUISITION OF OUTDOOR MEDIA  
ADVERTISING AND BROADCASTING BUSINESS**

**Financial adviser to the Company**



**KINGSTON CORPORATE FINANCE LIMITED**

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\* for identification purpose only

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings set out below unless the context otherwise requires otherwise:*

“Acquisition”	the conditional acquisition of 10% issued share capital in Corning Investments
“Board”	the board of Directors
“Business”	the business of the provision of outdoor media advertising and broadcasting network carried out by DOTV and Today’s Media
”Company”	Wo Kee Hong (Holdings) Limited, a company incorporated in Bermuda with limited liability and the Shares are listed on the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the Share Acquisition Agreement
“Completion Date”	any business days after satisfaction of the last of the Conditions within three months after the date of the Share Acquisition Agreement or such other date as the parties may agree in writing
“Conditions”	conditions to Completion of the Share Acquisition Agreement
“Consideration”	the consideration for the Acquisition
“Consideration Shares”	31,266,284 new Shares issued to the Vendors or as they may direct, credited as fully paid, pursuant to the Share Acquisition Agreement
“Corning Investments”	Corning Investments Limited, a company incorporated in the British Virgin Islands
“Directors”	the directors of the Company
“DOTV”	Digital Outdoor Television (Hong Kong) Limited, a company incorporated in Hong Kong and is wholly owned by Corning Investments

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## DEFINITIONS

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“First Guarantor”	Lau Chi Yuen, Joseph
“First Sale Shares”	7 shares of US\$1.00 each in the share capital of Corning Investments held by the First Vendor
“First Vendor”	Yang Pei
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 31 May 2007
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	28 August 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	13 November 2007 or such other date as the parties to the Share Acquisition Agreement may agree
“National Cape”	National Cape Development Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Sale Shares”	the First Sale Shares, the Second Sale Shares and the Third Sale Shares, representing 10% of the issued share capital of Corning Investments
“Second Guarantor”	Yuen Nim Cho
“Second Sale Shares”	7 shares of US\$1.00 each in the share capital of Corning Investments held by the Second Vendor
“Second Vendor”	Executive Talent Limited, a company incorporated in the British Virgin Islands
“Share Acquisition Agreement”	the agreement dated 13 August 2007 entered into between the Company, the First Vendor, the Second Vendor, the Third Vendor, the First Guarantor and the Second Guarantor in connection with the Acquisition

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## DEFINITIONS

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“Shareholders”	the holders of the Shares
“Shares”	the ordinary shares of HK\$1.00 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Corning Investments and its subsidiaries
“Third Sale Shares”	6 shares of US\$1.00 each in the share capital of Corning Investments held by the Third Vendor
“Third Vendor”	Ye Ai Fang
“Today’s Media”	Today’s Media Limited, a company incorporated in Hong Kong and is wholly owned by DOTV
“Vendors”	the First Vendor, the Second Vendor and the Third Vendor

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LETTER FROM THE BOARD

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**WO KEE HONG (HOLDINGS) LIMITED**

**和記行（集團）有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 720)**

*Executive Directors:*

Mr. Richard Man Fai LEE

*(Executive Chairman & Chief Executive Officer)*

Mr. Jeff Man Bun LEE

Mr. Tik Tung WONG

Mr. Waison Chit Sing HUI

*Registered office:*

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

*Non-executive Director:*

Ms. Kam Har YUE

*Principal office in Hong Kong:*

10th Floor, Block A  
Wo Kee Hong Building  
585-609 Castle Peak Road  
Kwai Chung, New Territories  
Hong Kong

*Independent Non-executive Directors:*

Mr. Boon Seng TAN

Mr. Raymond Cho Min LEE

Mr. Ying Kwan CHEUNG

30 August 2007

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION  
IN RELATION TO  
THE ACQUISITION OF OUTDOOR MEDIA  
ADVERTISING AND BROADCASTING BUSINESS**

**INTRODUCTION**

The Company announced on 14 August 2007 that National Cape, a wholly-owned subsidiary of the Company, entered into the Share Acquisition Agreement on 13 August 2007 with the First Vendor, the Second Vendor, the Third Vendor, the First Guarantor and the Second Guarantor to acquire 10% issued share capital in Corning Investments at a consideration of HK\$36,000,000. Corning Investments is interested in the entire issued share capital of DOTV which together with its wholly-owned subsidiary, Today's Media, are principally engaged in the business of the provision of outdoor media advertising and broadcasting network.

