

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Palmpay China (Holdings) Limited (the “**Company**”), you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance on the whole or any part of the contents of this circular.

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**PALMPAY CHINA (HOLDINGS) LIMITED**

**中國掌付(集團)有限公司\***

*(incorporated in Bermuda with limited liability)*

(Stock Code: 8047)

**DISCLOSEABLE TRANSACTION  
INVOLVING SUBSCRIPTION OF  
SERIES A PREFERRED SHARES IN  
IPEER MULTIMEDIA INTERNATIONAL LTD.**

**Financial Adviser to the Company**



**INCU Corporate Finance Limited**

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A letter from the board of directors of the Company is set out on pages 4 to 12 of this circular.

*This circular will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for seven days from the date of its publication and the Company’s website at [www.palmpaychina.com](http://www.palmpaychina.com).*

14 April 2008

\* for identification purpose only

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## CHARACTERISTICS OF GEM

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GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. GEM-listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at [www.hkgem.com](http://www.hkgem.com) in order to obtain up-to-date information on GEM-listed issuers.

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions shall have the following meanings when used herein:*

“Announcement”	the announcement of the Company dated 26 March 2008 in relation to the Subscription
“associates”	has the meaning ascribed to this term under the GEM Listing Rules
“Beaming Investments”	Beaming Investments Limited, a company incorporated in BVI, an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Closing”	together, the First Closing and the Second Closing
“Company”	Palmpay China (Holdings) Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	directors of the Company from time to time
“First Closing”	the closing for the subscription of 1,500,000 Series A Preferred Shares by Beaming Investments and 1,500,000 Series A Preferred Shares by Keen Sky
“First Closing Date”	28 March 2008 or such other date as iPeer Multimedia, Beaming Investments and Keen Sky may mutually agree, and has subsequently been extended to 15 May 2008
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“iPeer Group”	iPeer Multimedia and its subsidiaries and its affiliate(s)
“iPeer Multimedia”	iPeer Multimedia International Ltd., a company incorporated in the Cayman Islands
“Keen Sky”	Keen Sky Holdings Limited, a company incorporated in BVI, its ultimate beneficial owner is Mr. Lau Kim Hung, Jack, a substantial Shareholder
“Latest Practicable Date”	9 April 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“New Horizon”	New Horizon Capital (Group) Limited, a company incorporated in BVI, and is wholly-owned by Mr. Lau Kim Hung, Jack, a substantial Shareholder
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Second Closing”	the closing for the subscription of 1,000,000 Series A Preferred Shares by other institutional investors
“Second Closing Date”	30 April 2008 or such other date as iPeer Multimedia and such other subscribers may mutually agree
“Series A Preferred Shares”	new iPeer Multimedia series A preferred shares
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shares Purchase Agreement”	the conditional Series A Preferred Shares Purchase Agreement dated 20 March 2008 entered into between Beaming Investments, iPeer Multimedia and Keen Sky relating to the subscription and issue of 3,000,000 Series A Preferred Shares

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares pursuant to the Shares Purchase Agreement
“Subscription Shares”	an aggregate of 1,500,000 new Series A Preferred Shares of iPeer Multimedia to be subscribed by Beaming Investments pursuant to the Shares Purchase Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“USD”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

*For the purpose of this circular, unless otherwise indicated, conversion of USD into HK\$ is calculated at the approximate exchange rate of USD1.00 to HK\$7.80. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.*



**PALMPAY CHINA (HOLDINGS) LIMITED**

**中國掌付(集團)有限公司\***

*(incorporated in Bermuda with limited liability)*

(Stock Code: 8047)

*Executive Directors:*

Mr. Chan Francis Ping Kuen

Mr. Hsu Tung Sheng

Mr. Hsu Tung Chi

Mr. Chan Hin Wing, James

*Registered office:*

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*Non-executive Director:*

Dr. Ho Hoi Lap (*Chairman*)

*Head Office and principal place  
of business in Hong Kong:*

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Hong Kong

*Independent non-executive Directors:*

Mr. Kwok Chi Sun, Vincent

Mr. Yeung Kam Yan

Mr. Chan Wing Chiu

14 April 2008

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION  
INVOLVING SUBSCRIPTION OF  
SERIES A PREFERRED SHARES IN  
iPEER MULTIMEDIA INTERNATIONAL LTD.**

**INTRODUCTION**

Reference is made to the Announcement in which the Board announced that on 20 March 2008, Beaming Investments, an indirect wholly-owned subsidiary of the Company, entered into the Shares Purchase Agreement, pursuant to which, iPeer Multimedia, as issuer, had agreed to allot and issue, and Beaming Investments, as subscriber, had agreed to subscribe for the Subscription Shares for a total subscription price of USD1,500,000 (equivalent to approximately HK\$11,700,000) which shall be settled in cash.

