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The Quaypoint Corporation Limited **紀翰集團有限公司***

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2330)

CONNECTED TRANSACTION – EXERCISE OF OPTION INVOLVING ISSUANCE OF ADDITIONAL CONVERTIBLE REDEEMABLE PREFERENCE SHARES

Financial adviser



CENTURION CORPORATE FINANCE LIMITED

Reference is made to the Company's announcement dated 26 May 2006 and the circular dated 10 June 2006 in relation to the issue of 250,000,000 Convertible Redeemable Preference Shares at HK\$0.40 each and the granting of an option to the Company upon the exercise of which Weina will subscribe for an additional 100,000,000 Convertible Redeemable Preference Shares at HK\$0.40 each. The terms of the Option pursuant to the Subscription and Option Agreement were approved by the Shareholders on 28 June 2006.

On 13 April 2007, the Company exercised the Option by serving a notice on Weina pursuant to which Weina will subscribe for 100,000,000 Convertible Redeemable Preference Shares for a consideration of HK\$40,000,000. Weina is an associate of Mr. Stephen Tsim and a connected person of the Company for the purpose of the Listing Rules. As such, the issuance of the 100,000,000 Convertible Redeemable Preference Shares to Weina constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and the Transaction is subject to approval of the Independent Shareholders at the EGM under Chapter 14A of the Listing Rules. Subject to the satisfaction of the aforesaid condition, completion of the Transaction will take place within 14 business days following the date of approval of the Independent Shareholders at the EGM.

An independent board committee will be formed to advise the Independent Shareholders as to whether the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders respectively in this respect. The EGM will be held to consider and, if thought appropriate, to approve the Transaction.

A circular containing, among other things, details of the Transaction, the letters of advice from the independent board committee and the independent financial adviser and the notice of the EGM will be dispatched to the Shareholders as soon as practicable.

Trading in the shares of the Company on the Stock Exchange has been suspended at the request of the Company since 16 March 2006 and will remain suspended until further notice.

BACKGROUND

Reference is made to the Announcement and the June Circular in relation to the Subscription and Option Agreement dated 26 May 2006 between the Company and Weina. Pursuant to such Agreement, Weina has granted the Option to the Company and upon the exercise of which during the Option Period, Weina will be required to subscribe for an additional 100,000,000 Convertible Redeemable Preference Shares at a subscription price of HK\$0.40 each. The subscription price of HK\$0.40 per share was determined after arm's length negotiations.

The subscription price of HK\$0.40 represents a premium of approximately 21.2% to the closing price of HK\$0.33 per Ordinary Share as quoted on the Stock Exchange on 15 March 2006 (being the last trading day prior to the suspension of trading of the Ordinary Shares), and a premium of approximately 21.2% and to the average closing price of HK\$0.33 per Ordinary Share of the 5 and 10 trading days up to and including 15 March 2006. The subscription price also represents a premium of approximately 148% over the unaudited consolidated net asset value of approximately RMB0.159 (equivalent to approximately HK\$0.161) per Ordinary Share as at 31 December 2006 as stated in the interim report of the Company dated 28 March 2007.

The Option Period commenced on 1 April 2007 and will end on the date following the one month prior to the end of the third anniversary of initial issue (which took place on 30 June 2006) of the 250,000,000 Convertible Redeemable Preference Shares. In the absence of any adjustment, the price at which the Convertible Redeemable Preference Shares can be converted into new Ordinary Shares is HK\$0.40 per share and such price was determined after arm's length negotiations.

The terms of the Convertible Redeemable Preference Shares are set out in Appendix I to the June Circular. The terms of the Subscription and Option Agreement and the transactions contemplated thereunder (including the issue and allotment of the 100,000,000 Convertible Redeemable Preference Shares at the subscription price of HK\$0.40 per Convertible Redeemable Preference Share upon the exercise of the Option) were approved by the Shareholders at the extraordinary general meeting of the Company held on 28 June 2006.

