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## **MAXITECH INTERNATIONAL HOLDINGS LIMITED**

**全美國際控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code : 8136)**

### **MAJOR TRANSACTION PROPOSED ACQUISITION OF RICHFIELD REALTY LIMITED AND RESUMPTION OF TRADING**

#### **Acquisition**

On 10 April 2007, the Purchaser (a wholly-owned subsidiary of the Company) entered into the Acquisition Agreement with the Vendor and the Guarantor in relation to the proposed acquisition of the entire issued share capital of Richfield Realty for the Consideration of HK\$597,000,000 (subject to adjustment). The Consideration will be satisfied on Completion as to HK\$456,000,000 by the Purchaser procuring the Company to issue the Convertible Bonds in the principal amount of HK\$456,000,000, as to HK\$120,000,000 by the Purchaser procuring the Company to issue the Promissory Note in the principal amount of HK\$120,000,000 and cash for the remainder of HK\$21,000,000. Richfield Realty is principally engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopments and property trading in Hong Kong.

#### **GEM Listing Rules implications**

The Acquisition constitutes a major transaction for the Company under the GEM Listing Rules which requires the approval by the Shareholders at a general meeting or if accepted by the Stock Exchange, the approval by a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the Shares. Since there is no Shareholder required to abstain from voting and a written shareholders' approval has been obtained from Mr. Pong Wai San, Wilson and Virtue Partner Group Limited, who together hold 1,342,794,000 Shares (representing approximately 74.6% of the issued share capital of the Company) the Company has applied to the Stock Exchange to accept such written approval in lieu of holding the EGM for the approval of the Acquisition.

\* For identification purposes only

### **Suspension and resumption of trading**

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on Tuesday, 10 April 2007 pending release of this announcement. Application has been made by the Company for resumption of trading in the Shares from 9:30 a.m. on Thursday, 19 April 2007.

## **ACQUISITION AGREEMENT DATED 10 APRIL 2007**

### **Parties**

Vendor: Richfield (Holdings) Limited, a company incorporated in Marshall Islands. The Vendor is beneficially wholly-owned by Mr. Au.

Save for being a party to the Acquisition Agreement and the ancillary agreements (as described below), to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Vendor and Mr. Au (being the ultimate beneficial owner of the Vendor) as at the date of the Acquisition Agreement were independent of the Company and its connected persons.

Purchaser: Vastwood Ltd., wholly-owned subsidiary of the Company.

Guarantor: Mr. Au. Pursuant to the Acquisition Agreement, Mr. Au will guarantee in favour of the Purchaser the due performance of the obligations of the Vendor under the Acquisition Agreement.

### **Asset to be acquired**

The Sale Share, being one share of HK\$1.00 in the issued share capital of Richfield Realty and representing the entire issued share capital of Richfield Realty.

### **Consideration and payment terms**

The Consideration of HK\$597,000,000 for the Acquisition shall be satisfied:

- (i) as to HK\$456,000,000 by the Purchaser procuring the Company to issue the Convertible Bonds in the principal amount of HK\$456,000,000 to the Vendor (or its nominee(s)) on Completion;
- (ii) as to HK\$120,000,000 by the Purchaser procuring the Company to issue the Promissory Note in the principal amount of HK\$120,000,000 to the Vendor on Completion; and
- (iii) as to the balance of HK\$21,000,000 to be paid by the Purchaser in cash to the Vendor on Completion.

The Consideration was determined after arm's length negotiations among the parties to the Acquisition Agreement taking into account the Base Profit. The Consideration represents a price earnings multiple of 3.98 times the Base Profit. The Base Profit has been determined taking into consideration the potential profitability of the projects on hand engaged by Richfield Realty, the progress of the projects for the next

12 months, the probability of success of the projects, the anticipated selling price of the properties successfully consolidated and the business expansion in terms of the number of projects in progress and the number of staff employed. Whilst the amount of the Actual Profit may not be ascertained at the current stage, which may turn out to be at loss, the Directors are confident that the Base Profit will be achieved, taking into account the urban redevelopment projects undertaken by the Richfield Group.

