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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)**

**TERMINATION OF AGREEMENT TO ACQUIRE  
80% INTEREST IN A COMPANY ENGAGING IN  
THE BUSINESS OF RETAILING AND WHOLESALING OF  
CHILDREN APPARELS  
AND GRANT OF PUT OPTION**

This announcement is made pursuant to the disclosure obligation of the Company under Rule 14.36 of the Listing Rules.

On 12 November 2008, the Vendors and Smart Apex entered into the Termination Agreement and mutually agreed to terminate the Sale and Purchase Agreement. Upon the signing of the Termination Agreement, Smart Apex has paid an amount of HK\$2,500,000 to the Vendors pursuant to the terms of the Termination Agreement.

**BACKGROUND**

Reference is made to the announcement made by Wo Kee Hong (Holdings) Limited (the “Company”, together with its subsidiaries, the “Group”) dated 4 September 2008 in relation to the proposed acquisition of 80% interest in a company engaging in the business of retailing and wholesaling of children apparels and grant of put option and the circular issued by the Company dated 26 September 2008 (the “Circular”). Unless otherwise defined, terms used herein shall have the same meanings as in the Circular.

The Sale and Purchase Agreement was entered into between the Vendors and Smart Apex, a wholly owned subsidiary of the Company on 2 September 2008 in relation to the Acquisition. Since the signing of the Sale and Purchase Agreement, the parties have taken necessary actions to fulfil the conditions precedent for the completion of the Sale and Purchase Agreement. As at the date of this announcement, all the conditions precedent of the Sale and Purchase Agreement have been fulfilled, in particular, the Sale and Purchase Agreement and the Acquisition and the grant of the Put Option were approved by the Shareholders at the Special General Meeting held on 14 October 2008. The parties were prepared to proceed to complete the Sale and Purchase Agreement, however, for reasons set out in the paragraph headed “Reasons for the Termination” below, the parties mutually agreed to terminate the Sale and Purchase Agreement (the “Termination”).

## **THE TERMINATION**

On 12 November 2008, the Vendors and Smart Apex entered into the termination agreement (the "Termination Agreement") and mutually agreed to terminate the Sale and Purchase Agreement. Pursuant to the Termination Agreement, Smart Apex has paid to the Vendors a sum of HK\$2,500,000 (the "Compensation"), being the costs incurred by the Vendors in relation to the negotiation of the Sale and Purchase Agreement and the performance of their obligations thereunder. Upon the signing of the Termination Agreement and payment of the Compensation, none of the parties to the Sale and Purchase Agreement has any liability towards the other parties under the Sale and Purchase Agreement.

## **REASONS FOR THE TERMINATION**

Although the parties were prepared to proceed to complete the Sale and Purchase Agreement and the Company has sufficient financial resources to perform its obligations under the Sale and Purchase Agreement, in light of the current economic condition, the Board decided to adopt a more conservative approach in managing the financial affairs of the Group. The Group has maintained a healthy cash level and the long term gearing ratio was 11.4% based on the unaudited consolidated non-current liabilities of HK\$39.1 million and shareholders' equity of HK\$342.0 million as at 30 September 2008. The Board considered it more appropriate to retain more cash in hand instead of completing the Acquisition. As the Termination is initiated by the Company and the Vendors have taken all necessary actions for the fulfilment of those conditions precedent which are within their responsibilities, the Directors are of the view that the payment of the Compensation, which amount is equivalent to the costs incurred by the Vendors in relation to and under the Sale and Purchase Agreement, is fair and reasonable. Having considered the above, the Directors are of the view that the Termination does not have any material impact on the operation and business of the Group and that the Termination and the payment of the Compensation is in the best interest of the Company and the shareholders as a whole.

## **GENERAL**

The entering into of the Termination Agreement constitutes a termination of a transaction of the Company previously announced pursuant to Chapter 14 of the Listing Rules and is disclosable under Rule 14.36 of the Listing Rules.

*As at the date of this announcement, the Board comprises Mr. Richard Man Fai LEE (Executive Chairman and Chief Executive Officer), Mr. Jeff Man Bun LEE, Mr. Tik Tung WONG and Mr. Waison Chit Sing HUI, all of whom are executive Directors; Ms. Kam Har YUE, who is a non-executive Director; Mr. Boon Seng TAN, Mr. Raymond Cho Min LEE, and Mr. Ying Kwan CHEUNG, all of whom are independent non-executive Directors.*

By Order of the Board  
**WO KEE HONG (HOLDINGS) LIMITED**  
**Richard Man Fai LEE**  
*Executive Chairman and Chief Executive Officer*

Hong Kong, 12 November 2008