\* for identification purpose only

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## LETTER FROM THE BOARD

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The Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. The purpose of this circular is to provide you with further information regarding the Acquisition.

### THE SHARE ACQUISITION AGREEMENT DATED 13 AUGUST 2007

#### Parties

Purchaser:	National Cape
First Vendor:	Yang Pei
Second Vendor:	Executive Talent Limited, a company incorporated in the British Virgin Islands
Third Vendor:	Ye Ai Fang
First Guarantor:	Lau Chi Yuen, Joseph
Second Guarantor:	Yuen Nim Cho

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the First Vendor, the Second Vendor, the Third Vendor, the First Guarantor and the Second Guarantor is a third party independent of the Group and connected persons (as defined in the Listing Rules) of the Group. The beneficial owners of the Second Vendor are independent third parties to the Group and connected persons (as defined in the Listing Rules) of the Group.

#### Assets to be acquired

The Sale Shares, being 10% of the issued share capital of Corning Investments. There is no restriction on subsequent disposal of the Sale Shares.

#### Consideration

The Consideration is HK\$36,000,000 and has been satisfied by the issue and allotment of 10,943,199 Consideration Shares, 10,943,199 Consideration Shares and 9,379,886 Consideration Shares credited as fully paid to the First Vendor, the Second Vendor and the Third Vendor respectively or to their respective nominee(s).

The Consideration of the Acquisition was determined after arm's length negotiation between the Company and the Vendor with reference to (i) the business prospects including the profitability potential, geographical scalability and market advantage offered by DOTV and Today's Media; (ii) the potential synergistic edge evolving from the existing product portfolio of the Group and the wide-reaching market coverage advantage of DOTV and Today's Media; (iii) the practical value of the installed media base thereby further stretching the marketing platform of the Group. As such, the Directors are of the view that the Consideration of the Acquisition is fair and reasonable and in the interest of the Company and the Shareholders as a whole. A total of 31,266,284 new Shares have been issued and allotted as Consideration Shares upon Completion. The Consideration Shares represent approximately 13.96% of the issued share capital of the Company immediately before Completion and 12.25% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

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## LETTER FROM THE BOARD

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The issue price of the Consideration Shares at HK\$1.1514 each credited as fully paid represents a discount of approximately 6.39% to the closing price of the Shares of HK\$1.23 on 13 August 2007 and a discount of approximately 1.59% to the closing price of the Shares of HK\$1.17 on the Latest Practicable Date; and a discount of approximately 5% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the five trading days prior to the date of the Share Acquisition Agreement of HK\$1.212.

The Consideration Shares have been issued by the Company under the General Mandate on the Completion Date, by which the Directors may allot up to 44,323,086 Shares. Save for the Consideration Shares issued by the Directors under the General Mandate, no Shares have been issued pursuant to the General Mandate as at the date hereof. The Consideration Shares represent approximately 70.54% of the Shares that may be allotted under the General Mandate. Save for the Consideration Shares issued and allotted to the First Vendor which are subject to a lock-up period of 12 months from the Completion Date, there is no restriction on subsequent disposal of the remaining Consideration Shares.

Application has been made by the Company for the listing of, and the permission to deal in, the Consideration Shares.

### **Guarantee and Indemnity**

The First Guarantor and the Second Guarantor jointly, severally, unconditionally and irrevocably guarantee to National Cape the due and punctual performance by any of the Vendors of all its obligations under the Share Acquisition Agreement and agree to indemnify National Cape against all losses, damages, costs and expenses which National Cape may suffer through or arising from any breach by any of the Vendors of such obligations.

### **Conditions**

Completion is conditional upon the fulfilment of, among others, the following Conditions:

- (a) completion of the legal and financial due diligence review of the business, affairs, operation and financial position of the Target Group and the due incorporation of, the valid existence of and the power and capacity to carry on the Business by the members in the Target Group to the satisfaction of National Cape; and
- (b) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which neither the Vendors nor National Cape may reasonably object) or agreed to grant listing of and permission to deal in the Consideration Shares.