\* *for identification purpose only*

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## LETTER FROM THE BOARD

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In addition, pursuant to the Shares Purchase Agreement (i) iPeer Multimedia, has also agreed to allot and issue, and Keen Sky, being other subscriber, its ultimate beneficial owner being Mr. Lau Kim Hung, Jack, a substantial Shareholder, had also agreed to subscribe for 1,500,000 Series A Preferred Shares for a subscription price of USD1,500,000 (equivalent to approximately HK\$11,700,000) which shall be settled in cash; and (ii) iPeer Multimedia shall allot and issue a remaining 1,000,000 Series A Preferred Shares for a subscription price of USD1,000,000 (equivalent to approximately HK\$7,800,000) to other institutional investors at its own discretion but as at the Latest Practicable Date, insofar as Directors are aware, such negotiation has not yet been finalized.

The subscription of the Series A Preferred Shares by Beaming Investments, Keen Sky and other subscribers are severally but not jointly.

The purpose of this circular is to provide you with further details regarding the Shares Purchase Agreement and the Group.

### THE SHARES PURCHASE AGREEMENT

Date: 20 March 2008

- Parties:
- (1) iPeer Multimedia, as issuer;
  - (2) Beaming Investments, as subscriber, an indirect wholly-owned subsidiary of the Company;
  - (3) Keen Sky, as subscriber, a company incorporated in BVI on 6 February 2008 and engaged in the business of investment holding. Keen Sky has not conducted any business since its incorporation.

Keen Sky is a wholly-owned subsidiary of New Horizon which is wholly-owned by Mr. Lau Kim Hung, Jack, a substantial Shareholder.

New Horizon is principally engaged in direct investments and holds a portfolio of investments in Hong Kong and the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of iPeer Multimedia and its ultimate beneficial owners is an Independent Third Party.



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## LETTER FROM THE BOARD

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### Major terms of the Shares Purchase Agreement

Total funds to be raised	USD4,000,000 (equivalent to approximately HK\$31,200,000)
Total number of Series A Preferred Shares to be issued	4,000,000
Issue price per Series A Preferred Share	USD1.00
Dividend	6% per annum, payable annually, cumulative in nature
Conversion of the Series A Preferred Shares	The Series A Preferred Shares shall automatically convert upon the earlier of (i) the consent of the holders representing 51% of the Series A Preferred Shares outstanding; or (ii) consummation of a qualified initial public offering by iPeer Multimedia. For the avoidance of doubt, no further payment will be made by holders of the Series A Preferred Shares upon conversion of the Series A Preferred Shares and all accrued and unpaid dividends of the then outstanding Series A Preferred Shares shall be settled on or before conversion of Series A Preferred Shares
Redemption right	<p>The Series A Preferred Shares, unless otherwise converted, could be redeemed at the option of the holders of the Series A Preferred Shares for an amount in cash for all or part of the then outstanding Series A Preferred Shares with a 6% annual premium plus all accrued and unpaid dividends thereon upon the earlier of: (i) June 30, 2009; or (ii) 30 days after the monthly financial report of iPeer Multimedia or such other evidence upon request by the holders of Series A Preferred Shares has been received by the holders of Series A Preferred Shares to show that iPeer Multimedia has operating cash reserve of not less than USD7 million (equivalent to approximately HK\$54.6 million) whether resulted from revenue or from special event, such as from sale of certain operating assets approved by the board of directors of iPeer Multimedia</p> <p>Parties to the Shares Purchase Agreement agree that the amount of the premium and dividend payable upon redemption shall not exceed 9% per annum on the redeemed Series A Preferred Shares</p>

