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GREAT WALL CYBERTECH LIMITED

長城數碼廣播有限公司*

(Provisional Liquidators appointed)

(Stock Code: 689)

(Incorporated in Bermuda with limited liability)

Climax Associates Limited

(Incorporated in the British Virgin Islands with limited liability)

**Capital Reorganisation, Subscription,
Creditors' Schemes, Open Offer, Placings,
Group Reorganisation,
and
Application for Whitewash Waiver**

Financial adviser to Great Wall Cybertech Limited

(Provisional Liquidators appointed)



SOMERLEY LIMITED

The Provisional Liquidators are pleased to announce that the Company, the Provisional Liquidators and the Investor entered into the Restructuring Agreement on 13th April, 2006 for the implementation of the Restructuring Proposal which involves, among other things, the Capital Reorganisation, the Subscription, the Creditors' Schemes, the Open Offer, the Placings and the Group Reorganisation. Completion of the Restructuring Proposal is subject to fulfillment of certain conditions including the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders. Details of the conditions precedent of the Restructuring Proposal are set out below in this announcement.

In order to restore the 25% public float as required under the Listing Rules, the Investor, as agreed by the Company, proposes that the Company will carry out the Open Offer and the New Shares Placing, and the Investor will conduct the Sale Shares Placing. Upon Completion, the Investor and its Concert Parties will be interested in approximately 75.0% of the enlarged issued share capital of the Company. Accordingly, the Investor and its Concert Parties will be required to make an unconditional mandatory general offer for all the Adjusted Shares other than those already owned or agreed to be subscribed by the Investor or its Concert Parties. The Investor will apply to the Executive for the Whitewash Waiver which, if granted, will be subject to the approval of the Independent Shareholders by way of poll at the SGM.

The primary objectives of the Restructuring Proposal are to inject new capital into the Company for settlement, through the Creditors' Schemes, of the Indebtedness of the Company, and to restructure the capital of the Company so as to restore the Restructured Group into a healthy financial position. Upon Completion, it is expected that the Company will emerge from provisional liquidation. The Provisional Liquidators believe that if the Restructuring Proposal is not successfully implemented, it is unlikely that there would be another viable alternative restructuring proposal available to the Group. In which case, there is a high possibility that the Company would be wound up.

Somerley has been retained as the financial adviser to the Company in respect of the Restructuring Proposal. An independent board committee will be established to consider the Restructuring Proposal and to give recommendation to the Independent Shareholders. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders on the Restructuring Proposal.

The release of this announcement does not necessarily indicate that the Restructuring Proposal will be successfully implemented and completed as the conditions precedent to the Restructuring Proposal may or may not be fulfilled or otherwise waived.

Trading in the Shares has been suspended since 24th March, 2003 and will be resumed subject to fulfillment of conditions imposed by the Listing (Review) Committee of the Stock Exchange and upon completion of the Restructuring Proposal. Further announcements will be made by the Company in relation to the progress and the timetable of the Restructuring Proposal as and when appropriate.

BACKGROUND

On 25th March, 2003, a creditor bank of the Group (the "Petitioner") lodged a winding-up petition against the Company (the "Petition") as a result of it failing to meet statutory demands for settlement of a debt of approximately HK\$17.8 million owed by a subsidiary of the Company and for which the Company is the guarantor. Trading in the Shares was suspended from 24th March, 2003 and remains suspended as of the date of this announcement. Upon the application of the Company by summons filed on 30th April, 2003, Mr. Derek K. Y. Lai and Mr. Joseph K. C. Lo of Deloitte Touche Tohmatsu were appointed as the Provisional Liquidators of the Company by the Hong Kong Court on 21st June, 2003 with powers to, among other things, preserve the assets of the Company, and to consider and review restructuring proposals and/or

scheme of arrangement so as to avoid the Company being wound up.

Since their appointment, the Provisional Liquidators, through their financial adviser, have been searching for potential investors for the Company. The Provisional Liquidators received restructuring proposals from three potential investors (including the Investor) but two of the proposals were subsequently withdrawn, resulting in the restructuring proposal put forward by the Investor being the only proposal available to the Provisional Liquidators. Consequently, the Company, the Provisional Liquidators and the Investor entered into the Costs Escrow Agreement in June 2004 with a view to finalise the definitive documents for implementing a restructuring of the Company. The Company was placed in its third stage of the delisting procedure under Practice Note 17 of the Listing Rules on 22nd July, 2004 and was given a final six months' period up to January 2005 for the submission of a resumption proposal to the Stock Exchange. The Listing (Review) Committee of the Stock Exchange allowed the Company to proceed with the Restructuring Proposal subject to fulfillment of the following conditions:

- (i) publication of the Company's interim results for the six months ended 30th June, 2004 and final results for the year ended 31st December, 2004;
- (ii) despatch of the Company's annual/interim report for the following periods:
 - (a) for the nine months ended 31st December, 2002;
 - (b) for the six months ended 30th June, 2003;
 - (c) for the year ended 31st December, 2003;
 - (d) for the six months ended 30th June, 2004; and
 - (e) for the year ended 31st December, 2004;
- (iii) provision of a cash flow forecast for the year ending 31st December, 2006;
- (iv) provision of a formal profit forecast/estimate together with the relevant comfort letters for the year ending 31st December, 2005;
- (v) restoration of the public float as required by the Listing Rules;
- (vi) appointment of an additional independent non-executive director and the company secretary as required by the Listing Rules;
- (vii) properly addressing the outstanding complaints relating to a brand name of the Company;
- (viii) the investment of HK\$83 million in the Company by the Investor; and
- (ix) procuring a securities house in placing new shares to potential investors in order to raise additional capital of HK\$30 million and to achieve the public float required under the Listing Rules.

Conditions (i), (ii), (vi) and (vii) above have been fulfilled as at the date of this announcement. Regarding condition (iv), the Company will publish the results for the year ended 31st December, 2005 on 28th April, 2006. The Company will ensure satisfaction of the outstanding conditions before application for resumption in trading of the securities of the Company.

REASONS FOR THE RESTRUCTURING PROPOSAL

The Group suffered severe financial difficulties in 2002 and 2003 and lost control of a number of principal subsidiaries. For the nine months ended 31st December, 2002 and the year ended 31st December, 2003, the Group recorded audited losses attributable to Shareholders of approximately HK\$896.9 million and HK\$35.7 million respectively. The substantial losses attributable to the Shareholders in 2002 was mainly due to (i) provision of approximately HK\$578.7 million due from subsidiaries over which the Company has lost control and therefore whose accounts were not consolidated into that of the Company; and (ii) losses of approximately HK\$291.1 million resulting from the Company indemnifying certain banks and suppliers of its subsidiaries. Based on the audited financial statements for the year ended 31st December, 2003, the Group recorded audited net liabilities of approximately HK\$497.6 million as at 31st December, 2003.

Since the entering into of the Costs Escrow Agreement in June 2004, the Investor has made available working capital to the Group for its business reactivation. In addition, the Investor has helped to rebuild the sales team of the Group with experienced professionals who have good business networks in the consumer electronic products industry. The Group has been able to accelerate reactivation of its business in the sale of consumer electronic products including DVD players, home theatre systems and television sets from June 2004 onwards by subcontracting production to independent third parties. Since then, significant progress has been made towards restoring the Group to an active and healthy state. The Group has successfully generated positive operating income and cashflow in the second half of 2004 as a result of a significant increase in sales. Turnover for the six-month period ended 31st December, 2004 increased by 3.8 times to HK\$109 million while net loss (after discounting one-off items) reduced by approximately 76% to HK\$2 million when compared with the same period in 2003. The financial results for the year ended 31st December, 2004 reflect the results of the Group under the new business model which took place since June 2004. For the six-month period ended 30th June, 2005, the Group made a turnover of HK\$174 million and achieved a net profit of HK\$3 million. Such results evidenced significant improvement when compared with a turnover of HK\$10 million and a net loss (after discounting one-off items) of HK\$2 million for the six-month period ended 30th June, 2004, and it was the first time the Group returned to a profitable position (after discounting one-off items) for an interim period since the financial difficulties experienced by the Group in 2002. Due to financial constraints, instead of manufacturing and selling consumer electronic products as in the past, the Group's current business model is to concentrate on product design, marketing and customers relationships. All production work is now subcontracted to independent third parties.