The Board considers that the Consideration is fair and reasonable and represents a significant discount to the valuation of a company listed on the Stock Exchange engaged in property development, property investment and real estate agency and brokerage services, which business the Shareholders and investors should note is similar to, but not the same as, that of Richfield Realty.

### **Adjustment mechanism for the Consideration**

#### *As regards net profit:*

If the Actual Profit is less than the Base Profit, then the Vendor shall set off against the face value of the Promissory Note for the time being outstanding in an amount calculated as follows:

$$A = (\text{Base Profit} - \text{Actual Profit}) \times 3.98$$

where A is the face value of the Promissory Note for the time being outstanding to be set off (the “**PN Set Off Amount**”). Should Richfield Realty record a negative Actual Profit (i.e. a loss), the Actual Profit shall be treated as zero and A shall be equal to the Base Profit times 3.98.

If the PN Set Off Amount exceeds the face value of the Promissory Note for the time being outstanding, the Vendor will set off the exceeding amount (the “**Convertible Bond Set Off Amount**”) against the face value of the Convertible Bonds for the time being outstanding provided that the aggregate of the PN Set Off Amount and the Convertible Bond Set Off Amount shall not exceed HK\$597,000,000, being the Consideration.

If the PN Set Off Amount and the Convertible Bond Set Off Amount together exceed the aggregate of the face value of the Promissory Note and the Convertible Bonds for the time being outstanding, the Vendor shall pay to the Purchaser in cash an amount equal to the difference between (i) the aggregate of the PN Set Off Amount and the Convertible Bond Set Off Amount; and (ii) the aggregate of the face value of the Promissory Note and the Convertible Bonds for the time being outstanding, provided that the total amount to be set off and payable by the Vendor shall not exceed HK\$597,000,000, being the Consideration.

#### *As regards net tangible assets:*

If the actual audited net tangible asset value of Richfield Realty as at the Completion Date (the “**Actual NTAV**”) is less than HK\$3,000,000 (the “**Base NTAV**”), then the Vendor shall pay to the Purchaser an amount calculated as follows:

$$B = (\text{Base NTAV} - \text{Actual NTAV})$$

where B is the amount to be payable by the Vendor to the Purchaser under this mechanism. Should Richfield Realty record a net liability position as at the Completion Date, B shall be equal to the aggregate of HK\$3,000,000 and the amount of the net liability of Richfield Realty (expressed in absolute value). The amount of the Base NTAV represents a significant discount to the net assets of Richfield

Realty as the amount of the Base NTAV has been quantified taking into account the potential amount of the pre-acquisition dividend (as detailed below).

Pursuant to the Acquisition Agreement, the audited financial statements of Richfield Realty made up to the Completion Date (the “**Audited Completion Accounts**”) and the financial statements of the Richfield Group for the 12-month period commencing from the Completion Date shall be audited by the auditors for the then time being of the Company.

### **Conditions precedent**

Completion is conditional upon:

- (i) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of Richfield Realty;
- (ii) all approvals, consents, authorisations and licenses (so far as necessary) required to be obtained on the part of the Vendor, the Purchaser or the Guarantor in relation to the transactions contemplated under the Acquisition Agreement having been obtained;
- (iii) the warranties regarding assets, liabilities (including contingent liabilities), taxation, legal and accounting compliance matters and the operations of Richfield Realty contained in the Acquisition Agreement remaining true and accurate in all respects;
- (iv) the passing by the Shareholders at a general meeting of the Company to be convened and held of an ordinary resolution to approve the Acquisition Agreement and the transactions contemplated thereunder, including but not limited to (a) the issue of the Convertible Bonds to the Vendor; and (b) the issue of the Promissory Note to the Vendor, or (if acceptable to the Stock Exchange) in lieu of holding such general meeting, a written Shareholders’ approval from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the Shares in a manner as required under the GEM Listing Rules; and
- (v) the GEM Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares.

