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WO KEE HONG (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 720)

PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

Placing Agent

TANRICH
Tanrich Capital Limited

THE PLACING

On 4 June 2010, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to act as placing agent, on a best effort basis, for the purpose of arranging subscribers who are third parties independent of the Company and its connected persons for the Convertible Bonds to be issued by the Company with an aggregate principal amount of up to HK\$25,000,000.

The Convertible Bonds bear interest at 4% per annum, mature on the second anniversary of the date of issue and are convertible into Conversion Shares at the initial Conversion Price of HK\$0.16 each.

Assuming the maximum amount of the Convertible Bonds of HK\$25,000,000 are issued, the net proceeds from the Placing shall be approximately HK\$24.0 million and are intended to be used for (i) developing the business expansion plan; (ii) repaying bank borrowings; and (iii) general working capital of the Group. Upon full conversion of the maximum principal amount of the Convertible Bonds of HK\$25,000,000, 156,250,000 Conversion Shares will fall to be issued, representing approximately 6.87% of the issued share capital of the Company as at the date of the Placing Agreement and approximately 6.43% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

THE PLACING AGREEMENT

On 4 June 2010, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to act as placing agent, on a best effort basis, for the purpose of arranging subscribers who are third parties independent of the Company and its connected persons for the Convertible Bonds to be issued by the Company with an aggregate principal amount of up to HK\$25,000,000. Details of the Placing Agreement are set out below.

Date

4 June 2010

Parties

Issuer: the Company

Placing Agent: Tanrich Capital Limited

The Placing Agent is a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its beneficial owners are third parties independent of the Company and its connected persons.

Subject matter

Pursuant to the Placing Agreement, the Company has conditionally agreed to issue, and the Placing Agent has conditionally agreed to act as placing agent, on a best effort basis, for the purpose of arranging not less than 6 subscribers who are professional and institutional investors and are third parties independent of the Company and its connected persons for, the Convertible Bonds with an aggregate principal amount of up to HK\$25,000,000.

Conditions precedent

Completion of the Placing Agreement is conditional upon the satisfaction of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Conversion Shares; and
- (ii) the obligation of the Placing Agent becoming unconditional and not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure event.

Completion

Subject to the fulfilment of the conditions precedent above, Completion shall take place on the third Business Days after the above conditions have been fulfilled (or such other day as the parties under the Placing Agreement may agree in writing). The subscription monies shall be payable by the Placing Agent upon Completion.

In the event that the conditions set out above have not been fulfilled on the date falling 60 Business Days after the date of the Placing Agreement (or such later time or date as may be agreed between the parties under the Placing Agreement in writing), the Placing Agent may, at any time thereafter, terminate its obligations under the Placing Agreement by notice in writing to the Company, whereupon the obligations of the Placing Agent under the Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claim against any of the others, save for any antecedent breach thereof.

Termination

The Placing Agent may, by notice to the Company given at any time prior to 8:00 a.m. on the Completion Date, terminate this Agreement in the absolute opinion of the Placing Agent, the success of the Placing contemplated hereunder would be materially and adversely affected by:

- (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and makes it inexpedient or inadvisable to proceed with the Placing; or
- (iii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Placing Agent is likely to materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or

- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 15 consecutive Business Days, excluding any suspension in connection with the clearance of this announcement, the circular or other documents in connection with the Placing contemplated hereunder; or
- (vi) any material breach of any of the representations, warranties and undertakings given by the Company in the Placing Agreement comes to the knowledge of the Placing Agent.

If at any time prior to 8:00 a.m. on the Completion Date, any such notice as is referred to above is given by the Placing Agent, the obligations of all parties under the Placing Agreement shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Termination of the Placing Agreement shall be without prejudice to any rights of any party in respect of any breach by the other prior to such termination.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Principal Amount	Up to HK\$25,000,000 (in multiple of HK\$1,000,000)
Status	The Convertible Bonds constitute direct, unconditional, unsubordinated and (subject to the terms of the Convertible Bonds) unsecured obligations of the Company and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Maturity Date	Second anniversary of the date of issue
Interest	Subject to the terms of the Convertible Bonds, the Convertible Bonds bear interest at the rate of 4% per annum (calculated on a 365-days basis) on the principal amount of the respective Convertible Bonds outstanding from time to time, payable semi-annually in arrear. The first interest payment for the Convertible Bonds shall be made on the date falling six months from the date of issue of the Convertible Bonds and thereafter on the last day of each successive half-yearly period up to the Maturity Date.

