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WO KEE HONG (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 720)

CONNECTED TRANSACTION

IN RELATION TO

THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN SUNNY VILLA HOLDINGS LIMITED AND THE SHAREHOLDER'S LOAN

On 18 January 2008, WKH Limited, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor pursuant to which WKH Limited agreed to acquire the entire issued share capital in Sunny Villa and the Shareholder's Loan at an aggregate consideration of HK\$4.3 million which shall be settled by internal resources of the Company and payable in cash at Completion.

The Vender, Mr. Richard Man Fai LEE, is the Executive Chairman, the Chief Executive Officer and a controlling shareholder of the Company, and thus is a connected person of the Company under the Listing Rules.

The Acquisition constitutes a connected transaction for the Company under Rule 14A.13(1) of the Listing Rules. As each of the percentage ratios (other than the profits ratio) is less than 2.5%, the Acquisition is subject to the reporting and announcement requirements and will be exempt from the independent shareholders' approval requirements pursuant to Rule 14A.32 of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT DATED 18 JANUARY 2008

Parties

Purchaser: WKH Limited, a wholly-owned subsidiary of the Company.

Vendor: Richard Man Fai LEE, the Executive Chairman and Chief Executive Officer of the Company. As at the date of this announcement, Mr. Lee is interested or deemed to be interested in 38.98% of the issued share capital of the Company and thus is a controlling shareholder of the Company.

Assets to be acquired

- (i) the Sale Share, being the entire issued share capital of Sunny Villa; and
- (ii) the Shareholder's Loan.

Consideration

The Consideration is HK\$4.3 million (as to HK\$2.5 million for the Sale Share and as to HK\$1.8 million for the Shareholder's Loan) which shall be settled by internal resources of the Company and payable in cash at Completion.

The Consideration of the Acquisition was determined after arm's length negotiation between the Company and the Vendor with reference to (i) the unaudited net liabilities of Sunny Villa of approximately HK\$0.5 million as at 30 November 2007; (ii) the valuation of the Property as at 31 October 2007 of approximately HK\$7.9 million valued by BMI Appraisals Limited, an independent professional valuer; and (iii) the face value of the Shareholder's Loan in the amount of approximately HK\$1.8 million as at the date of the Sale and Purchase Agreement.

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 Sunny Villa and the due incorporation of, the valid existence of and the power and capacity to carry on the business by Sunny Villa to the satisfaction of WKH Limited; and
- (b) the obtaining of all necessary approvals, authorisations or consents in Hong Kong or elsewhere in relation to the transactions contemplated under the Sale and Purchase Agreement (if applicable).

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

Completion

Completion will be on any business day which is within 7 business days immediately after the Long Stop Date (or such later date as the parties may agree in writing prior to Completion).

Information on Sunny Villa

Sunny Villa is a company incorporated in Hong Kong on 4 May 2006. Sunny Villa is a property investment company. Its principal asset is the Property and principal liabilities comprise the Shareholder's Loan and the bank mortgage. According to the valuation of the Property conducted by BMI Appraisal Limited, an independent professional valuer, the Property was valued at approximately HK\$7.9 million as at 31 October 2007. The Property was purchased by Sunny Villa at a total consideration of RMB5,039,002 (equivalent to approximately HK\$5,429,959) in 2006 and comprises nine units on the 7th floor of a residential building known as Block A, Carlton Heights in Shenzhen, PRC. The gross floor area of the units ranges from approximately 42 sq.m. to 79 sq.m. each and the total gross floor area of the nine units is approximately 443 sq.m.. The Property has been vacant since acquired by Sunny Villa and has been pledged for banking facilities of Sunny Villa. As at 30 November 2007, the amount outstanding under the bank mortgage was approximately HK\$3.7 million. Sunny Villa recorded net audited loss (both before and after tax) of approximately HK\$114,000 for the period from 4 May 2006 to 31 December 2006; and unaudited net loss (both before and after tax) of approximately HK\$410,000 for the eleven months ended 30 November 2007. The audited net liabilities of Sunny Villa as at 31 December 2006 were approximately HK\$114,000.

Upon completion of the Sale and Purchase Agreement, Sunny Villa will be wholly owned by the Company. The results of Sunny Villa will be consolidated into the Group's financial results for the financial year ending 31 December 2008.

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, helicopters, premium fashion apparels and accessories, other electronic and electrical products, and property investment.

The Group already owned eight units on the 7th floor of Block A, Carlton Heights. Upon Completion, the Group will have acquired substantially all the residential units on the 7th floor of Block A, Carlton Height. The Company intends to hold all these units for rental purpose to generate rental revenue for the Group and believes that consolidating the ownership of the residential units on the same floor would enable a more efficient management and administration and further enhance the capital value of the properties. In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement including the Consideration are fair and reasonable so far as the Shareholders are concerned and the Acquisition is in the interests of the Company and the Shareholders as a whole.

General

The Acquisition constitutes a connected transaction for the Company under Rule 14A.13(1) of the Listing Rules. As each of the percentage ratios (other than the profits ratio) is less than 2.5%, the Acquisition is subject to the reporting and announcement requirements and will be exempt from the independent shareholders' approval requirements pursuant to Rule 14A.32 of the Listing Rules.

Definitions

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

“Acquisition”	the conditional acquisition of the entire issued share capital in Sunny Villa and the Shareholder’s Loan
“Board”	the board of Directors
“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 Sale and Purchase Agreement
“Conditions”	conditions to Completion of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the consideration for the Acquisition
“Directors”	the directors of the Company
“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 PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	any business day after satisfaction of the last of the Conditions within one month from the date of the Sale and Purchase Agreement or such other date as the parties to the Sale and Purchase Agreement may agree
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Property”	nine apartment units located at Block A, Carlton Heights, Futian Bonded Zone, Shenzhen City, Guangdong Province, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metre
“Sale Share”	1 share of HK\$1.00 in the share capital of Sunny Villa held by the Vendor
“Sale and Purchase Agreement”	the agreement dated 18 January 2008 entered into between the WKH Limited and the Vendor in connection with the Acquisition
“Shareholder’s Loan”	the non-interest bearing loan in the amount of approximately HK\$1.8 million owed by Sunny Villa to the Vendor
“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
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Sunny Villa”	Sunny Villa Holdings Limited, a company incorporated in Hong Kong which is wholly and beneficially owned by the Vendor prior to Completion
“Vendor”	Richard Man Fai LEE
“WKH Limited”	Wo Kee Hong (B.V.I.) Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company

In this announcement, for reference only and unless otherwise specified, the translation of RMB into HK\$ is based on the exchange rate of HK\$1 to RMB0.928.

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 of
WO KEE HONG (HOLDINGS) LIMITED
Richard Man Fai LEE
Executive Chairman and Chief Executive Officer

Hong Kong, 18 January 2008