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## LETTER FROM THE BOARD

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Transferability	Transferable either to the ultimate beneficial owner(s) of the holders of the Series A Preferred Shares or a wholly-owned subsidiary of the transferor
Voting rights	For so long as any Series A Preferred Shares are outstanding, the holders of Series A Preferred Shares shall be entitled to have one vote for each ordinary share of iPeer Multimedia into which each Series A Preferred Share is convertible on an as-converted basis

### THE SUBSCRIPTION

#### Subscription Shares

Pursuant to the Shares Purchase Agreement, Beaming Investments has agreed to subscribe for, and iPeer Multimedia has agreed to allot and issue, the Subscription Shares (assuming conversion in full into the ordinary shares of iPeer Multimedia), representing (i) approximately 1.32% of the issued ordinary share capital of iPeer Multimedia as at the date of the Shares Purchase Agreement; (ii) approximately 1.31% of the total issued ordinary share capital of iPeer Multimedia as enlarged by the allotment and issue of the Subscription Shares; (iii) approximately 1.29% of the issued ordinary share capital of iPeer Multimedia as enlarged by the allotment and issue of the 3,000,000 Series A Preferred Shares subscribed by Beaming Investments and Keen Sky; and (iv) approximately 1.28% of the issued ordinary share capital of iPeer Multimedia as enlarged by the allotment and issue of the 4,000,000 Series A Preferred Shares assuming the remaining 1,000,000 Series A Preferred Shares has been subscribed by other institutional investors.

#### Subscription price

The total subscription price for the Subscription Shares is USD1,500,000 (equivalent to approximately HK\$11,700,000) which shall be paid in cash upon the First Closing.

The USD1,500,000 (equivalent to approximately HK\$11,700,000) subscription price will be paid by the internal resources of the Group.

The subscription price for each Subscription Share, i.e. USD1.00 is determined after arm's length negotiation between Beaming Investments, the Company and iPeer Multimedia with reference to (i) historical issue price of ordinary class of shares of iPeer Multimedia with the latest issue at approximately USD0.50; (ii) dividend yield per Subscription Share; (iii) redemption premium of Series A Preferred Shares; (iv) future prospects of iPeer Multimedia which will be elaborated under the section "REASONS FOR AND THE ESTIMATED BENEFITS FROM THE SUBSCRIPTION" below; and (v) the commercial synergies to be accrued with the future cooperation between iPeer Multimedia and the Company which will be elaborated under the section "REASONS FOR AND THE ESTIMATED BENEFITS FROM THE SUBSCRIPTION" below.

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## LETTER FROM THE BOARD

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The Board considers that the Shares Purchase Agreement is on normal commercial terms and its terms are fair and reasonable and the entering into of the Shares Purchase Agreement is in the interest of the Company and the Shareholders as a whole. For details of iPeer Multimedia and its future prospect and business plan, please refer to the section headed “REASONS FOR AND THE ESTIMATED BENEFITS FROM THE SUBSCRIPTION” below.

### **Conditions precedent**

The First Closing is subject to, among other matters, the following conditions having been fulfilled or waived (as the case may be):

- (a) all necessary consents and approvals required to be obtained on the part of Beaming Investments, the Company and iPeer Group in respect of the Subscription and the matters contemplated thereunder having been obtained;
- (b) the subscribers of Series A Preferred Shares being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of iPeer Group;
- (c) amendment to the constitutional documents of iPeer Multimedia to include major terms of the Series A Preferred Shares; and
- (d) the representations and warranties remaining true and accurate in all respects.

Pursuant to the Shares Purchase Agreement, after all conditions have been fulfilled, completion of the Subscription should have been taken place on 28 March 2008 (or such other date as may be mutually agreed between the parties thereto). However, as subsequently mutually agreed by the parties thereto, the date of the First Closing has been extended to a date on or before 15 May 2008 (or such other dates as the parties thereto may mutually agree).

### **Long-stop date and Closing**

The Shares Purchase Agreement provides that should the satisfaction of all of its conditions, the First Closing should be on 28 March 2008 (or such other date as may be mutually agreed between the parties thereto). However, the parties have subsequently agreed to extend the First Closing to a date on or before 15 May 2008 (or such other date as may be mutually agreed between the parties thereto); the Second Closing (if any) for the remaining USD1 million (equivalent to approximately HK\$7,800,000) Series A Preferred Shares to be subscribed by other institutional investors(s) other than Beaming Investments and Keen Sky will be on or before 30 April 2008 (or such other date as may be mutually agreed between the parties thereto).