If any of the Conditions shall not have been fulfilled (or waived in accordance with the Share Acquisition Agreement) by the Long Stop Date, the Share Acquisition Agreement and everything therein contained shall, subject to the liability of any party to the others in respect of any breaches of the terms thereof, be null and void and of no effect.



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## LETTER FROM THE BOARD

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### Completion

According to the Share Acquisition Agreement, Completion shall be on or before any business day after satisfaction of the last of the Conditions within three months after the date of the Share Acquisition Agreement (or such later date as the parties may agree in writing prior to Completion). Completion has taken place on 24 August 2007.

### Information on Corning Investments and its subsidiaries

Corning Investments is a company incorporated in the British Virgin Islands on 28 February 2007. Corning Investments is an investment holding company. Its only assets are the entire shareholding interests in DOTV and Today's Media. DOTV and Today's Media are principally engaged in the provision of outdoor media advertising and broadcasting network.

Immediately before Completion, Corning Investments was owned as to 3.5% by the First Vendor, as to 18% by the Second Vendor, as to 3% by the Third Vendor and as to 75.5% by 2 third parties. Both the 2 third parties and their respective ultimate beneficial owners are independent of the Vendors, the Company and connected persons (as defined under the Listing Rules) of the Vendors and the Company.

DOTV is a media company incorporated in Hong Kong on 9 June 2006, and its business is the first to build the largest outdoor television network with the latest high definition display and broadband technology. To quickly become a dominant player in this high growth media market, DOTV acquired Today's Media on 2 May 2007 and started its operation since then. Today's Media is a company incorporated in Hong Kong on 15 October 2004 and has an installed base of over 100 plasma TVs in various locations in Hong Kong. The source of income for DOTV mainly comes from advertisement over the DOTV's network that can reach a lot of high spending consumers when they are out-of-home (OOH). Today's Media has recorded net loss before and after tax for each of the two financial years ended 31 December 2006 as follows:

	<b>For the year ended 31 December 2005 <i>(audited)</i></b>	<b>For the year ended 31 December 2006 <i>(unaudited)</i></b>
Loss before and after tax	HK\$2,724,820	HK\$4,836,499

According to the unaudited consolidated financial statements of the Target Group as at 31 May 2007, the net liabilities of the Target Group was approximately HK\$659,000 and the Target Group recorded a loss before and after tax of approximately HK\$660,000 for the 5 month period ended 31 May 2007.

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## LETTER FROM THE BOARD

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DOTV has currently over 100 locations with an average of one to two TVs installed per store, including restaurants, computer arcade and record stores. With its aggressive expansion, DOTV targets to reach over 250 locations in 2007, with a weekly reach of over 3 millions high spending young adults in Hong Kong.

As an alternative media option for advertisers from traditional TV, hard-printing and outdoor media, DOTV provides cutting-edge technology to catch up the wave of the increase of High Definition video content and the increase of media spending for OOH reach. DOTV aims at positioning itself as the market leader in this new OOH media in the foreseeable future.

Upon completion of the Share Acquisition Agreement, Corning Investments has been owned as to 10% by the Company. The results of the Target Group will not be consolidated into the Group's financial results for the financial year ending 31 December 2007.

### **Reasons for the Acquisition**

The Group is principally engaged in the import, marketing and distribution of air-conditioning and refrigeration products, audio-visual equipment, car audio and electronic products, cars and car accessories, motor yachts, other electronic and electrical products and property investment. National Cape is principally engaged in investment holding.

The Second Vendor is principally engaged in investment holding.

The Board is of the view that the businesses of the Group shall be strengthened and further diversified by engaging in the sectors/industries which are anticipated to improve its profitability and broaden its revenue stream. In view of the virtue of the Acquisition, the Board believes that the media advertising and broadcasting business is expected to expand the Group's business horizon and create massive exposure opportunities by tapping into the potential synergistic benefit as a result of the Group's existing high-value consumer product portfolio crossing over the outdoor TV platform of DOTV. Foreseeing that the coverage of the outdoor TV platform will expand into different geographical regions, including Macau and mainland China, the Group can further leverage its business to enhance the brand values of its growing product portfolios in the next level. Given the potential of high growth of the next-generation out of home digital broadcasting market in Hong Kong and mainland China and the synergistic advantage resulting from the marketing power of DOTV, the Company will continue to explore opportunities in this direction.