Conversion Period

Subject to the conditions below, the Bondholder shall have the right to convert the whole or part (in an amount not less than HK\$1,000,000, save that if at any time the principal outstanding amount of the Convertible Bonds shall be less than HK\$1,000,000, the whole (but not part only) of the principal amount of the Convertible Bonds may be converted) of the principal amount of the Convertible Bonds into Conversion Shares from the day immediately following the date of the issue of the Convertible Bonds up to the Maturity Date.

Conversion Price

The initial Conversion Price is HK\$0.16 per Conversion Share, which is subject to usual anti-dilution adjustments from time to time in accordance with the provisions set out in the instrument constituting the Convertible Bonds such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issues and other equity derivatives or Shares issues by the Company.

The initial Conversion Price represents:

- (i) the closing Share price of HK\$0.16 on 4 June 2010, being the date of the Placing Agreement;
- (ii) a discount of approximately 4.1% to the average of the closing Share price of approximately HK\$0.1668 for the five trading days up to and including 4 June 2010; and
- (iii) a discount of approximately 5.3% to the average of the closing Share price of approximately HK\$0.169 for the ten trading days up to and including 4 June 2010.

The Conversion Price is determined after arm's length negotiations between the Company and the Placing Agent with reference to the recent market price of the Shares.

Conversion Shares

Upon full conversion of the maximum principal amount of the Convertible Bonds of HK\$25,000,000, 156,250,000 Conversion Shares will fall to be issued, representing approximately 6.87% of the issued share capital of the Company as at the date of the Placing Agreement and approximately 6.43% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Conversion Shares will be issued and allotted under the general mandate granted to the Directors to issue, allot and deal with 454,575,710 new Shares, being 20% of the total issued shares of the Company as at the date of passing the relevant resolution at the annual general meeting held on 1 June 2010. As at the date of this announcement, no Shares have been issued under this general mandate.

The maximum total nominal value of the Conversion Shares is HK\$3,125,000.

Listing

No application will be made for a listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Ranking

The Conversion Shares shall rank *pari passu* in all respects with the fully paid Shares in issue on the relevant date of conversion and shall accordingly entitle the holders to participate in full in all dividends or other distributions paid or made on the Shares after the relevant date of conversion other than any dividend or other distribution previously declared, or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant date of conversion and notice of the amount and record date for which shall have been given to the Stock Exchange and the Bondholder prior to the relevant date of conversion and, for this purpose, the notice to the Bondholder may take the form of sending a copy of the relevant paid announcement to them.

Redemption

Unless previously converted or redeemed, or purchased and cancelled in accordance with the terms of the Convertible Bonds, the Company will redeem the Convertible Bonds on the Maturity Date at the principal amount then outstanding (together with all interest accrued thereon).

The Company may at any time prior to the Maturity Date redeem all or part of the Convertible Bonds at par plus any accrued and unpaid interest by serving at least 30 Business Days' written notice on the holders of the Convertible Bonds. If redemption happens from the date of issue of the Bonds up to the date falling 6 calendar months from the date of issue of the Convertible Bonds, the Company shall pay a premium of 10% of the outstanding principal amount (in whole or in part) to be redeemed. No premium will be payable by the Company if redemption happens after the date falling 6 calendar months from the date of issue of the Convertible Bonds.

Transferability

The Convertible Bonds are freely transferable in whole multiples of HK\$1,000,000 (or such lesser amount as may represent the entire principal amount thereof) to any person, save that none of the Convertible Bonds may be transferred to a “connected person” (as defined in the Listing Rules) of the Company without the prior approval of the Stock Exchange and the Company.

Voting

The Bondholder shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being the Bondholder.

SHAREHOLDING STRUCTURE

The table below depicts the shareholding structure of the Company as at the date of this announcement and assuming full conversion of the maximum principal amount of Convertible Bonds of HK\$25,000,000 at the initial Conversion Price of HK\$0.16:

	As at the date of this announcement		Assume full conversion of the maximum principal amount of Convertible Bonds	
	Shares	%	Shares	%
Modern Orbit Limited (<i>Note 1</i>)	582,801,420	25.6	582,801,420	24.0
Dr. LEE	270,218,625	11.9	270,218,625	11.1
Fisherman Enterprises Inc. (<i>Note 2</i>)	8,674,310	0.4	8,674,310	0.4
Mr. Jeff LEE	2,831,400	0.1	2,831,400	0.1
Ms. YUE	31,258,295	1.4	31,258,295	1.3
Sub-total	895,784,050	39.4	895,784,050	36.9
Holder of the Convertible Bonds	–	–	156,250,000	6.4
Other public Shareholders	1,377,094,500	60.6	1,377,094,500	56.7
Total	<u>2,272,878,550</u>	<u>100.0</u>	<u>2,429,128,550</u>	<u>100.0</u>