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## LETTER FROM THE BOARD

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Pursuant to the Shares Purchase Agreement, it is understood by the parties to the Shares Purchase Agreement that iPeer Multimedia has no obligation to conduct the Second Closing.

### **Board representation of iPeer Multimedia**

Pursuant to the Shares Purchase Agreement, the board of directors of iPeer Multimedia shall consist of five directors, among which one will be appointed by Beaming Investments, and four are to be appointed by the existing ordinary shareholders of iPeer Multimedia.

As at the Latest Practicable Date, Beaming Investments has yet to appoint one member to the board of directors of iPeer Multimedia.

### **REASONS FOR AND THE ESTIMATED BENEFITS FROM THE SUBSCRIPTION**

#### **Business of iPeer Multimedia and its future development**

iPeer Multimedia is a company incorporated in the Cayman Islands on 4 January 2006.

iPeer Group begins its business as an online music service provider in Taiwan since 2006 and gradually evolves to become a total solution provider for digital content industry by expanding into the digital music market in the PRC as one of the leading online music service providers under the brand name “Kuro.cn”(酷樂) in late 2007. As part of the business model of iPeer Multimedia, iPeer Multimedia also has 40% interest in a Taiwanese label company, HIM International Music Inc., which is a company, engaged in the production of musical content and agency business to the pop singing groups such as S.H.E, Fahrenheit (飛輪海), Tank, Power Station (動力火車) and Stars Reunion (星光幫) in Taiwan.

Leveraging on its experience in the provision of online music service and its application of proprietary digital rights protection technology in the Taiwan market, iPeer Multimedia succeeded in developing a unique business model to provide digital music to end users in the PRC by cooperating with leading device manufacturers in the PRC (such as a well-renowned PRC mobile phone manufacturer and the second largest mobile phone IC chips manufacturer), top 4 international labels companies and other overseas and local label companies (with more than 1 million digital music contents in aggregate as of today) and sales channels, payment platform providers and aims at becoming a superior integrated digital entertainment service provider in the PRC.

C-Media Electronics Inc., (“C-Media”) a company listed on Taiwan Stock Exchange Corporation, and Mr. Eric Cheng, being the founder, chairman and chief executive officer of C-Media are strategic shareholders of iPeer Multimedia, hold approximately 18.95% and 43.47% interest in iPeer Multimedia as at the date of the Announcement respectively. C-Media is also a strategic partner of iPeer Group, being the sole agent distributing the iPeer Group’s products in the PRC.

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## LETTER FROM THE BOARD

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As at the date of the Announcement, more than 280,000 mobile phones embedded with iPeer Multimedia's proprietary digital rights protection technology have been distributed in the PRC. It is expected that in the future, new model of portable devices including but not limited to mobile phones, MP3, MP4, digital picture frame, set-top box, portable speakers, desk-top PC and notebooks, etc. with the embedded proprietary digital rights protection technology will be distributed in the PRC to widen the membership base of iPeer Multimedia.

According to the Ministry of Information of the PRC, there are 548 million mobile phone users in the PRC by the end of 2007, representing an annual growth rate of 18.7%, the mobile phone penetrations rate is 41.6%. The internet users in the PRC have reached 210 million by the end of 2007, representing an annual growth rate of 53.3%. According to other researches conducted by the China Internet Network Information Center, approximately 180 million internet users are using the internet for music entertainment purpose.

In view of (i) the impressive growth rates in the numbers of internet and mobile phone users in the PRC; (ii) the increasing demand for digital entertainment content in the PRC; (iii) the increasing popularity of internet and portable devices for enjoyment; and (iv) the strong economic performance of the PRC, the management of iPeer Multimedia is optimistic about its digital entertainment business in the PRC.

As stated in the Shares Purchase Agreement, iPeer Multimedia shall within three years from the First Closing, seek an initial public offering of its securities on a recognized regional or national exchange or quotation system in an internationally recognized stock exchange. Should the potential initial public offering be materialized, the Company will benefit and maximize its return through the listing of iPeer Multimedia.