The Acquisition is not expected to have any material impact on the earnings, assets and liabilities of the Group and would not result in any change of control of the Company.

In view of the above, the Directors are of the view that the terms of the Share Acquisition Agreement including the Consideration are fair and reasonable so far as the Shareholders are concerned and the Share Acquisition Agreement is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### **General**

The Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

### **Additional Information**

Your attention is drawn to the general information contained in the appendix to this circular.

Yours faithfully,  
For and on behalf of  
**WO KEE HONG (HOLDINGS) LIMITED**  
**Richard Man Fai LEE**  
*Executive Chairman and Chief Executive Officer*

**RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. 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, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

**SHARE CAPITAL**

The authorised and issued share capital, before and immediately following completion of the Acquisition, of the Company as at the Latest Practicable Date were as follows:

<i>Authorised share capital</i>		<i>HK\$</i>
350,000,000 Shares		350,000,000
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<i>Issued as fully paid</i>		<i>HK\$</i>
224,048,475 Shares in issue before Completion		224,048,475
31,266,284 Consideration Shares issued pursuant to the Share Acquisition Agreement		31,266,284
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255,314,759 Shares in issue as at the Latest Practicable Date		255,314,759
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The Consideration Shares issued pursuant to the Share Acquisition Agreement rank pari passu with the existing Shares.

**DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY**

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which are 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 and short positions which he is taken or deemed to have under such provisions of SFO); or are required, pursuant to Section 352 of

the SFO, to be entered in the register referred to therein; or are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange are as follows:

(a) Beneficial interests and short positions in Shares as at the Latest Practicable Date:

Director	Number of Shares			Total
	Personal interests	Family interests	Corporate interests	
Mr. Richard Man Fai LEE	1,556,438(L)	78,657(L) (Note 1)	97,133,570(L) (Note 2)	98,768,665 (Note 5)
Mr. Jeff Man Bun LEE	471,900(L)	–	98,579,289(L) (Notes 2 & 3)	99,051,189 (Note 5)
Mr. Tik Tung WONG	200,000(L)	–	–	200,000 (Note 5)
Mr. Waison Chit Sing HUI	100,000(L)	–	–	100,000 (Note 5)
Mr. Boon Seng TAN	271,385(L)	–	–	271,385 (Note 5)
Mr. Raymond Cho Min LEE	–	–	1,920,200(L) (Note 4)	1,920,200 (Note 5)
Ms. Kam Har YUE	5,209,716(L)	–	97,133,570(L) (Note 2)	102,343,286 (Note 5)

Notes:

1. The 78,657 Shares are owned by Ms. Siew Yit HOH, the spouse of Mr. Richard Man Fai LEE.
2. The 97,133,570 Shares are held by Modern Orbit Limited, which is wholly owned by Cyber Tower Inc. as trustee of The WS Lee Unit Trust. 99% of the units of The WS Lee Unit Trust are held by a discretionary trust of which Mr. Wing Sum LEE's family members including Ms. Kam Har YUE, Mr. Richard Man Fai LEE and Mr. Jeff Man Bun LEE are the beneficiaries. The remaining 1% of the units of The WS Lee Unit Trust is held by Skylink International Asset Corporation, a company incorporated in the British Virgin Islands and owned by Ms. Kam Har YUE, Mr. Richard Man Fai LEE and Mr. Jeff Man Bun LEE.
3. Out of the 98,579,289 Shares, 1,445,719 Shares are held by Fisherman Enterprises Inc., a company incorporated in the British Virgin Islands and wholly owned by Mr. Jeff Man Bun LEE.
4. The 1,920,200 Shares are beneficially owned by ODE Asia Limited, which is 100% owned by M.W. Lee & Sons Enterprises Limited which is controlled by Mr. Raymond Cho Min LEE.
5. All interests in the Shares are long positions. None of the Directors hold any short position in the Shares.