The Purchaser may at any time by notice in writing to the Vendor waive any of the conditions (i) and (iii) above. If any of the conditions is not satisfied (or, as the case may be, waived by the Purchaser) on or before 30 June 2007 or such later date as the Vendor and the Purchaser may agree, the Acquisition Agreement shall cease and determine (save and except for clauses relating to confidentiality, notices, costs and governing laws which shall continue to have full force and effect) and neither party thereto shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

### **Completion**

Subject to fulfilment or waiver (as the case may be) of the above waivable conditions precedent, Completion shall take place on the Completion Date.

## **Pre-acquisition dividend**

The Vendor and the Purchaser have agreed that they shall jointly procure that all net profits available for distribution by Richfield Realty as shown in the Audited Completion Accounts shall be distributed by way of distribution as dividend to the shareholder of Richfield Realty (being the Vendor), and that such dividend shall firstly be applied to set off against the current account of such shareholder as at the Completion Date and the balance of such dividend shall be paid to the Vendor within one year after the delivery of the Audited Completion Accounts. The Directors consider that the arrangement to pay the pre-acquisition dividend is fair and reasonable as such dividend shall eliminate any outstanding balance between Richfield Realty and the Vendor and such dividend relates to earnings achieved by Richfield Realty for the period before Completion. The Directors consider that the adjustment mechanism for the Consideration (as detailed above) will ensure that the Group's interest in Richfield Realty's future earnings will not be adversely affected by the payment of the pre-acquisition dividend.

## **ANCILLARY AGREEMENTS**

### **Tax Indemnity**

On Completion, the Vendor and Mr. Au shall execute the Tax Indemnity in favour of the Purchaser and Richfield Realty. Pursuant to the Tax Indemnity, the Vendor and Mr. Au will indemnify and guarantee in favour of the Purchaser and Richfield Realty and at all times keep them and each of them indemnified and guaranteed against any depletion in or reduction in value of their respective assets as a consequence of, and in respect of any amount which the Purchaser and Richfield Realty may become liable to pay, (i) certain items of estate duty; and (ii) taxation falling on Richfield Realty resulting from or by reference to any income, profits or gains earned, accrued or received on or before the Completion Date or any event or transaction on or before the Completion Date whether alone or in conjunction with any circumstances whenever occurring. The pre-acquisition dividend will not be covered by the Tax Indemnity.

### **Service Agreement**

In recognition of the expertise and knowledge of Mr. Au as the founder and chief executive of Richfield Realty in the areas of property consolidation, assembly and redevelopments, Richfield Realty will enter into the Service Agreement with Mr. Au whereby Mr. Au will provide service as director of Richfield Realty for an initial fixed period of one year which will automatically be renewed for successive terms of one year each with right of termination by serving not less than three months' notice. Mr. Au shall be responsible for the overall strategic management of Richfield Realty, human resources management, maintaining close supervision of the pricing of the property consolidation projects and maintaining close connections with major property developer clients of Richfield Realty.

Mr. Au shall be entitled to a nominal salary of HK\$1.00 per month and a management bonus in respect of each financial year of Richfield Realty in an amount to be determined by the board of Richfield Realty in its absolute discretion, and confirmed and approved by the shareholders of Richfield Realty, provided that the total amount of bonuses payable to Mr. Au shall not exceed 10% of the combined or, as the case may be, consolidated audited net profit of the Richfield Group (after taxation and minority interests but before extraordinary items and payment of such bonuses and the taxation attributable to such extraordinary items and bonuses) for that financial year. Since Mr. Au (being the ultimate beneficial owner of Richfield Realty prior to Completion) has not been receiving bonuses from the Richfield Group, given the expertise and knowledge of Mr. Au for the development of Richfield Realty and the nominal basic remuneration, the Directors consider that the bonus of 10% which was negotiated on an arm's length basis represents an

appropriate remuneration to give incentive to Mr. Au to contribute towards the continuous performance and business development of Richfield Realty.