The primary objectives of the Restructuring Proposal are (i) to inject new capital into the Company for settlement, through the Creditors' Schemes, of the Indebtedness which, for reference purpose, based on the books and records available to the Company, amounted to approximately HK\$351.8 million as at 31st December, 2004, and (ii) to strengthen the Restructured Group's financial position. Upon Completion, it is expected that the Company will emerge from provisional liquidation.

If the Restructuring Proposal is not successfully implemented, in view of the fact that the third stage of the delisting procedures under Practice Note 17 of the Listing Rules expired in January 2005, the Provisional Liquidators believe that it is unlikely that there would be another viable alternative restructuring proposal available to the Group. In which case, there is a high possibility that the Company would be wound up.

Trading in the securities of the Company will be resumed subject to fulfillment of conditions imposed by the Listing (Review) Committee of the Stock Exchange and upon completion of the Restructuring Proposal, which is subject to fulfilment of certain conditions including, among other things, the passing of the relevant resolutions at the SGM for the implementation of the Restructuring Proposal, the obtaining of the Whitewash Waiver, the Creditors' Schemes having been approved by the Schemes Creditors and sanctioned by the Courts, the withdrawal of the Petition and the restoration of public float of the Company as required under the Listing Rules.

THE RESTRUCTURING PROPOSAL

On 13th April, 2006, the Company, the Investor and the Provisional Liquidators entered into the Restructuring Agreement in respect of the Restructuring Proposal, which involves, among other things, (i) the Capital Reorganisation, (ii) the Subscription, (iii) the Creditors' Schemes, (iv) the Open Offer, (v) the Placings, and (vi) the Group Reorganisation.

I. CAPITAL REORGANISATION

As at the date of this announcement, the authorised share capital of the Company is HK\$250,000,000 divided into 25,000,000,000 Shares, of which 8,076,257,020 Shares are in issue and fully paid. Under the Capital Reorganisation, the share capital of the Company will be restructured in the following manner:

Stage I Capital Reorganisation

To facilitate the issue of new shares by the Company under the Restructuring Proposal, the Company will, subject to the fulfillment of the conditions precedent, implement Stage I Capital Reorganisation upon release of this announcement:

(i) **Share Consolidation**

Every 100 issued Shares of HK\$0.01 each will be consolidated into one Consolidated Share of HK\$1.00 each. Fractional Consolidated Shares will not be issued to the Shareholders but will be aggregated and sold for the benefit of the Company.

(ii) **Capital Reduction**

Immediately upon the Share Consolidation becoming effective, the Company will carry out a reduction of the nominal value of each Consolidated Share from HK\$1.00 each to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.99 on each issued Consolidated Share. The Adjusted Shares will have par value of HK\$0.01 each upon the Capital Reduction becoming effective.

Conditions of Stage I Capital Reorganisation

Stage I Capital Reorganisation is conditional upon:

- (i) the passing of the necessary resolution(s) by the Shareholders to approve the Stage I Capital Reorganisation at the SGM;

- (ii) compliance with the relevant legal procedures and requirements under Bermuda laws to effect the Stage I Capital Reorganisation;
- (iii) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Adjusted Shares; and
- (iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Stage I Capital Reorganisation.

Effect of Stage I Capital Reorganisation

Upon the Stage I Capital Reorganisation becoming effective and without taking into account the new Adjusted Shares to be issued pursuant to the Restructuring Proposal, the issued share capital of the Company will be approximately HK\$808,000 represented by 80,762,570 Adjusted Shares of HK\$0.01 each.

Based on the audited accounts of the Company as at 31st December, 2004 and assuming that no further Shares will be issued or repurchased after the release of this announcement and up to the effective date of the Stage I Capital Reorganisation, credits with an aggregate amount of approximately HK\$80.0 million will arise in the books of the Company as a result of the Capital Reduction, which will be credited to the contributed surplus account of the Company. Based on the Company's contributed surplus of approximately HK\$145.4 million as at 31st December, 2004, it will be increased to approximately HK\$225.4 million upon the Stage I Capital Reorganisation becoming effective. The Board proposes to apply approximately HK\$3.5 million of the contributed surplus for the issue of the Additional Shares pursuant to the Subscription Agreement, leaving a balance of approximately HK\$221.9 million.

The Adjusted Shares will rank *pari passu* in all respects with each other. Other than the expenses to be incurred, implementation of the Stage I Capital Reorganisation will not alter the underlying assets, business operations, management or financial position of the Company or the relative interests or rights of the Shareholders.

Stage II Capital Reorganisation

Stage II Capital Reorganisation will, subject to fulfillment of the conditions precedent, be implemented upon completion of the Restructuring Agreement.

Capital Reserve Reduction

The Company will carry out a cancellation of the entire amount standing to the credit of its (i) share premium account (including the existing share premium which amounted to approximately HK\$792.0 million as at 31st December, 2004 based on the Company's audited accounts for the year ended 31st December, 2004 and those arising from the issue of the Subscription Shares, the Offer Shares and the Placing Shares which will amount to approximately HK\$88.3 million); (ii) capital redemption reserve account, and (iii) capital reserve account. Based on the audited accounts of the Company for the year ended 31st December, 2004, the Company had capital redemption reserve of approximately HK\$9.9 million and capital reserve of approximately HK\$71.4 million as at 31st December, 2004.

Conditions of Stage II Capital Reorganisation

Stage II Capital Reorganisation is conditional upon:

- (i) the passing of the necessary resolution(s) by the Shareholders to approve the Stage II Capital Reorganisation at the SGM;
- (ii) completion of the Restructuring Proposal;
- (iii) compliance with the relevant legal procedures and requirements under Bermuda laws to effect the Stage II Capital Reorganisation; and
- (iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Stage II Capital Reorganisation.

Effect of Stage II Capital Reorganisation

Upon the Stage II Capital Reorganisation becoming effective, credits with an aggregate amount of approximately HK\$961.6 million will arise in the books of the Company as a result of the Capital Reserve Reduction, which amount will be credited to the contributed surplus account of the Company. Based on the Company's contributed surplus of approximately HK\$145.4 million as at 31st December, 2004 and the amounts of credits that would be resulted from the Stage I Capital Reorganisation after applying approximately HK\$3.5 million for the issue of the Additional Shares, the balance will be increased to approximately HK\$1,183.5 million upon the Stage II Capital Reorganisation becoming effective. The Board proposes to apply such amount of contributed surplus to set off against the entire accumulated losses of the Company after deducting the estimated gain arising from the settlement and discharge in full of the Indebtedness, which for reference purpose amounted to approximately HK\$1,121.8 million as at 31st December, 2004, leaving a balance standing to the credit of the contributed surplus account of approximately HK\$61.7 million based on the Company's accounts as at 31st December, 2004. The balance of the contributed surplus may be applied in such manner as is permitted by the laws of Bermuda and the Bye-laws of the Company.

II. SUBSCRIPTION

Subscription Agreement

The Investor agreed to subscribe for 2,075,000,000 Subscription Shares at a subscription price of HK\$0.04 per Subscription Share. 352,750,000 Additional Shares will be issued and allotted to the Investor, credited as fully paid, on the basis of 17 Additional Shares for every 100 Subscription Shares subscribed by the Investor. The Additional Shares will be issued by the Company to the Investor upon completion of the Subscription. The terms of the Subscription Agreement were determined after arm's length negotiation between the Company, the Provisional Liquidators and the Investor.

The total of 2,427,750,000 Adjusted Shares (comprising 2,075,000,000 Subscription Shares and 352,750,000 Additional Shares) to be issued to the Investor pursuant to the Subscription Agreement represents approximately 30.1 times the issued Adjusted Shares immediately upon the Stage I Capital Reorganisation becoming effective, and approximately 80.2% of the enlarged issued share capital of the Company upon Completion.