(L) denotes long position

(b) Beneficial interests and short positions in underlying shares of equity derivatives of the Company as at the Latest Practicable Date:

Director	Date of option granted	No. of Shares attached to the option	Exercisable period	Subscription price per Share HK\$
Mr. Richard Man Fai LEE	10 August 2001	5,506,050(L)	16 September 2001 – 15 September 2007	1.6610
	24 September 2002	2,215,928(L)	24 September 2002 – 23 September 2008	1.0000
	11 June 2007	220,000(L)	11 June 2007 – 10 June 2013	1.0000
Mr. Jeff Man Bun LEE	4 June 2002	314,631(L)	4 June 2002 – 3 June 2008	1.0000
	24 September 2002	143,000(L)	24 September 2002 – 23 September 2008	1.0000
	11 June 2007	100,000(L)	11 June 2007 – 10 June 2013	1.0000
Mr. Raymond Cho Min LEE	4 June 2002	220,241(L)	4 June 2002 – 3 June 2008	1.0000
	24 September 2002	1,144(L)	24 September 2002 – 23 September 2008	1.0000
	11 June 2007	50,000(L)	11 June 2007 – 10 June 2013	1.0000
Mr. Ying Kwan CHEUNG	11 June 2007	50,000(L)	11 June 2007 – 10 June 2013	1.0000
Ms. Kam Har YUE	10 August 2001	5,506,050(L) (Note 1)	16 September 2001 – 15 September 2007	1.6610
	29 August 2001	78,657(L)	30 September 2001 – 29 September 2007	1.6610
	24 September 2002	64,064(L) (Note 2)	24 September 2002 – 23 September 2008	1.0000
	11 June 2007	80,000(L)	11 June 2007 – 10 June 2013	1.0000

*Notes:*

1. The 5,506,050 Options granted to Mr. Wing Sum LEE, the spouse of Ms. Kam Har YUE, are included.
2. The 64,064 Options granted to Mr. Wing Sum LEE, the spouse of Ms. Kam Har YUE, are included.

*(L) denotes long position*

- (c) Beneficial interests and short positions in shares in associated corporations as at the Latest Practicable Date:

<b>Director</b>	<b>Associated corporations in which shares or equity interests are held or interested</b>	<b>Number of shares or amount of equity interests held or interested</b>	<b>Class and/or description of shares</b>
Ms. Kam Har YUE	Rogers Entertainment International Limited	34,335	Non-voting deferred shares
	Shinwa Engineering Company, Limited	3,850,000	Non-voting deferred shares
	Stoneycroft Estates Limited	16,090,000 <i>(Note 1)</i>	Non-voting deferred shares
	Wo Kee Hong Limited	8,900 <i>(Note 2)</i>	Non-voting deferred shares
	Wo Kee Services Limited	1 <i>(Note 3)</i>	Non-voting deferred share

*Notes:*

1. The 15,750,000 shares held by Mr. Wing Sum LEE, the spouse of Ms. Kam Har YUE, are included.
2. The 8,500 shares held by Mr. Wing Sum LEE, the spouse of Ms. Kam Har YUE, are included.
3. The 1 share held by Mr. Wing Sum LEE, the spouse of Ms. Kam Har YUE, is included.

Save as disclosed above, none of the Directors and chief executives of the Company have any interests and short position in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which are 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 and short positions which he is taken or deemed to have under such provisions of SFO); or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange as at the Latest Practicable Date.

#### SUBSTANTIAL SHAREHOLDER

As at the Latest Practicable Date, so far as known to the Directors and chief executives of the Company, persons other than the Directors or chief executives of the Company, who has 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, or who is, directly or indirectly, interested in 5% or more the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group are as follows:

Beneficial interests and short positions in Shares and underlying shares of equity derivatives of the Company as at the Latest Practicable Date:

Name of Shareholder	Number of Shares	Number of underlying shares of equity derivatives	Approximate % of the total issued Shares as at the Latest Practicable Date
Modern Orbit Limited	97,133,570 (L) (Note 1)	–	38.04%
Cyber Generation Limited	325,000 (L) (Note 2)	–	0.12%
Great Intelligence Holdings Limited	3,175,800 (L) (Note 2)	–	1.24%
Cross Profit Capital Limited	–	30,000,000 (L) (Note 2)	11.75%