NOTICE TO EXERCISE THE OPTION

The Board announces that on 13 April 2007, the Company exercised the Option by serving a notice on Weina pursuant to which Weina will subscribe for the additional 100,000,000 Convertible Redeemable Preference Shares at HK\$0.40 each. As stated in the June Circular, where Weina is a connected person of the Company at the time the Option is exercised, the Transaction would be subject to the requirements set out under Chapter 14A of the Listing Rules, including Independent Shareholders' approval. As set out in the paragraph headed "Information on Weina and shareholding structure of the Company upon conversion", Weina is a connected person of the Company and therefore the Transaction constitutes a connected transaction of the Company for the purpose of the Listing Rules.

CONDITION OF THE TRANSACTION AND COMPLETION

The Transaction is subject to the approval of the Independent Shareholders at the EGM. Subject to the satisfaction of the aforesaid condition, completion of the Transaction will take place within 14 business days following the date of approval of the Independent Shareholders at the EGM ("**Completion**"). At Completion, the aggregate consideration of HK\$40,000,000 for the subscription of the 100,000,000 Convertible Redeemable Preference Shares will be paid in cash by Weina in full.

INFORMATION ON WEINA AND SHAREHOLDING STRUCTURE OF THE COMPANY UPON CONVERSION

Weina is an investment holding company incorporated in the British Virgin Islands in 1997 with limited liability and is indirectly owned as to 70% and 30% by Mr. Tsim and his spouse respectively. Mr. Tsim is the father of Mr. Stephen Tsim, who holds 100,000 Ordinary Shares and has been a director of a subsidiary of the Company since 1 March 2007. Weina is therefore an associate of Mr. Stephen Tsim and a connected person of the Company for the purpose of the Listing Rules. As at the date of this announcement, the aggregate shareholdings of Mr. Stephen Tsim and his associates are 100,000 Ordinary Shares, 250,000,000 Convertible Redeemable Preference Shares and 110,000,000 Preference A Shares.

Insofar as the aforesaid shareholdings in the Convertible Redeemable Preference Shares and the Preference A Shares are concerned, Weina holds the entire (i) 250,000,000 Convertible Redeemable Preference Shares; and (ii) 110,000,000 Preference A Shares which were issued to Weina by the Company as consideration for its acquisition of 100% equity interest in Weina Land Limited (details of which, including the terms and conditions of the Preference A Shares, were contained in the announcement of the Company dated 18 November 2006 and the December Circular).

The issue and allotment of the 110,000,000 Preference A Shares and the issue and allotment of the 110,000,000 Ordinary Shares (on the basis of the initial conversion price of HK\$0.40 per Ordinary Share and subject to adjustments provisions which are identical to the ones applicable for the Convertible Redeemable Preference Shares) upon conversion of all the said Preference A Shares were approved at the extraordinary general meeting of the Company on 28 December 2006. The principal differences between the Convertible Redeemable Preference Shares and the Preference A Shares are the conversion period and the rights of redemption. In the case of the Convertible Redeemable Preference Shares, the Conversion Period commences from the day on which the trading of the Ordinary Shares shall resume to, subject to extension, the earlier of (a) the date of commencement of the voluntary or involuntary winding up of the Company and (b) on the date being the 10 business days prior to 30 June 2009 (being the third anniversary of the date of initial issue of the 250,000,000 Convertible Redeemable Preference Shares). The right of redemption of the Convertible Redeemable Preference Shares is exercisable at the end of the Conversion Period and for a period of 10 business days thereafter (including the end of the Conversion Period as extended). On the other hand, the conversion period in respect of the Preference A Shares commences from the day on which the trading of the Ordinary Shares shall resume to, subject to extension, the earlier of (a) the date of commencement of the voluntary or involuntary winding up of the Company and (b) the date being the 10 business days prior to 29 December 2008 (being the second anniversary of the date of initial issue of the Preference A Shares). The right of redemption of the Preference A Shares is exercisable during the relevant conversion period.