Subscription price

The subscription price of HK\$0.04 per Subscription Share was determined after having taken into consideration various factors including the audited losses attributable to Shareholders incurred by the Group for the nine months ended 31st December, 2002 and the two years ended 31st December 2003 and 2004 of approximately HK\$896.9 million, HK\$35.7 million and HK\$4.8 million (before the gain on deconsolidation of subsidiaries) respectively and the audited net liabilities position of the Group of approximately HK\$302.6 million as at 31st December, 2004. The total consideration for the Subscription of HK\$83 million will be satisfied by the Investor in cash upon Completion. Based on the consideration for the Subscription of HK\$83 million and a total of 2,427,750,000 Adjusted Shares to be issued pursuant to the Subscription Agreement, the effective subscription price to the Investor would be HK\$0.0341 per Adjusted Share. The price of HK\$0.0341 per Adjusted Share represents a discount of approximately 97% to the theoretical closing price of HK\$1.00 per Adjusted Share based on the closing price of HK\$0.01 per Share on 21st March, 2003, being the last trading day immediately before suspension in trading of the Shares on 24th March, 2003, and adjusted for the Share Consolidation.

The effective subscription price of HK\$0.0341 per Adjusted Share is significantly lower than the offer price and placing price of HK\$0.06 per Adjusted Share under the Open Offer and the New Shares Placing. This is a commercial term agreed between the Company and the Investor in recognition of the Investor's contribution in terms of financial and management support to the Group since the signing of the Costs Escrow Agreement.

Ranking of the Subscription Shares and the Additional Shares

The Subscription Shares and the Additional Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the then issued Adjusted Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the date of issue and allotment of the Subscription Shares and the Additional Shares.

III. CREDITORS' SCHEMES

Based on the books and records available to the Company, the Indebtedness owed by the Company to the Schemes Creditors as at 31st December, 2004 amounted to approximately HK\$351.8 million, which was mainly accrued before the Investor put forward the Restructuring Proposal to the Provisional Liquidators. The Indebtedness as at 31st December, 2004 comprised direct unsecured liabilities of the Company of approximately HK\$8.8 million and liabilities of its subsidiaries and

associate of approximately HK\$343.0 million for which the Company is the guarantor. Out of the aforesaid liabilities of HK\$343.0 million, approximately HK\$167.0 million are secured by assets pledged by the Company's subsidiaries and associate whilst the remaining HK\$176.0 million are not secured by any security.

The Creditors' Schemes, if implemented, will provide for settlement and discharge in full of the Indebtedness including interests accrued up to the date on which the Creditors' Schemes become effective. The indebtedness figures shown above are for indicative purposes only. The claims made by the Schemes Creditors will be subject to formal adjudication by the Scheme Administrators pursuant to the Creditors' Schemes.

Terms

An amount of HK\$21.5 million out of the Subscription proceeds and the entire interests in the Scheme HK Group and Scheme BVI Group (comprising members of the Group which will be excluded from the Restructured Group, but some of which are either in the process of winding up and/or the Company has lost control over them, details of which are set out under the section headed "Group Reorganisation" below), will be transferred to the Scheme Administrators for administration. At the formal adjudication stage, if the creditors with security provided by the subsidiaries or associate of the Company are capable of collecting their respective collateralised property or assets, the value of the relevant property or assets (which is estimated by the Company to be approximately HK\$23.8 million) will be appraised by independent professional valuers and the appraised values will be deducted from the amounts of the claims of the relevant creditors. Any indebtedness owed to the relevant creditors in excess of the appraised value of the security will be treated as unsecured debts. If the creditors with security provided by the subsidiaries or associate of the Company are not capable of collecting their collateralised property or assets, the whole amount of their indebtedness will be treated as unsecured debts. The total unsecured debts (including the aforesaid excess) under the Creditors' Schemes as at the Scheme Record Date will be discharged in full by way of a cash payment on a pro-rata basis (subject to preferential claims) out of the aforesaid amount of HK\$21.5 million (subject to deduction of the related petition costs and the Scheme Administration Costs up to HK\$1 million in aggregate) (the "Distribution Proceeds"). In addition, if there is any amount raised from the realisation of assets of the Scheme HK Group and Scheme BVI Group by the Scheme Administrators (the "Assets Realisation"), such amount would also be distributed to the Scheme Creditors as if it was part of the Distribution Proceeds.

Effects of the Creditors' Schemes

The Distribution Proceeds and, if any, amounts raised from the Assets Realisation will be used to repay the Schemes Creditors for the discharge and settlement in full of the Indebtedness, which will have the effect of, before taking into account other features of the Restructuring Proposal, reducing the indebtedness of the Company from HK\$351.8 million as at 31st December, 2004 to approximately HK\$0.89 million (which represents amounts owed by the Company to two of its wholly-owned subsidiaries which will remain in the Restructured Group), thereby enhancing the net assets of the Restructured Group. The actual amount of the Indebtedness to be discharged pursuant to the Creditors' Schemes will be subject to formal adjudication by the Scheme Administrators.

Conditions of the Creditors' Schemes

The Creditors' Schemes are to become effective upon:

- (i) approval by a majority in number representing three-quarters in value of the creditors who are entitled to attend and vote and be present in person or by proxy at the relevant meetings of the Creditors' Schemes;
- (ii) all necessary consents or approvals of all relevant government or regulatory authorities in relation to the Creditors' Schemes being obtained (including but not limited to the order of the Bermuda Court to sanction the scheme subject to approval referred to in (i) above);
- (iii) the conditions precedent to the Restructuring Agreement have been satisfied or, where applicable, waived or amended before the Creditors' Schemes become effective (save as to the condition requiring the Creditors' Schemes to have become unconditional); and
- (vi) the relevant Court orders have been filed with the registrar of companies in Hong Kong and Bermuda respectively.

IV. OPEN OFFER

Pursuant to the Restructuring Proposal, as part of the measures to restore the 25% public float as required under the Listing Rules and to enable the existing Shareholders to participate in the Restructuring Proposal, the Investor, as agreed by the Company, proposes that the Company will carry out the Open Offer as follows:

Issue statistics

Basis of Open Offer:	9 Offer Shares for every 5 Adjusted Shares held by the Qualifying Shareholders on the Record Date
Number of Adjusted Shares expected to be in issue immediately upon the Stage I Capital Reorganisation becoming effective:	80,762,570 Adjusted Shares
Number of Offer Shares:	145,372,626 Offer Shares
Offer price:	HK\$0.06 per Offer Share

The terms of the Open Offer have been determined after arm's length negotiation between the Company, the Provisional Liquidators, the Investor and the Underwriter.

The 145,372,626 Offer Shares represent 1.8 times the issued Adjusted Shares immediately upon the Stage I Capital Reorganisation becoming effective, and approximately 4.8% of the enlarged issued share capital of the Company upon Completion. Details of the changes in the shareholding structure of the Company are set out under the section headed "Changes in Shareholding" below.

The price of HK\$0.06 per Subscription Share represents a discount of 94% to the theoretical closing price of HK\$1.00 per Adjusted Share based on the closing price of HK\$0.01 per Share on 21st March, 2003, being the last trading day immediately before suspension in trading of the Shares on 24th March, 2003, and adjusted for the Share Consolidation.

Qualifying Shareholders

The Company will send the Application Forms and Excess Application Forms to the Qualifying Shareholders only. To qualify for the Open Offer, Shareholders must be registered as a member of the Company on the Record Date. Shareholders having an address in Hong Kong on the register of members of the Company at the close of business on the Record Date will qualify for the Open Offer. Shareholders having addresses outside Hong Kong on the register of members of the Company at the close of business on the Record Date will qualify for the Open Offer only if the Board, after making relevant enquiry as required under the Listing Rules, considers that the offer to these Shareholders would not contravene any legal restriction under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place. Further information in this regard will be included in the Prospectus.

As the Subscription Shares, Additional Shares and Placing Shares will, subject to fulfillment of the conditions precedent, only be issued upon Completion which will take place after the Record Date, holders of such shares will not rank for the Open Offer.