### **Strategic cooperation between iPeer Multimedia and the Company**

Beaming Investments is an investment holding company, and is an indirect wholly-owned subsidiary of the Company.

The Group is principally engaged in the provision of mobile payment gateway services which currently comprises sale of IP cards and virtual game cards in 12 major provinces and municipal cities in the PRC. As indicated in the annual report 2006/2007 of the Company, the Group intends to look for other opportunities to diversify its revenue base, explore new markets and develop new products so as to optimize Shareholders' interests.

The Board believes that the Subscription could provide the Group with a business opportunity to take part in the digital content industry which is of great potential and prospect in the PRC. Subject to the First Closing, the Company will become one of the strategic shareholders of iPeer Multimedia. As a further step to enter into the digital content industry, the Company and iPeer Multimedia intend to co-operate to enhance the service scope of existing business of iPeer Multimedia in the PRC with the Company being engaged in the provision of payment platform to the end users of iPeer Multimedia. Besides the dividend yield of Series A Preferred Shares, the Directors view the Subscription as an investment with great potential and will provide an opportunity for the Company to diversify its revenue base through participating in the digital content industry in the PRC.

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## LETTER FROM THE BOARD

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Through cooperating with iPeer Multimedia for the provision of payment platform to the end users of iPeer Multimedia, the Board believes that both iPeer Multimedia and the Company will enjoy substantial commercial synergies. On the one hand, iPeer Multimedia could rely on the Company's cost-effective, efficient and reliable payment platform to strengthen its business model, to promote its business, enlarge its client base as well as to enhance quality of services. On the other hand, the Company could leverage on its convenient payment system to diversify its revenue source and introduce strategic partners to iPeer Group for the increase in variety of contents such as ELicense. ELicense is one of the leading Japan-based copyright management company specialized in the digital media industry to provide international copyright management and consultancy services and being engaged in other copyright-related businesses. ELicense owns or is licensed with a large amount of copyright protected items which may serve as mobile value-added services or merchandises. Toyota Tsusho Corporation (豐田通商) and other large international corporations are shareholders of ELicense.

Seeing the huge potential of the digital content market in the PRC, and taking into account the benefits of the Subscription as described above including dividend yield, the diversified income sources and the synergic effect of the cooperation, the Directors are of the view that the terms of the Subscription, are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

### **Financial information of iPeer Multimedia**

According to the unaudited management accounts of iPeer Multimedia (which were prepared in accordance with generally accepted accounting principles in Taiwan provided by iPeer Multimedia), iPeer Multimedia recorded an unaudited loss before taxation of approximately USD1,358,000 (equivalent to approximately HK\$10,592,400) and unaudited loss after taxation of approximately USD1,358,000 (equivalent to approximately HK\$10,592,400) for the year ended 31 December 2007.

iPeer Multimedia recorded an audited loss before taxation of approximately USD1,512,000 (equivalent to approximately HK\$11,793,600) and audited loss after taxation of approximately USD1,138,000 (equivalent to approximately HK\$8,876,400) for the year ended 31 December 2006.

The unaudited net assets of iPeer Multimedia as at 31 December 2007 was approximately USD53,428,000 (equivalent to approximately HK\$416,738,400) and the audited net assets as at 31 December 2006 was approximately USD8,883,000 (equivalent to approximately HK\$69,287,400).

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## LETTER FROM THE BOARD

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### **FINANCIAL EFFECT**

The Directors expected that the Subscription would not have material impact on the assets and liabilities position of the Group and the interest income to be generated from the Series A Preferred Shares will further enhance the income base of the Group.

### **GEM LISTING RULES IMPLICATIONS**

The Subscription constitutes a discloseable transaction for the Company under the GEM Listing Rules.