As at the date of this announcement, the Company has 350,000,000 Ordinary Shares in issue. Upon the conversion of the 100,000,000 Convertible Redeemable Preference Shares in full and on the bases that none of the other Convertible Redeemable Preference Shares nor the Preference A Shares is converted and that there is no other change in the number of Ordinary Shares in issue, the 100,000,000 Ordinary Shares to be issued at conversion (on the basis of the initial conversion price of HK\$0.40 per Ordinary Share and that no adjustment is to be made to such conversion price) will represent approximately 28.57% of the existing issued ordinary share capital of the Company and approximately 22.22% of the issued ordinary share capital of the Company as enlarged by the full conversion. Upon full conversion of the 350,000,000 Convertible Redeemable Preference Shares and the 110,000,000 Preference A Shares and provided that there is no other change in the share capital of the Company, the 100,000,000 Ordinary Shares to be issued at conversion (on the basis of the initial conversion price of HK\$0.40 per Ordinary Share and that no adjustment is to be made to such conversion price) will represent approximately 12.35% of the issued ordinary share capital of the Company as enlarged by such conversions. However, such conversions will be subject to the maintenance of the minimum 25% public float as stated below.

The table below sets out the shareholding structure of the Company immediately before and after the conversion of the 350,000,000 Convertible Redeemable Preference Shares and the 110,000,000 Preference A Shares (on the basis of the initial conversion price of HK\$0.40 per Ordinary Share and that no adjustment is to be made to such conversion price as well as no other change in the shareholding structure of the Company). As at the date of this announcement, none of the Convertible Redeemable Preference Shares nor the Preference A Shares has been converted by Weina. Furthermore, Weina has undertaken to the Company that it will not convert the Convertible Redeemable Preference Shares or Preference A Shares if upon the conversion thereof, the percentage of the Ordinary Shares held by the public drops below the 25% public float requirement under the Listing Rules.

	Existing shareholding structure <i>No. of Ordinary Shares (%)</i>	Upon conversion of the Preference A Shares in full ⁽¹⁾ <i>No. of Ordinary Shares (%)</i>	Upon full conversion of the Preference A Shares and partial conversion of the Convertible Redeemable Preference Shares ⁽²⁾ <i>No. of Ordinary Shares (%)</i>	Upon full conversion of the Convertible Redeemable Preference Shares and the Preference A Shares ⁽³⁾ <i>No. of Ordinary Shares (%)</i>
Weina	–	110,000,000 (23.91%)	155,904,000 (30.82%)	460,000,000 (56.79%)
Otto Link Technology Ltd	126,700,000 (36.20%)	126,700,000 (27.54%)	126,700,000 (25.04%)	126,700,000 (15.64%)
Mr. Chak Joaquin Emilio Kin Man	96,824,000 (27.66%)	96,824,000 (21.05%)	96,824,000 (19.14%)	96,824,000 (11.95%)
Public	126,476,000 (36.14%)	126,476,000 (27.50%)	126,476,000 (25%)	126,476,000 (15.62%)
	<u>350,000,000</u>	<u>460,000,000</u>	<u>505,904,000</u>	<u>810,000,000</u>

In view of the differences between the Convertible Redeemable Preference Shares and the Preference A Shares (including the rights of the holders in respect of conversion and redemption), separate columns have been set out in this table for the purpose of illustrating the respective effects the conversion of these shares would have on the shareholding structure of the Company.

- (1) *This column has been prepared on the basis of the full conversion of the 110,000,000 Preference A Shares as such conversion by itself would not have implications as regards the minimum public float of the Company.*
- (2) *Assumes conversion of 45,904,000 of the 350,000,000 Convertible Redeemable Preference Shares to ensure the minimum public float as prescribed under the Listing Rules is maintained.*
- (3) *This column is shown for reference purpose only as the full conversion of the 350,000,000 Convertible Redeemable Preference Shares and the 110,000,000 Preference A Shares would, in the absence of other changes in the shareholding structure of the Company, lead to the shareholding of the public shareholders falling below the minimum requirement under the Listing Rules*

THE 100,000,000 CONVERTIBLE REDEEMABLE PREFERENCE SHARES

The 100,000,000 Convertible Redeemable Preference Shares to be issued at Completion (i) will not be listed on the Stock Exchange or any other stock exchanges and shall not be transferable; and (ii) have the same terms as the 250,000,000 Convertible Redeemable Preference Shares in issue. No conversion of the 100,000,000 Convertible Redeemable Preference Shares into Ordinary Shares shall be made until the Listing Committee of the Stock Exchange has approved the listing of, and permission to deal in, the underlying 100,000,000 Ordinary Shares (on the basis of the initial conversion price of HK\$0.40 per Ordinary Share and that no adjustment is to be made to such conversion price) which may be issued following the exercise of conversion rights attaching to the 100,000,000 Convertible Redeemable Preference Shares.