Application for excess Offer Shares

Qualifying Shareholders may apply for any Offer Shares provisionally allotted but not accepted by Qualifying Shareholders. Application can be made by completing the Excess Application Forms and lodging the same with remittance of the aggregate subscription price payable for the relevant excess Offer Shares. The Directors will allocate the excess Offer Shares at their discretion on a fair and equitable basis and will give preference to topping up odd lots to whole board lots. Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders whose Shares are registered in the names of nominee companies should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Offer Shares will not be extended to beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Status of the Offer Shares

When fully paid, issued and allotted, the Offer Shares will rank *pari passu* in all respects with the then issued Adjusted Shares. Holders of the fully paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of issue and allotment of the Offer Shares.

Conditions of the Open Offer

Completion of the Open Offer is conditional upon, among others, fulfilment of the following conditions:

- (i) the passing of the resolutions by the Shareholders (with those interested Shareholder(s) to abstain from voting) to approve the Stage I Capital Reorganisation, the Group Reorganisation, the Subscription, the New Shares Placing and the Open Offer at the SGM;
- (ii) the passing of the resolution by way of poll by the Independent Shareholders to approve the Whitewash Waiver;
- (iii) the granting by the Executive of the Whitewash Waiver to the Investor;
- (iv) the granting by the Listing Committee of the Stock Exchange the listing of, and permission to deal in, the Offer Shares;
- (v) the Stage I Capital Reorganisation becoming effective;
- (vi) the Restructuring Agreement becoming unconditional in all respects (save as the condition requiring the Open Offer becoming unconditional and/or the obligations of the Underwriter under the Underwriting Agreement not being terminated);
- (vii) compliance with the requirements under the applicable laws and regulations of Hong Kong and Bermuda;
- (viii) the clearance in principle by the Stock Exchange of an announcement to be issued by the Company (in the form approved by the Stock Exchange and (if applicable) the SFC) confirming the fulfilment of all conditions precedent to completion of the Restructuring Agreement and the date on which resumption of trading in the securities of the Company will occur which shall not be later than two Business Days after the publication of such announcement; and
- (ix) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with its terms.

None of the above conditions is waivable by the Company or the Underwriter. In respect of condition (i) above, as the Open Offer will increase the existing issued share capital of the Company by more than 50% and the Company does not have any controlling shareholder, in accordance with the Listing Rules, the Directors and the chief executive of the Company and their respective associates will abstain from voting in favour of the relevant resolution at the SGM. Mr. Wu, an executive Director, through Vandor Profits Limited, is interested in approximately 7.66% of the issued share capital of the Company and is therefore required to abstain from voting in favour of the relevant resolution.

In the event that the above conditions have not been satisfied on or before 4:00 p.m. on 31st August, 2006 (or such other date as may be agreed between the Underwriter, the Provisional Liquidators, the Investor and the Company), all liabilities of the parties to the Underwriting Agreement shall cease and

determine and no party shall have any claim against the other party save for any antecedent breach thereof. In such event, the Restructuring Proposal will not proceed.

Underwriting Agreement

Date: 13th April, 2006

Underwriter: Grand Vinco

Number of Offer Shares underwritten: 145,372,626 Offer Shares

Commission: 2.5% of the aggregate Offer Price for the Underwritten Shares

To the best knowledge of the Directors and the Provisional Liquidators after making all reasonable enquiries, the Underwriter and its controlling shareholder are third parties independent of the Company and its connected persons.

Termination of the Underwriting Agreement

The Underwriter may terminate its obligations under the Underwriting Agreement by notice in writing issued to the Company at any time prior to 4:00 p.m. on the third Business Day after the Acceptance Date if there occurs:

- (i) any new law or regulation or any change (whether or not forming part of a series of changes) in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature by any court or other competent authority of any jurisdiction relevant to the Group shall have been introduced or effected; or
- (ii) 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 of the Underwriting Agreement) 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 and international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets shall have been occurred; or
- (iii) any adverse change in the business or in the financial position or the prospects of the Group as a whole; or
- (iv) any event, or series of events, beyond the control of the Underwriter (including without limitation, any act of God, acts of government, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic or threatened epidemic (including but not limited to severe acute respiratory syndrome, bird flu and other viruses of an epidemic nature), terrorism, strike or lock-out shall have occurred, happened or come into effect; or
- (v) any adverse change in market conditions (including without limitation, a change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or restriction of trading

in securities and a change in currency conditions for the purpose of this clause includes a change in the system which the value of Hong Kong currency is pegged with that of the currency of the United States of America) shall have been occurred; or

- (vi) any event, or series of events which in the opinion of the Underwriter has or is likely to have the effect of making any part of the Underwriting Agreement incapable of performance in accordance with its terms or which prevents the processing of the Open Offer; or
- (vii) any adverse change or development in the conditions of Hong Kong and the PRC or international equity securities markets; or
- (viii) the imposition of economic sanctions, in whatever form, directly and indirectly, by the United States, the European Union (or any member thereof) or any other country or organisation in Hong Kong, the PRC or any other jurisdiction relevant to the Group; or
- (ix) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control) or foreign investment regulations in the PRC, Hong Kong or any jurisdiction relevant to the Group;

which, in the reasonable opinion of the Underwriter:

- (1) is or will or is likely to be adverse to the business, financial or other condition or prospects of the Group or, in the case of paragraph (ix) above, to the prospective shareholders as a whole or generally in their capacity as such; or
- (2) has or will or is likely to have an adverse effect on the success of the Open Offer or the level of the Offer Shares being accepted or distribution of the Offer Shares; or
- (3) makes it inadvisable or inexpedient to proceed with the underwriting or the delivery of the Offer Shares on the terms and in the manner contemplated by the Underwriting Agreement or other relevant documents;

then the Underwriter may in its absolute discretion, upon giving notice in writing to the Company terminate the Underwriting Agreement with immediate effect. Should this occur, the Underwriting Agreement shall cease to have effect and none of the parties to the Underwriting Agreement shall have any rights or claims to the other parties by reason thereof.

The Underwriter shall be entitled by notice in writing to the Company, served prior to 4:00 p.m. on the third Business Day after the Acceptance Date to rescind the Underwriting Agreement if:

- (i) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission will have adverse effect on its financial position as a whole; or
- (ii) the Underwriter shall either receive notification pursuant to the terms of the Underwriting Agreement or otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be

untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable opinion, determine that any such untrue representation or warranty represents or is likely to represent an adverse change in the financial position of the Group taken as a whole or is otherwise likely to have a prejudicial effect on the Open Offer; or

- (iii) the Company shall, after any matter or event referred to in the Underwriting Agreement has occurred or come to the Underwriter's attention, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company.

If the Underwriter terminates or rescinds the Underwriting Agreement, the Open Offer will not proceed. In such event, the Restructuring Proposal will not proceed.

V. PLACINGS

Pursuant to the Restructuring Proposal and as additional measures to restore the 25% public float as required under the Listing Rules, (i) the Company, the Provisional Liquidators and Grand Vinco as the Placing Agent entered into the New Shares Placing Agreement on 13th April, 2006 pursuant to which the Placing Agent agreed to place up to 374,627,374 Placing Shares at no less than HK\$0.06 each, and (ii) the Investor, the Company and the Placing Agent entered into the Sale Shares Placing Agreement on 13th April, 2006 pursuant to which the Placing Agent agreed to place up to 156,500,000 Sale Shares at no less than HK\$0.06 each. Pursuant to the above agreements, the Placing Agent will procure for each of the New Shares Placing and Sale Shares Placing, on a best effort basis, no less than six independent investors who are third parties independent of the Company and its connected persons and the Investor to subscribe or purchase the aforesaid Placing Shares and Sale Shares. It is not expected that a new substantial Shareholder will be introduced as a result of the Placings. The Placing Agent will receive a placing commission of 2.5% on the gross proceeds of each of the Placings. The terms of the Placing Agreements including the placing price were determined after arm's length negotiation between the parties involved.

The 374,627,374 Placing Shares to be issued under the New Shares Placing represent approximately 4.64 times the issued Adjusted Shares immediately upon the Stage I Capital Reorganisation becoming effective and approximately 12.4% of the enlarged issued share capital of the Company upon Completion. The 156,500,000 Sale Shares under the Sale Shares Placing represent approximately 1.9 times the issued Adjusted Shares immediately upon the Stage I Capital Reorganisation becoming effective and approximately 5.17% of the enlarged issued share capital of the Company upon Completion. Details of the changes in shareholding structure of the Company are set out under the section headed "Changes in Shareholding" below.