Notes:

- Modern Orbit Limited is wholly owned by Cyber Tower (PTC) Inc. as trustee of The W S Lee Unit Trust. 99% of the units of The W S Lee Unit Trust are held by a discretionary trust of which Mr. Wing Sum LEE’s family members including Ms. YUE, Dr. LEE and Mr. Jeff LEE are beneficiaries. The remaining 1% of the units of The W S Lee Unit Trust are held by Skylink International Asset Corporation, a company incorporated in the British Virgin Islands (“BVI”) and owned by Ms. YUE, Dr. LEE and Mr. Jeff LEE. Ms. YUE, Dr. LEE and Mr. Jeff LEE are Directors.
- Fisherman Enterprises Inc. is a company incorporated in the BVI and wholly owned by Mr. Jeff LEE.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in import, marketing and distribution of cars, electrical appliances and fashion apparels and accessories.

Assuming that Convertible Bonds with aggregate principal value of HK\$25,000,000 are issued and after taking into account the estimated expenses of approximately HK\$1,000,000 in relation to the Placing, the net proceeds from the Placing amount to approximately HK\$24,000,000. The net Conversion Price taking into account the estimated expenses relating to the Placing is approximately HK\$0.15 per Conversion Share.

It has been the Company's corporate strategy to expand its existing business and look for valuable investment opportunities in the market so as to maximise the intrinsic value of Shares. The Company intends to apply the net proceeds to (i) develop its business expansion plan; (ii) repay bank borrowings; and (iii) use as general working capital of the Group.

Based on the above, the Directors (including the independent non-executive Directors) consider that the Placing is in the interests of the Company and the Shareholders as a whole and the terms of the Placing Agreement are fair and reasonable.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

As announced by the Company on 2 November 2009, the Company completed the placing of 100,000,000 new Shares to independent third parties and the subscription of 50,000,000 new Shares by Dr. LEE. The net proceeds raised from the aforesaid issue of new Shares amounted to approximately HK\$40.6 million and were intended to be used as general working capital of the Group and has been fully utilised for this purpose as at the date of this announcement. Details of the aforesaid are contained in the announcements of the Company dated 3 July and 2 November 2009 and the circular of the Company dated 20 July 2009.

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past twelve months before the date of this announcement.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Business Day”	means any day (excluding a Saturday, Sunday and other public holidays) on which banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Wo Kee Hong (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange (stock code: 720)
“Completion”	completion of the Placing
“Completion Date”	date of Completion
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Convertible Bonds”	the 4% coupon convertible bond in the aggregate principal amount of not more than HK\$25,000,000 to be issued and subscribed pursuant to the Placing Agreement
“Conversion Price”	the conversion price of the Convertible Bonds which is set initially at HK\$0.16 (subject to adjustments)
“Conversion Shares”	new Shares which will be issued upon conversion of the Convertible Bonds
“Director(s)”	the director(s) of the Company
“Dr. LEE”	Dr. Richard Man Fai LEE, Executive Chairman of the Board and Chief Executive Officer of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“Maturity Date”	maturity date of the Convertible Bonds, being the second anniversary of the date of issue of the Convertible Bonds
“Mr. Jeff LEE”	Mr. Jeff Man Bun LEE, an executive Director
“Ms. YUE”	Ms. Kam Har YUE, a non-executive Director
“Placing”	the placing of the Convertible Bonds by the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	Tanrich Capital Limited
“Placing Agreement”	the placing agreement dated 4 June 2010 entered into between the Company and the Placing Agent in relation to the Placing
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars
“%”	per cent.

By order of the Board
Wo Kee Hong (Holdings) Limited
Dr. Richard Man Fai LEE
Executive Chairman and Chief Executive Officer

Hong Kong, 4 June 2010

As at the date of this announcement, the Board comprises Dr. Richard Man Fai LEE (Executive Chairman and Chief Executive Officer), Mr. Jeff Man Bun LEE and Mr. Tik Tung WONG, all of whom are executive Directors; Ms. Kam Har YUE, who is a non-executive Director; Mr. Boon Seng TAN, Mr. Ying Kwan CHEUNG and Mr. Peter Pi Tak YIN, all of whom are independent non-executive Directors.