### **ADDITIONAL INFORMATION**

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours sincerely,  
For and on behalf of  
**Palmpay China (Holdings) Limited**  
**Chan Francis Ping Kuen**  
*Executive Director*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (1) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (2) there are no other matters the omission of which would make any statement in this circular misleading; and
- (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' and chief executives' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### (i) Interests in the Shares and/or underlying Shares

Name of Director	Number of Shares and/or underlying Shares	Type of Interests	Approximate percentage of issued share capital
Hsu Tung Sheng	2,000,000(L)	Beneficial	0.16%
Hsu Tung Chi	135,107,121(L) (Note)	Beneficial	10.54%
Ho Hoi Lap	2,120,000(L)	Beneficial	0.17%

(L) denotes Long position



*Note:* As at the Latest Practicable Date, Mr. Hsu Tung Chi was interested in 80,561,667 Shares. According to the sale and purchase agreement entered into between Upper Power Limited (“Upper Power”), a wholly-owned subsidiary of the Company, and Mr. Hsu Tung Chi on 5 November 2007, the Company has allotted 2,181,818 convertible bonds to Mr. Hsu Tung Chi on 21 December 2007, subject to fulfillment of certain conditions, the Company will further allot 52,363,636 convertible bonds to Mr. Hsu. As at the Latest Practicable Date, Mr. Hsu Tung Chi has not converted any convertible bonds.

(ii) *Interests in share options*

Name of Director	Number of share options outstanding	Approximate percentage of issued share capital
Hsu Tung Sheng	3,200,000 <sup>#</sup>	0.25%
Ho Hoi Lap	11,000,000 <sup>*</sup>	0.86%
Chan Hin Wing, James	3,200,000 <sup>#</sup>	0.25%
Chan Francis Ping Kuen	11,000,000 <sup>*</sup>	0.86%
	1,800,000 <sup>#</sup>	0.14%
Hsu Tung Chi	3,200,000 <sup>#</sup>	0.25%

\* *The exercise price of the share options is HK\$0.52 per Share with exercise period commencing from 14 August 2007 and ending on 13 August 2017.*

# *The exercise price of the share options is HK\$0.465 per Share with exercise period commencing from 21 December 2007 and ending on 20 December 2017.*

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were deemed or taken to have under such provisions of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register to therein, or which were required, pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

**(b) Interests of substantial Shareholders**

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO or, who were or were expected, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Nature of interests	Number of the Shares held	Approximate percentage of issued share capital
Starryland Profits Limited ( <i>Note 1</i> )	Beneficial	347,795,000(L)	27.12%
Lau Kim Hung, Jack ( <i>Note 1</i> )	Interests in controlled corporation	347,795,000(L)	27.12%
	Beneficial	9,340,000(L)	0.73%
Chan Yiu Kan, Katie ( <i>Note 1</i> )	Deemed	357,135,000(L)	27.85%
Big Well Investments Limited ( <i>Note 2</i> )	Beneficial	223,000,000(L)	17.39%
Chong Tin Lung ( <i>Note 2</i> )	Interests in controlled corporation	223,000,000(L)	17.39%
Lo Yee Man ( <i>Note 2</i> )	Deemed	223,000,000(L)	17.39%
Pang Hong Tao ( <i>Note 3</i> )	Beneficial	178,590,202(L)	13.93%
Wang Jing ( <i>Note 3</i> )	Deemed	178,590,202(L)	13.93%
Hsu Tung Chi ( <i>Note 4</i> )	Beneficial	138,307,121(L)	10.79%
Chuang Meng Hua ( <i>Note 4</i> )	Deemed	138,307,121(L)	10.79%

(L) denotes Long position

*Notes:*

1. Starryland Profits Limited, a company incorporated in BVI, is wholly and beneficially owned by Mr. Lau Kim Hung, Jack (“**Mr. Lau**”). By virtue of the SFO, Mr. Lau and Ms. Chan Yiu Kan, Katie, being the wife of Mr. Lau, are deemed to be interested in 347,795,000 Shares held by Starryland Profits Limited.
2. Big Well Investments Limited (“**Big Well**”) is a company incorporated in the British Virgin Islands which is a subscriber of 223,000,000 non-listed warrants under the private placing of non-listed warrants as disclosed in the announcements of the Company dated 27 August 2007 and 1 September 2007 conferring rights to Big Well to subscribe for 223,000,000 Shares. Big Well is wholly-owned by Mr. Chong Tin Lung and he is therefore deemed to be interested in those Shares. By virtue of Ms. Lo Yee Man being the spouse of Mr. Chong Tin Lung, she is also deemed to be interested in those 223,000,000 Shares as well.
3. Mr. Pang Hong Tao (“**Mr. Pang**”) is interested in 87,681,111 Shares. According to the sale and purchase agreement entered into between Upper Power and Mr. Pang on 5 November 2007, the Company has allotted 3,636,364 convertible bonds to Mr. Pang on 21 December 2007; subject to fulfillment of certain conditions, the Company will further allot 87,272,727 convertible bonds to Mr. Pang. As at the Latest Practicable Date, Mr. Pang has not converted any convertible bonds. Ms. Wang Jing is deemed to be interested in 87,681,111 Shares and 90,909,091 convertible bonds of the Company by virtue of her being the spouse of Mr. Pang.
4. Mr. Hsu Tung Chi (“**Mr. Hsu**”) is interested in 80,561,667 Shares. According to the sale and purchase agreement entered into between Upper Power and Mr. Hsu on 5 November 2007, the Company has allotted 2,181,818 convertible bonds to Mr. Hsu Tung Chi on 21 December 2007, subject to fulfillment of certain conditions, the Company will further allot 52,363,636 convertible bonds to Mr. Hsu. Mr. Hsu is also interest in 3,200,000 share options. As at the Latest Practicable Date, Mr. Hsu Tung Chi has not converted any convertible bonds and nor exercise any share options.