Ranking of the Placing Shares

The Placing Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the then issued Adjusted Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the date of allotment and issue of the Placing Shares.

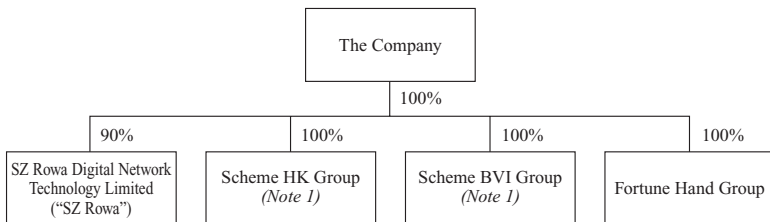
VI. GROUP REORGANISATION

Pursuant to the terms of the Restructuring Agreement, the Group Reorganisation will be implemented to facilitate implementation of the Creditors' Schemes as follows:

- (i) the entire interest in Fortune Hand will be transferred to BVI Intermediary Holdco in consideration of the allotment and issue of one share in BVI Intermediary Holdco of US\$1 each to the Company so that after such transfer the Company becomes the sole shareholder of BVI Intermediary Holdco and indirectly holds the Fortune Hand Group;
- (ii) the entire interests in Scheme HK Group Holdco and Scheme BVI Group Holdco will be transferred to the Scheme Bermuda Holdco in consideration of HK\$1 for each of the above transfers; and
- (iii) the entire interests in Scheme Bermuda Holdco will be transferred to the Scheme Administrators or their nominee. The Scheme Bermuda Holdco will be held by the Scheme Administrators upon sanction of the Creditors' Schemes by the Courts.

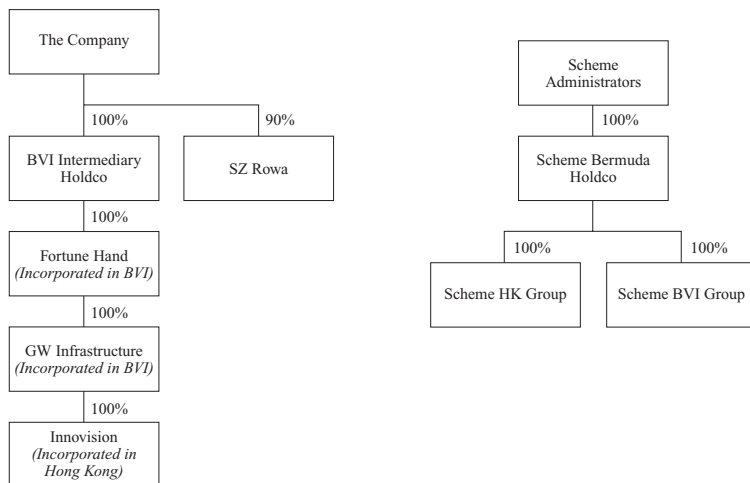
Based on the records available to the Company, the simplified structure of the existing Group and the Restructured Group immediately before and after completion of the Group Reorganisation are as follows:

Structure of the existing Group immediately before completion of the Group Reorganisation:



Note 1: Some members of the Scheme HK Group and the Scheme BVI Group are either in the process of winding up and/or the Company has lost control over them.

Structure of the Restructured Group immediately after completion of the Group Reorganisation:



Note: The principal businesses of BVI Intermediary Holdco, Fortune Hand and GW Infrastructure are investment holding.

SZ Rowa, a 90%-owned subsidiary of the Company, is a Sino-foreign joint venture incorporated in the PRC in 2000. It was set up for the purpose of engaging in Internet software development. SZ Rowa did not commence any operations due to the downturn of Internet related business worldwide at the time and it remained dormant since then. SZ Rowa will not be transferred to the Scheme Administrators as its business license, which will be required for share transfer registration, was revoked by the PRC authority in 2005. Accordingly, it will remain a subsidiary of the Group immediately after completion of the Group Reorganisation. The Board has intended to wind up SZ Rowa.

USE OF PROCEEDS

The aggregate net proceeds from the Subscription, the Open Offer and the New Shares Placing of approximately HK\$105 million will be applied by the Company as follows:

- HK\$21.5 million for the settlement of the Indebtedness pursuant to the Creditors' Schemes, subject to a maximum deduction of approximately HK\$1 million for payment for the Scheme Administration Costs and related petition costs;
- where suitable manufacturing facility is identified, up to HK\$20 million for such investment; and

- the remaining balance of HK\$63.5 million will be retained for the present as working capital for the Restructured Group. However, the Directors will continue to seek new business opportunities to improve the Restructured Group's profitability and prospects and may consider using a portion of the balance to diversify the Restructured Group's business in due course.

CONDITIONS PRECEDENT TO THE RESTRUCTURING AGREEMENT

Completion of the Restructuring Agreement is subject to satisfaction or waiver (as the case may be) of the following conditions precedent:

1. the passing of the resolutions by the Shareholders (with those interested Shareholder(s) abstain from voting) at the SGM to approve:
 - a. the Capital Reorganisation;
 - b. the Group Reorganisation;
 - c. the Underwriting Agreement and the implementation of the Open Offer;
 - d. the Subscription Agreement and the implementation thereof; and
 - e. the New Shares Placing Agreement and the implementation thereof.
2. the passing of the resolution by the Independent Shareholders by way of poll to approve the Whitewash Waiver;
3. the granting by the Executive of the Whitewash Waiver to the Investor;
4. all relevant legal procedures and requirements under Bermuda law to effect the Stage I Capital Reorganisation having been complied with;
5. (where required) the Bermuda Monetary Authority granting its permission to the issue and allotment of the Adjusted Shares to be issued pursuant to the Stage I Capital Reorganisation, the Open Offer, the Subscription Agreement and the New Shares Placing Agreement;
6. the Creditors' Schemes having been approved by the Schemes Creditors in accordance with the applicable laws and regulations of Hong Kong and Bermuda and sanctioned by the Courts and filing of the relevant Court orders with the registrar of companies in Hong Kong and Bermuda respectively;
7. the Petitioner having confirmed in writing to withdraw the Petition (which withdrawal may be conditional on the subscription price for the Subscription Shares having been received by the Provisional Liquidators on behalf of the Company);
8. an order having been issued by the Hong Kong Court discharging and releasing the Provisional Liquidators (which order may be conditional on the subscription price of the Subscription Shares having been received by the Provisional Liquidators on behalf of the Company);
9. all requirements under the applicable laws and regulations of Hong Kong and Bermuda for the implementation of the Creditors' Schemes having been complied with;

10. the Open Offer becoming unconditional in all respects (save any condition requiring the Restructuring Agreement to become unconditional) and the Underwriting Agreement not having been terminated by the Underwriter;
11. the places lists of the Placing Shares and the Sale Shares pursuant to the Placing Agreements being submitted to and approved by the Stock Exchange and (if applicable) the SFC;
12. The Placing Agreements becoming unconditional in all respects (save any condition requiring the Restructuring Agreement to become unconditional) and the Placing Agreements not having been terminated by the Placing Agent;
13. consents and approvals of all relevant government and regulatory authorities and any other persons for the implementation and completion of the Restructuring Proposal and the transactions contemplated under the Restructuring Agreement having been obtained;
14. the fulfillment by the Company and/or the Investor (as the case may be) of the conditions imposed by a letter dated 27th September, 2005 from the Listing (Review) Committee of the Stock Exchange;
15. the granting by the Listing Committee of the Stock Exchange the listing of, and permission to deal in, the Adjusted Shares in issue and to be issued pursuant to the Stage I Capital Reorganisation, the Subscription, the New Shares Placing and the Open Offer (either unconditionally or subject to such conditions acceptable to the Company and the Investor); and
16. the clearance in principle by the Stock Exchange of an announcement to be issued by the Company (in the form approved by the Stock Exchange and (if applicable) the SFC) confirming the fulfilments of all conditions precedent to the Restructuring Agreement and the date on which resumption of trading in the Adjusted Shares will occur, which shall not be later than two Business Days after publication of such announcement.