After Completion, the Company will make an application to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the aggregate 350,000,000 Ordinary Shares which may be issued pursuant to the exercise of conversion rights attaching to the 250,000,000 Convertible Redeemable Preference Shares to be issued pursuant to the terms of the Subscription and Option Agreement and pursuant to the exercise of conversion rights attaching to the 100,000,000 Convertible Redeemable Preference Shares to be issued pursuant to the exercise of the Option. No conversion of the Convertible Redeemable Preference Shares into Ordinary Shares shall be made until approval is granted by the Listing Committee of the Stock Exchange.

Weina, being the holder of the Convertible Redeemable Preference Shares, shall be entitled to receive notices of general meetings and to attend but not vote at such meetings. Each Convertible Redeemable Preference Share is entitled to be paid a fixed cumulative preferential dividend in priority to any payment to the holders of any other class of shares at the rate of 3.5% per annum on the amount paid up or credited as paid up.

CONVERSION PRICE AND ITS POSSIBLE ADJUSTMENT

The Convertible Redeemable Preference Shares (including the 250,000,000 Convertible Redeemable Preference Shares already in issue and the 100,000,000 Convertible Redeemable Preference Shares to be issued upon the completion of the Transaction) are convertible into Ordinary Shares during the Conversion Period at the initial conversion price of HK\$0.40 per share. No additional sum is payable by Weina, being the holder of the Convertible Redeemable Preference Shares to the Company at conversion. The Ordinary Shares which are to be issued on conversion of such Convertible Redeemable Preference Shares shall be credited as fully paid and rank *pari passu* and form one class in all respects with the Ordinary Shares then in issue. For comparisons of the conversion price of HK\$0.40 to the closing prices and the unaudited consolidated net asset value per Ordinary Share, please refer to the section headed "Background" above.

The Convertible Redeemable Preference Shares are convertible into new Ordinary Shares during the Conversion Period at the initial conversion price of HK\$0.40 (subject to adjustments for the following events: alterations to the nominal value of the Ordinary Shares as a result of consolidation or subdivision, capitalisations of profits or reserves; capital distributions; rights or warrants issues; issues of shares or other securities at less than 80% of the then current market price or modifications to rights of conversion/exchange/subscription attaching to such securities; and other events where the Company determines that an adjustment should be made to the conversion price as a result of one or more events or circumstances not otherwise specified above and which may require adjustments to be determined by the Company's auditor or financial adviser).

The right to convert may be exercised in full or in part only at the discretion of the holder, subject to the undertaking given by Weina not to convert where such conversion would lead to the percentage of the Ordinary Shares held by the public falling below 25% as required under the Listing Rules and the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Ordinary Shares to be issued following the conversion of the Convertible Redeemable Preference Shares. The Company and Weina may agree to extend the Conversion Period for a period of not more than 12 months. The Company has the right, exercisable immediately following the end of the Conversion Period (prior to any extension thereof) and up to the third anniversary of the date of the initial issue of the 250,000,000 Convertible Redeemable Preference Shares (which took place on 30 June 2006), to require the mandatory conversion of all or part of the outstanding Convertible Redeemable Preference Shares into new Ordinary Shares, or to require the redemption of all or part of the outstanding Convertible Redeemable Preference Shares at the amount equal to all amounts paid up or credited as paid up on the Convertible Redeemable Preference Shares. In the event that the Conversion Period is extended, the Company's right to require the mandatory conversion of the outstanding Convertible Redeemable Preference Shares shall be deferred and shall be exercisable immediately following the end of the Conversion Period (as extended) and for a period of 10 business days thereafter.

Details of the adjustments to the conversion price were set out in Appendix I to the June Circular and will also be set out in the circular to be dispatched to the Shareholders.

IMPLICATIONS UNDER THE CODE

Completion of the Transaction would not immediately have any implication under the Code as Weina would only have interests in non-voting shares of the Company.