Ms. Chuang Meng Hua is deemed to be interested in 80,561,667 Shares, 54,545,454 convertible bonds and 3,200,000 share options of the Company by virtue of her being the spouse of Mr. Hsu.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

### 3. DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, non-executive Director and independent non-executive Directors has entered into a letter of appointment with the Company for a term of one year commencing from the date of the relevant appointment, which will continue thereafter until terminated by either party giving not less than one month's notice in writing to the other party.

As at the Latest Practicable Date, none of the Directors has entered into any service contract or management agreement, proposed or otherwise with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensation).

### 4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or the management Shareholders (as defined in the GEM Listing Rules) or their respective associates has any interest in business which competes with or may compete with the business of the Group.

### 5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

### 6. MISCELLANEOUS

1. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
2. The head office and the principal place of business of the Company in Hong Kong is located at Unit 1601, 16/F, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong.
3. The principal share registrar and transfer office of the Company is The Bank of Bermuda Limited at Bank of Bermuda Building, 6 Front Street, Hamilton HM 11, Bermuda.
4. The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
5. The company secretary and qualified accountant of the Company is Mr. Law Ho Ming ("Mr. Law"). Mr. Law is currently an associate member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

6. The compliance officer of the Company is Mr. Chan Francis Ping Kuen (“Mr. Chan”). Mr. Chan is an associate member of the Institute of Chartered Accountants in Australia and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan holds directorship in four subsidiaries of the Company.
7. The audit committee of the Company comprises the three independent non-executive Directors, Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan, and Mr. Chan Wing Chiu. Set out below are their background and directorships (present and past) of other companies listed on GEM, the main board of the Stock Exchange or other stock exchanges.

Mr. Kwok Chi Sun, Vincent, aged 45, is the sole proprietor of Vincent Kwok & Co. and is a Certified Public Accountant. He is also an independent non-executive director of five other listed companies in Hong Kong, i.e. Shun Ho Resources Holdings Limited, Shun Ho Technology Holdings Limited, Magnificent Estates Limited, Emperor Capital Group Limited and Shen Nong China (Group) Limited (formerly known as Kanhan Technologies Group Limited), the former four named companies are listed on the main board of the Stock Exchange while the last named company is listed on GEM.

Mr. Yeung Kam Yan, aged 55, is a member of the Air & Waste Management Association – Hong Kong Section. Mr. Yeung has over eight years of experience in accounting, sales and marketing in different international companies including Olivetti (Hong Kong) Ltd. From 1979 to 1982, O.P.D. Limited from 1982 to 1985 and Henry Boot Far East Limited from 1986 to 1990. Mr. Yeung also operated his own trading and investment business in the PRC from 1990 to 1998.

Mr. Chan Wing Chiu, aged 77, holds a bachelor’s degree in electrical engineering from the South China University of Guangzhou, the PRC. Mr. Chan has over 48 years of experience in the power supply industry. Mr. Chan had been a power designer for signaling and communication engineering for the Ministry of Railways, the PRC for more than 27 years.

The audit committee reviews and provides supervision over the financial reporting process and internal control of the Group.

8. The English text of this circular shall prevail over the Chinese text in case of inconsistency.