The Company, the Provisional Liquidators and the Investor may jointly agree in writing to waive the conditions 7 and 8 above. None of the Provisional Liquidators, the Company nor the Investor may waive any of the conditions precedent set out in other paragraphs. The long-stop date for the fulfillment of the above conditions precedent is 31st August, 2006 or such other date as the Company, the Provisional Liquidators and the Investor may agree in writing.

CHANGES IN SHAREHOLDING

As part of the measures to restore the public float as required under the Listing Rules, the Company will implement the Open Offer and the New Shares Placing whilst the Investor will engage the Placing Agent to carry out the Sales Shares Placing. Upon completion of the Placings, the Investor will hold 75.0% interest in the enlarged issued share capital of the Company upon Completion. The following table illustrates the existing shareholding structure and changes in the shareholding of the Company following implementation of the Restructuring Proposal:

	Existing		After Stage I Capital Reorganisation becoming effective		After Capital Reorganisation becoming effective and completion of, among others, Subscription, Placings and assuming zero acceptance of the Open Offer by Existing Shareholders		After Capital Reorganisation becoming effective and completion of, among others, Subscription, Placings and assuming 100% acceptance of the Open Offer by Existing Shareholders	
	No. of Shares	%	No. of Adjusted Shares		No. of Adjusted Shares		No. of Adjusted Shares	
				%		%		%
Investor	-	0.00%	-	0.00%	2,271,250,000	75.00%	2,271,250,000	75.00%
Public float								
<i>Places and other Shareholder</i>								
Places of New Shares Placing	-	0.00%	-	0.00%	374,627,374	12.37%	374,627,374	12.37%
Places of Sale Shares Placing	-	0.00%	-	0.00%	156,500,000	5.17%	156,500,000	5.17%
Underwriter or independent subscribers of Offer Shares procured by it	-	0.00%	-	0.00%	145,372,626	4.80%	-	0.00%
	-	0.00%	-	0.00%	676,500,000	22.34%	531,127,374	17.53%
<i>Existing Shareholders</i>								
Vandor Profits Limited (Note 1)	618,720,250	7.66%	6,187,202	7.66%	6,187,202	0.20%	17,324,166	0.57%
Bank of China ((HK) Nominees Ltd. (Note 2)	1,811,940,295	22.44%	18,119,403	22.44%	18,119,403	0.60%	50,734,328	1.68%
Existing Public Shareholders	5,645,596,475	69.90%	56,455,965	69.90%	56,455,965	1.86%	158,076,702	5.22%
	8,076,257,020	100.00%	80,762,570	100.00%	80,762,570	2.67%	226,135,196	7.47%
Total	<u>8,076,257,020</u>	<u>100.00%</u>	<u>80,762,570</u>	<u>100.00%</u>	<u>3,028,512,570</u>	<u>100.00%</u>	<u>3,028,512,570</u>	<u>100.00%</u>

Notes: 1. Vandor Profits Limited is beneficially owned by Mr. Wu, an executive Director.

2. Based on SDI notice filed, Citigroup is the beneficial owner of those Shares held in the name of Bank of China (HK) Nominee Ltd..

WHITEWASH WAIVER

Upon Completion, the Investor and its Concert Parties will be interested in an aggregate of approximately 75.0% of the enlarged issued share capital of the Company. Accordingly, the Investor and its Concert Parties will be required to make an unconditional mandatory general offer for all the securities of the Company other than those already owned or agreed to be subscribed by the Investor or its Concert Parties. The Investor will apply to the Executive for the Whitewash Waiver which, if granted, will be subject to the approval of the Independent Shareholders by way of poll at the SGM.

Completion is conditional upon, among other things, the granting of the Whitewash Waiver by the Executive and the approval of the Whitewash Waiver by the Independent Shareholders by way of poll at the SGM. The Investor will not waive this condition precedent. Completion will not take place and the Restructuring Proposal will not proceed if the Whitewash Waiver is not granted by the Executive and approved by the Independent Shareholders.

As the Investor will hold more than 50% of the enlarged issued share capital of the Company upon Completion, it may purchase and/or subscribe for additional Adjusted Shares without triggering any further obligation for a general offer under the Takeovers Code.

Other than pursuant to the Subscription Agreement, neither the Investor nor any of its Concert Parties was interested in any Shares, warrants, options, derivatives or securities convertible into Shares as at the date of this announcement nor had they dealt in any Shares during the period of six months prior to the date of this announcement. The Investor and its Concert Parties have also undertaken that they will not deal in the Shares during the period up to and including the date of completion of the Subscription.

BACKGROUND INFORMATION ON THE INVESTOR

The Investor is a company incorporated in the BVI with limited liability and is owned as to 51% by a trust of which Mr. Wong and his family members are discretionary beneficiaries, as to 20% by Mr. Robert Chu Kwok Chi and as to 29% by Mr. Cheng Hai Rong. The Investor, its beneficial owners and their respective Concert Parties are third parties independent of the Company and its connected persons. The principal business of the Investor is investment holding. It has not undertaken any business activities other than making the Restructuring Proposal to the Provisional Liquidators, providing working capital to the Group and entering into the relevant agreements in relation to the Restructuring Proposal. Mr. Wong and Mr. Chu will be appointed as executive directors of the Company upon Completion.

Mr. Wong, aged 45, holds a Bachelor Degree in Social Science, major in Economics. He has worked in the banking and finance industry for over 20 years, particularly in the investment banking sector. Between 1990 and 2002, Mr. Wong worked with the CEF Group, a joint venture between Cheung Kong Holdings Limited and Canadian Imperial Bank of Commerce, and held the position of managing director of CEF Capital Limited since 1995. Mr. Wong was a director of CEF Capital Limited and CEF (Capital Markets) Limited and was a member of the commitment committee of the CEF Group approving all underwriting and credit risk related transactions. He has extensive experience in fund-raising, financial products and corporate restructuring.

Mr. Chu, aged 55, holds a Bachelor Degree in Business Administration and has over 30 years' experience in international trade and the electronics industry. Mr. Chu has been responsible for the marketing, trading and production functions of various private and listed consumer electronics companies in Hong Kong. He was the managing director of a subsidiary of the Company during the 10 years from 1990 to 2000. Mr. Chu has been acting as a consultant for the Group since August 2004.

Mr. Cheng, aged 45, has over 20 years' experience in China finance and investment, including life sciences, energy saving, finance services and brokerage. He is the Researcher of China National Research Institute and Contracted Researcher of China Management Science Institute's Academic Committee. He was the

founder and managing director of China Point Stock Brokers Limited. He has diverse and extensive experience and business connections in the PRC.

FUTURE INTENTIONS OF THE INVESTOR REGARDING THE RESTRUCTURED GROUP

In the past, the Group was principally engaged in the manufacture and sale of consumer electronic products including television product and audio visual products and their respective components. As a result of the financial difficulties suffered by the Group since 2002, the operation of the Group was scaled down substantially. Since the entering into of the Costs Escrow Agreement, the Group has changed its business model and became focus on the sale and marketing of consumer electronic products, product design and customers relationship with manufacturing work being subcontracted out to independent third parties. Much of the Group's business operation has been carried out by Innovision, being the principal subsidiary of the Company, since 18th June, 2004.

Business plan

Following Completion, the Investor intends that the Restructured Group will continue its existing principal business of sale and marketing of consumer electronic products including television sets, DVD players and home theatre system, and will continue to undertake product design and marketing. Manufacturing work will still be subcontracted to independent third parties. The Investor has identified, on behalf of the Company, a potential seller of suitable manufacturing facilities. Nevertheless, as the Company is still under provisional liquidation, the potential seller considers it inappropriate to commence active negotiation on the terms and conditions of the possible sale. Upon Completion, if agreement can be reached with the potential seller, the Company would invest in a manufacturing facility for production of its consumer electronic products. The Investor does not intend to re-deploy or dispose of any of the assets of the Restructured Group other than in the ordinary course of business. The Investor has no intention of injecting any assets or business to the Restructured Group. The Restructured Group will continue to seek new business opportunities to improve the Group's profitability and prospects, and may diversify into other businesses should suitable opportunities arise. Nonetheless, no specific investment target has been identified to-date.