The aggregate shareholding of Weina in the Company following the completion of the Transaction and the partial conversion of 350,000,000 Convertible Redeemable Preference Shares and the 110,000,000 Preference A Shares (as the case may be) may result in it holding 30% or more of the then issued ordinary share capital and, accordingly, Weina (and, if applicable, its concert parties) would be under an obligation to make a mandatory general offer under the Code for all of the Ordinary Shares not held by it or parties acting in concert with it. In the event that Weina is required to make a mandatory general offer under the Code, this may result in a change of control of the Company.

DILUTION EFFECT

Given that upon full conversion of the aggregate 350,000,000 Convertible Redeemable Preference Shares and the 110,000,000 Preference A Shares, Weina will own approximately 57% of the enlarged issued ordinary share capital of the Company, the Company is required to disclose by way of an announcement all relevant details of the conversion of the Convertible Redeemable Preference Shares and/or the Preference A Shares in the following manner:

- (i) the Company will make a monthly announcement (the “Monthly Announcement”). Such announcement will be made on or before the fifth business day following the end of each calendar month following the commencement of the Conversion Period and will include the following details in a table:
 - a. whether there is any conversion of the Convertible Redeemable Preference Shares and/or the Preference A Shares during the relevant month (if so, details of the conversion(s), including the conversion date, number of conversion shares issued, and conversion price for each conversion or, if there is no conversion during the relevant month, a negative statement to that effect);
 - b. the number of outstanding Convertible Redeemable Preference Shares and Preference A Shares after any conversions;
 - c. the total number of Ordinary Shares issued pursuant to other transactions, including Ordinary Shares issued pursuant to the exercise of options under any share option scheme(s) of the Company; and
 - d. the total issued share capital of the Company as at the commencement and the last day of the relevant month;
- (ii) in addition to the Monthly Announcement, if the cumulative amount of the Ordinary Shares issued pursuant to the conversion of the Convertible Redeemable Preference Shares and/or the Preference A Shares reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Redeemable Preference Shares and/or the Preference A Shares (as the case may be) (and thereafter in multiples of 5%), the Company will make an announcement including details as stated in (i) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Redeemable Preference Shares and/or the Preference A Shares (as the case may be) up to the date on which the total amount of Ordinary Shares issued pursuant to the conversion amounted to 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Redeemable Preference Shares and/or the Preference A Shares (as the case may be); and
- (iii) if the Company forms the view that any issue of the Ordinary Shares under the Convertible Redeemable Preference Shares and/or the Preference A Shares as set out in (i) or (ii) above will trigger a disclosure obligation under Rule 13.09 of the Listing Rules, then the Company will be obliged to make such a disclosure regardless of the issue of any other announcement in relation to the Convertible Redeemable Preference Shares and/or the Preference A Shares.

If the Convertible Redeemable Preference Shares and the Preference A Shares have been fully converted or redeemed, the Monthly Announcement requirements set out above will cease immediately.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The proposed Transaction is part of the ongoing process to provide adequate finance for the ongoing business operations of the Group. The Directors consider that the Transaction will also strengthen the liquidity of the Group. The Directors (excluding the independent non-executive Directors who will be appointed as members of the independent board committee and whose view(s) will be set out in the circular to be despatched to the Shareholders after the publication of this announcement) are of the opinion that the terms of the Transaction are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

USE OF PROCEEDS

The additional gross proceeds from the exercise of the Option amount to approximately HK\$40,000,000, with the estimated net proceeds to be approximately HK\$39,400,000 and it is intended that approximately 80% of which will be used as general working capital of the Group (including costs and expenses of operation such as finance costs and administration costs) and the remaining 20% for repayment of bank indebtedness.

GENERAL

The principal activities of the Group are investment holding, design, supply and integration of automation and control system, and the trading of automation products, electronic components and natural resources such as iron ore, iron sand, coal and other natural mineral products.

As the issuance of the 100,000,000 Convertible Redeemable Preference Shares to Weina constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, the Transaction is subject to approval of the Independent Shareholders under Chapter 14A of the Listing Rules. Mr. Stephen Tsim and his associates will be required to abstain from voting at the EGM.

An independent board committee (comprising the independent non-executive Directors) will be formed to advise the Independent Shareholders as to whether the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in this respect. The EGM will be held to consider and, if thought appropriate, to approve the Transaction.