*Notes:*

1. The 97,133,570 Shares are held by Modern Orbit Limited, which is wholly owned by Cyber Tower Inc. as trustee of The WS Lee Unit Trust. 99% of the units of The WS Lee Unit Trust are held by a discretionary trust of which Mr. Wing Sum LEE's family members including Ms. Kam Har YUE, Mr. Richard Man Fai LEE and Mr. Jeff Man Bun LEE are the beneficiaries. The remaining 1% of the units of The WS Lee Unit Trust is held by Skylink International Asset Corporation, a company incorporated in the British Virgin Islands and owned by Ms. Kam Har YUE, Mr. Richard Man Fai LEE and Mr. Jeff Man Bun LEE.
2. The 325,000 Shares are held by Cyber Generation Limited, a wholly owned subsidiary of Hanny Magnetics (B.V.I.) Limited. The 30,000,000 Shares represented the Shares to be issued upon the full conversion of a HK\$30,000,000 convertible redeemable note convertible at HK\$1.00 which is held by Cross Profit Capital Limited, a wholly owned subsidiary of Hanny Magnetics (B.V.I.) Limited which in turn is a wholly owned subsidiary of Hanny Holdings Limited.

Famex Investment Limited, a wholly owned subsidiary of Mankar Assets Limited, owns more than one-third of the entire issued share capital of Hanny Holdings Limited. Mankar Assets Limited is a wholly owned subsidiary of ITC Investment Holdings Limited which in turn is a wholly owned subsidiary of ITC Corporation Limited.

The 3,175,800 Shares are held by Great Intelligence Holdings Limited, a wholly owned subsidiary of ITC Management Group Limited which in turn is a wholly owned subsidiary of ITC Corporation Limited.

Hanny Magnetics (B.V.I.) Limited, Hanny Holdings Limited, Famex Investment Limited, Mankar Assets Limited, ITC Investment Holdings Limited and ITC Corporation Limited are deemed to be interested in the Shares held by Cyber Generation Limited and the underlying shares arising from the convertible redeemable note held by Cross Profit Capital Limited.

ITC Management Group Limited and ITC Corporation Limited are deemed to be interested in the Shares held by Great Intelligence Holdings Limited.

*(L) denotes long position*

Save as disclosed, so far as known to the Directors and chief executives of the Company, there are no other persons other than the Directors or chief executives of the Company, who has 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, or who is, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

**DIRECTORS' INTEREST IN SERVICE CONTRACTS**

None of the Directors has entered or is proposing to enter into a service contract with any member of the Group (excluding contracts expiring or determinable within one year without payment of compensation (other than statutory compensation)).

**LITIGATION**

Save as disclosed below, so far as the Directors are aware, as at the Latest Practicable Date, neither the Company nor any subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

In March 2004, Jasbir Singh, the proprietor of Supreme Electronic Industry (India) (“Supreme Electronic”) commenced legal proceedings against, among others, WKH Communications Pvt. Ltd. (“WKH Communications”) and WKH India Pvt. Limited (“WKH India”) for an amount of approximately HK\$1,300,000 allegedly owed by WKH Communications. It is alleged that WKH Communications has on 16 May 2000 entered into a sale and purchase agreement with Supreme Electronic for the purchase of certain audio systems and accessories. WKH India, a subsidiary of the Company, is the guarantor of WKH Communications under the said sale and purchase agreement. The HK\$1,300,000 claimed represented the aggregate of the purchase price payable by WKH Communications under the said sale and purchase agreement and sales tax payable on the goods. The plaintiff has applied to the Indian court for a judgment against WKH Communications and WKH India, and a hearing will be held on 5 September 2007. The Group has retained a firm of Indian lawyers to advise and represent WKH India in the proceedings and will take appropriate actions as advised by its legal advisers. As at the Latest Practicable Date, the Court has not yet made any decision.

**COMPETING INTEREST**

As at the Last Practicable Date, in so far as the Directors are aware, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in a business which competes or likely to compete with the business of the Group.

**MISCELLANEOUS**

- (a) The registered office of the Company is at Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda and the principal office of the Company in Hong Kong is at 10th Floor, Block A, Wo Kee Hong Building, 585-609 Castle Peak Road, Kwai Chung, New Territories, Hong Kong.
- (b) The company secretary of the Company is Ms. Phyllis NG, who is an associate member of The Hong Kong Institute of Chartered Secretaries.
- (c) The qualified accountant of the Company is Mr. Tik Tung WONG, who is a fellow member of the Association of Chartered Certified Accountants and associate member of Hong Kong Institute of Certified Public Accountants.
- (d) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.