It is the intention of the Investor to maintain the listing of the Company on the Stock Exchange. **Resumption of trading in the shares of the Company is subject to, among other things, the restoration of the public float of 25% of the enlarged issued share capital of the Company. The Investor will undertake to the Company and the Stock Exchange that it will use its best endeavours and take appropriate steps to ensure that an adequate number of the Adjusted Shares will be placed to independent third parties to maintain the public float of not less than 25% of the enlarged issued share capital of the Company immediately after Completion but prior to resumption in order to meet the minimum public float requirement under Rule 8.08 of the Listing Rules.**

The Stock Exchange has further stated that, as long as the Company remains listed on the Stock Exchange, any acquisitions or disposals of assets by the Company will be subject to the provisions of the Listing Rules. Pursuant to the Listing Rules, the Stock Exchange has the discretion to require the Company to issue an announcement and/or a circular to the Shareholders irrespective of the size of the proposed transactions particularly when such proposed transaction represents a departure from the principal activities of the Group following Completion. The Stock Exchange also has the power to

aggregate a series of acquisitions or disposals of the Company and any such transactions may result in the Company being treated as if it were a new applicant and subject to the requirements for new applicants as set out in the Listing Rules.

Directors and management

The current Board comprises five executive Directors and three independent non-executive Directors. Pursuant to the Restructuring Agreement, all existing executive Directors will resign from the Board on Completion and new executive Directors to be nominated by the Investor (including Mr. Wong and Mr. Chu) will be appointed. The three independent non-executive Directors will continue to serve on the Board. Particulars of the proposed new executive Directors will be set out in the Circular.

GENERAL

Shareholders should be aware of and take note that the Restructuring Proposal are conditional upon satisfaction of certain conditions, in particular the conditions relating to the obtaining of the Whitewash Waiver, the listing approval for the Adjusted Shares to be issued pursuant to the Restructuring Proposal and the resumption of trading of the issued Adjusted Shares. The listing approval for the Adjusted Shares will only be granted by the Stock Exchange upon fulfillment of the conditions precedent laid down by the Listing (Review) Committee of the Stock Exchange mentioned above. Resumption of trading of the Adjusted Shares may or may not be permitted by the Stock Exchange, and the Company may or may not be able to fulfill the other relevant requirements as stipulated under the Listing Rules. The Restructuring Proposal therefore may or may not proceed. If the Restructuring Proposal is not successfully implemented, it is unlikely that there would be another viable alternative restructuring proposal available to the Group. In which case, there is a high possibility that the Company would be wound up.

The Company will submit an application for the listing of, and permission to deal in, the Adjusted Shares falling to be issued under the Restructuring Proposal. Somerley has been retained as financial adviser to the Company. An independent board committee of the Company will be established to consider the Restructuring Proposal and to give recommendation to the Independent Shareholders. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders on the Restructuring Proposal.

The Circular containing, among other things, details on the Restructuring Proposal (including the expected timetable), financial information relating to the effects of the Restructuring Proposal, the Whitewash Waiver, the recommendation of the independent board committee, the advice of the independent financial adviser and a notice of the SGM will be despatched to the Shareholders as soon as practicable in accordance with the provisions under the Takeovers Code and the Listing Rules.

The Capital Reorganisation, the Subscription, the Creditors' Schemes, the Open Offer and the Placings are inter-conditional (save and except for Stage I Capital Reorganisation). In accordance with the Listing Rules, the Directors and the chief executive of the Company and their respective associates are required to abstain from voting in the resolution approval the Open Offer. As the Subscription, the Creditors' Scheme, the Open Offer and the Placings form part and partial of the Restructuring Proposal, the Directors and the chief executive of the Company and their respective associates will also abstain from voting on the resolutions approving the Restructuring Proposal at the SGM.

The release of this announcement does not necessarily indicate that the Restructuring Proposal will be successfully implemented and completed as the conditions precedent to the Restructuring Proposal may or may not be fulfilled or otherwise waived.

Trading in the Shares has been suspended since 24th March, 2003 and will be resumed subject to fulfillment of conditions imposed by the Listing (Review) Committee of the Stock Exchange and upon completion of the Restructuring Proposal. Further announcements will be made by the Company on the progress of the Restructuring Proposal, including the timetable.

As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Wu Shaozhang, Mr. Wong Kwok Wing, Mr. Tse On Kin, Mr. Yuen Chung Yan, John and Mr. Chen Weixiong and three independent non-executive Directors, namely, Mr. Lee Shue Shing, Mr. Wu Xiaoke and Mr. Poon Kwok Shin, Edmond.

DEFINITIONS

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

“Acceptance Date”	a day falling 14 days after the Posting Date (or such other date as the Underwriter may agree in writing with the Company and the Provisional Liquidators) as the latest time for acceptance of, and payment for, the Offer Shares
“Additional Shares”	352,750,000 new Adjusted Shares to be allotted and issued to the Investor, credited as fully paid, pursuant to the Subscription Agreement
“Adjusted Share(s)”	ordinary share(s) of the Company of HK\$0.01 each in the share capital of the Company upon the Stage I Capital Reorganisation becoming effective
“Application Form(s)”	application form(s) for Offer Shares
“associates”	has the meaning ascribed thereto under the Listing Rules
“Bermuda Court”	the Supreme Court of Bermuda
“Board”	the board of Directors
“Business Day”	any days (other than Saturday) on which licensed bank in Hong Kong are open for business throughout their normal business hours
“BVI”	British Virgin Islands
“BVI Intermediary Holdco”	a company to be incorporated in the BVI, which shall become the holding company of Fortune Hand immediately after the Group Reorganisation
“Capital Reduction”	the proposed reduction of the nominal value of each issued Consolidated Share from HK\$1.00 to HK\$0.01 by canceling the paid-up capital to the extent of HK\$0.99 on each issued Consolidated Share
“Capital Reorganisation”	collectively the Stage I Capital Reorganisation and the Stage II Capital Reorganisation

“Capital Reserve Reduction”	the proposed cancellation of the entire amount standing to the credit of the Company’s share premium account capital, redemption reserve account and capital reserve account
“Circular”	the circular of the Company containing, among other things, details of the Restructuring Proposal, the Whitewash Waiver, the recommendation of the independent board committee of the Company, the advice from an independent financial adviser and a notice of the SGM to be despatched to the Shareholders in accordance with the provisions under the Takeovers Code and the Listing Rules
“Companies Act”	the Companies Act 1981 of Bermuda as amended from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Great Wall Cybertech Limited (Provisional Liquidators Appointed), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	completion of the Restructuring Proposal
“Concert Parties”	parties acting in concert within the meaning of the Takeovers Code
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	share(s) of HK\$1.00 each in the share capital of the Company upon the Share Consolidation becoming effective
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Costs Escrow Agreement”	the escrow and exclusivity agreement entered into, among others, between the Company, the Provisional Liquidators and the Investor on 4th June, 2004 and as supplemented by 3 supplemental agreements dated 29th October, 2004, 4th March, 2005 and 13th April, 2006 respectively
“Courts”	collectively the Hong Kong Court and the Bermuda Court
“Creditors’ Schemes”	the schemes of arrangement under section 99 of the Companies Act and under section 166 of the Companies Ordinance between the Company and the Schemes Creditors, brief details of which are set out in this announcement, with or subject to any modification thereof or addition thereto or condition approved or imposed by the Bermuda Court or Hong Kong Court, as the case may be, and agreed by the Investor
“Directors”	the directors of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Excess Application Form(s)”	form(s) of application for excess Offer Shares