A circular containing, among other things, details of the Transaction, the letters of advice from the independent board committee and the independent financial adviser respectively and the notice of the EGM will be dispatched to the Shareholders as soon as practicable.

Trading in the shares of the Company on the Stock Exchange has been suspended at the request of the Company since 16 March 2006 and will remain suspended until further notice.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 26 May 2006
“associates”	the meaning the ascribed to it under the Listing Rules
“Board”	the board of Directors
“Code”	the Hong Kong Code on Takeovers and Mergers
“Company”	The Quaypoint Corporation Limited, a company incorporated in the Cayman Islands and whose ordinary shares are listed on the main board of the Stock Exchange
“Conversion Period”	the period commencing from the day on which the trading of the Ordinary Shares shall resume (provided that such date shall be no later than the date being one month prior to the end of the third anniversary of the initial issue of the 250,000,000 Convertible Redeemable Preference Shares, which took place on 30 June 2006) to, subject to extension, the earlier of (a) the date of commencement of the voluntary or involuntary winding up of the Company and (b) the date being the 10 business days before the third anniversary of the date of initial issue (which took place on 30 June 2006) of the 250,000,000 Convertible Redeemable Preference Shares, subject to an extension of not more than 12 months as the Company and Weina may agree
“Convertible Redeemable Preference Share(s)”	the 250,000,000 convertible redeemable non-voting preference share(s) of HK\$0.10 each in the capital of the Company allotted and issued pursuant to the Subscription and Option Agreement and the 100,000,000 convertible redeemable non-voting preference share(s) of HK\$0.10 each to be allotted and issued upon completion of the Transaction
“December Circular”	the shareholders’ circular of the Company dated 11 December 2006
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened in connection with the Transaction
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong Dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than Mr. Stephen Tsim and his associates
“June Circular”	the shareholders’ circular of the Company dated 10 June 2006
“Mr. Tsim”	Mr. Tsim Wing Kong
“Mr. Stephen Tsim”	Mr. Tsim Sze Hon, a son of Mr. Tsim
“Option”	the option granted by Weina to the Company pursuant to the Subscription and Option Agreement upon the exercise of which during the Option Period Weina will be required to subscribe for 100,000,000 Convertible Redeemable Preference Shares at the subscription price of HK\$0.40 each
“Option Period”	the period commencing on 1 April 2007 and ending on the date following the one month prior to the end of the third anniversary of the initial issue (which took place on 30 June 2006) of the 250,000,000 Convertible Redeemable Preferences Shares
“Ordinary Share(s)”	the ordinary share(s) of HK\$0.10 each in the capital of the Company
“Preference A Shares”	the 110,000,000 convertible redeemable non-voting preference shares of HK\$0.10 each in the capital of the Company allotted and issued to Weina pursuant to the sale and purchase agreement dated 17 November 2006 between the Company, Weina Holdings Limited and Mr. Tsim
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription and Option Agreement”	the subscription and option agreement dated 26 May 2006 entered into between the Company, Weina and Mr. Tsim relating to the subscription of the 250,000,000 Convertible Redeemable Preference Shares and the Option
“Transaction”	the transaction involving the exercise of the Option by the Company and the issue and allotment of 100,000,000 Convertible Redeemable Preference Shares by the Company to Weina for a consideration of HK\$40,000,000 and all transactions contemplated thereunder
“Weina”	Weina BVI Limited, a company incorporated in the British Virgin Islands and, currently, is ultimately owned by Mr. Tsim and his spouse as to 70% and 30% of the shareholding respectively

By order of the Board
Chan Siu Chu, Debby
Director & CEO

Hong Kong, 19th day of April 2007

As at the date of this announcement, the Board of Directors of the Company comprises three Executive Directors, namely Dr. Sze Kwan, Mr. Siek Fui and Ms. Chan Siu Chu, Debby, one Non-executive Director, Mr. Gerard McMahon, and three Independent Non-executive Directors, namely Mr. Lau Sai Chung, Mr. Ng Kwok Chu, Winfield and Mr. Poon Lai Yin, Michael.

* *For identification purposes only*

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