“Fortune Hand”	Fortune Hand Industries Limited, a company incorporated in the BVI with limited liability and a direct subsidiary of the Company immediately before the Group Reorganisation
“Fortune Hand Group”	the group of companies comprising GW Infrastructure and Innovision, headed by Fortune Hand, which is now held directly by the Company and shall be held directly by the BVI Intermediary Holdco immediately after the Group Reorganisation
“Grand Vinco” or “Placing Agent” or “Underwriter”	Grand Vinco Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities & Future Ordinance (Chapter 571 of the Laws of Hong Kong) and being the Placing Agent of the Placings and the Underwriter to the Open Offer
“Group”	the Company and its subsidiaries prior to the Restructuring Proposal becoming effective
“Group Reorganisation”	the reorganisation of the Group as part of the Restructuring Proposal as described in this announcement
“GW Infrastructure”	Great Wall Infrastructure Limited, a company incorporated in the BVI with limited liability and a direct subsidiary of Fortune Hand
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Court”	the Court of First Instance of High Court of Hong Kong
“Indebtedness”	all indebtedness owed by the Company to the Schemes Creditors
“Independent Shareholders”	Shareholders other than Vandor Profits Limited, which is beneficially owned by Mr. Wu, and its associates
“Innovision”	Innovision Enterprises Limited, a company incorporated in Hong Kong with limited liability and a direct subsidiary of GW Infrastructure
“Investor”	Climax Associates Limited, a company incorporated in the BVI with limited liability and is owned as to 51% by a trust of which Mr. Wong and his family members are discretionary beneficiaries, as to 20% by Mr. Robert Chu Kwok Chi and as to 29% by Mr. Cheng Hai Rong
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Mr. Wong”	Mr. Joseph Wong Chi Wing, the controlling shareholder of the Investor
“Mr. Wu”	Mr. Wu Shaozhang, an executive Director, who also beneficially owns Vandor Profits Limited which is a Shareholder holding approximately 7.66% in the existing issued share capital of the Company

“New Shares Placing”	the placing of the Placing Shares by the Placing Agent pursuant to the New Shares Placing Agreement
“New Shares Placing Agreement”	the placing agreement dated 13th April, 2006 entered into between the Company, the Provisional Liquidators, and the Placing Agent in respect of the New Shares Placing
“Open Offer”	the issue of the Offer Shares on the basis of 9 Offer Shares for every 5 Adjusted Shares held on the Record Date
“Offer Shares”	145,372,626 Adjusted Shares to be issued under the Open Offer
“Placings”	collectively the New Shares Placing and the Sale Shares Placing
“Placing Agreements”	collectively the New Shares Placing Agreement and the Sale Shares Placing Agreement
“Placing Shares”	374,627,374 new Adjusted Shares to be placed by the Placing Agent on behalf of the Company under the New Shares Placing
“Posting Date”	the day falling on the third Business Day after the Creditors’ Schemes have been sanctioned by the Courts and filed with the relevant registrars of companies in Hong Kong and Bermuda (or such other date as the Underwriter may agree with the Provisional Liquidators and the Company)
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus containing details of the Open Offer to be issued by the Company
“Prospectus Documents”	the Prospectus, the Application Form(s) and the Excess Application Form(s)
“Provisional Liquidators”	Messrs. Derek K.Y. Lai and Joseph K.C. Lo of Deloitte Touche Tohmatsu in their capacity as joint and several provisional liquidators of the Company appointed by the Hong Kong Court
“Qualifying Shareholders”	Shareholders as shown on the register of members of the Company as at 4:00 p.m. on the Record Date
“Record Date”	the date by reference to which entitlements under the Open Offer will be determined
“Restructuring Agreement”	the conditional agreement dated 13th April, 2006 entered into between the Company, the Provisional Liquidators and the Investor, for the implementation of the Restructuring Proposal
“Restructured Group”	the group comprising principally the Company, BVI Intermediary Holdco, Fortune Hand, GW Infrastructure and Innovision upon Completion

“Restructuring Proposal”	the restructuring proposal of the Group under the Restructuring Agreement involving, among other things, the Capital Reorganisation, the Subscription, the Creditors’ Schemes, the Placings, the Open Offer and the Group Reorganisation
“Sale Shares”	156,500,000 new Adjusted Shares to be placed by the Placing Agent on behalf of the Investor under the Sale Shares Placing
“Sale Shares Placing”	the placing of the Sale Shares by the Placing Agent pursuant to the Sale Shares Placing Agreement
“Sale Shares Placing Agreement”	the placing agreement dated 13th April, 2006 entered into between the Investor, the Company and the Placing Agent in respect of the Sale Shares Placing
“Scheme Administrators”	such appropriate person(s) to be appointed as the scheme administrators under the Creditors’ Schemes
“Scheme Administration Costs”	the costs, charges, expenses and disbursements to be incurred on or after the date on which the Creditors’ Schemes become effective in connection with the administration and implementation of the Creditors’ Schemes including but not limited to the fees and remuneration of the Scheme Administrators and the adjudicator
“Scheme Bermuda Holdco”	a company to be incorporated in Bermuda with limited liability to hold the Scheme BVI Group Holdco and the Scheme HK Group Holdco upon the Creditors’ Schemes becoming effective
“Scheme BVI Group”	the group of companies headed by the Scheme BVI Group Holdco
“Scheme BVI Group Holdco”	Great Wall Electronics Group Limited, a company incorporated in the BVI with limited liability and a wholly owned subsidiary of the Company
“Schemes Creditors”	all creditors (excluding GW Infrastructure and Innovision which have made advances to the Company for the costs relating to the implementation of the Restructuring Proposal) with a right to prove in the liquidation of the Company within the meaning of section 263 of the Companies Ordinance and section 234 of the Companies Act
“Scheme HK Group”	the group of companies headed by the Scheme HK Group Holdco
“Scheme HK Group Holdco”	Great Wall Electronics Holdings Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
“Scheme Record Date”	a date to be fixed for the determination of entitlements of the Schemes Creditors under the Creditors’ Schemes
“SFC”	the Securities and Futures Commission of Hong Kong

“SGM”	the special general meeting of the Company to be held for the purpose of considering, and if thought fit, passing the relevant resolutions required for the implementation of the Restructuring Proposal
“Share(s)”	share(s) of HK\$0.01 each in the existing share capital of the Company before the implementation of the Stage I Capital Reorganisation
“Share Consolidation”	the proposed consolidation of every 100 Shares into one Consolidated Share
“Shareholder(s)”	holder(s) of the Share(s), the Consolidated Share(s) or the Adjusted Share(s), where appropriate
“Somerley”	Somerley Limited, the financial adviser to the Company in respect of the Restructuring Proposal
“Stage I Capital Reorganisation”	the proposed capital reorganisation of the Company involving Share Consolidation and Capital Reduction
“Stage II Capital Reorganisation”	the proposed capital reorganisation of the Company involving the Capital Reserve Reduction
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Investor and the issue and allotment of the Additional Shares to the Investor pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional agreement dated 13th April, 2006 entered into between the Investor, the Company and the Provisional Liquidators in relation to the Subscription
“Subscription Shares”	2,075,000,000 new Adjusted Shares to be allotted and issued to the Investor pursuant to the Subscription Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriting Agreement”	the underwriting agreement dated 13th April, 2006 entered into between the Company, the Provisional Liquidators and the Underwriter in relation to the Open Offer
“Underwritten Shares”	the 145,372,626 Offer Shares that are underwritten by the Underwriter
“Whitewash Waiver”	a waiver by the Executive pursuant to Note 1 to the Notes on dispensations from Rule 26 of the Takeovers Code from the obligation of the Investor and its Concert Parties to make a mandatory general offer for all the Adjusted Shares not already or agreed to be acquired by them upon Completion

“HK\$” Hong Kong dollars

“%” per cent

For and on behalf of
Great Wall Cybertech Limited
(Provisional Liquidators Appointed)
Derek Lai
Joint and Several Provisional Liquidator

By order of the Board
Great Wall Cybertech Limited
(Provisional Liquidators Appointed)
Tse On Kin
Director

For and on behalf of
Climax Associates Limited
Joseph Wong
Director

Hong Kong, 21st April 2006

The Provisional Liquidators and the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to the Investor or its shareholders, directors and Concert Parties) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts (other than those relating to the Investor or its shareholders, directors and Concert Parties) not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The Investor and its directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to the Group or the Provisional Liquidators) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts (other than those relating to the Group or the Provisional Liquidators) not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* *For identification purposes only*

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