Mr. Au shall not be engaged, concerned or interested directly or indirectly in any other business, trade or occupation other than that of Richfield Realty without the consent of Richfield Realty.

## CONVERTIBLE BONDS

To satisfy part of the Consideration, the Company will issue to the Vendor (or its nominee(s)) the Convertible Bonds in the principal amount of HK\$456,000,000. The Company shall enter into an instrument by way of deed poll constituting the Convertible Bonds. The following is a summary of the principal terms of the Convertible Bonds:

Issuer:	The Company
Subscriber(s):	The Vendor or its nominee(s)
Aggregate principal amount:	HK\$456,000,000
Initial Conversion Price:	HK\$0.60 per Conversion Share, subject to usual anti-dilution adjustments in certain events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and other equity or equity derivatives issues. Such adjustments will be certified by an independent approved merchant bank or the auditors of the Company for the then time being.

The Initial Conversion Price of HK\$0.60 per Conversion Share represents:

- a premium of approximately 11.1% over the closing price of HK\$0.54 per Share as quoted on the Stock Exchange on 4 April 2007, being the last trading day immediately before trading in the Shares was suspended pending release of this announcement (the “**Last Trading Day**”); and
- a premium of approximately 17.8% over the average of the closing prices of HK\$0.5095 per Share for the last 10 trading days up to and including the Last Trading Day.

The Initial Conversion Price was determined after arm’s length negotiations among the Purchaser, the Vendor and the Company with reference to the prevailing market price of the Shares.

Interest rate:	1% per annum
Maturity:	The fifth anniversary from the date of issue of the Convertible Bonds.
Redemption:	Unless previously converted or lapsed or redeemed by the Company, the Company will redeem the Convertible Bonds on the Maturity Date. The Company may at any time before the Maturity Date by serving at least

seven (7) days' prior written notice on the Bondholder(s) with the total amount proposed to be redeemed from the Bondholder(s) specified therein, redeem the Convertible Bonds (in whole or in part) at par.

**Transferability:** The Bondholder(s) may only assign or transfer the Convertible Bonds to the transferee subject to the consent of the Company and provided that the Bondholder(s) has(have) discharged in full of its(their) obligations under the adjustment mechanism relating to the Consideration (as detailed above).

**Conversion period:** Provided that (i) any conversion of the Convertible Bonds does not trigger a mandatory offer obligation under Rule 26 of the Hong Kong Code on Takeovers and Mergers on the part of the Bondholder(s) which exercised the conversion right, and (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the GEM Listing Rules) of the issued shares of the Company at any one time in compliance with the GEM Listing Rules, the Bondholder(s) shall have the right to convert, up to and including the Maturity Date, the whole or any part (in an amount or integral multiple of HK\$5,000,000) of the principal amount of the Convertible Bonds into Conversion Shares.

**Conversion Shares:** Upon full conversion of the Convertible Bonds at the Initial Conversion Price, an aggregate of 760,000,000 Conversion Shares will be issued by the Company (representing approximately 42.2% of the existing issued share capital of the Company and approximately 29.7% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares).

**Voting:** A Bondholder will not be entitled to receive notice of, attend or vote, at any general meeting of the Company by reason only of it being a Bondholder.

**Listing:** No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

**Ranking:** The Convertible Bonds will rank *pari passu* with all other present and future unsecured and un-subordinated obligations of the Company.

The Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Bonds will rank *pari passu* in all respects with all other Shares in issue at the date on which the conversion rights attached to the Convertible Bonds are exercised. An application will be made by the Company for the listing of and permission to deal in the Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Bonds.

The Company shall inform the Stock Exchange in the event that there is any dealing in the Convertible Bonds by any connected person of the Company.

## **PROMISSORY NOTE**

The Promissory Note in the amount of HK\$120,000,000 is repayable in one lump sum on maturity of five years. The Promissory Note bears interest at 1% per annum and is payable in one lump sum amount at maturity of five years. In the event the Company defaults on repayment, the amount outstanding shall bear interest at the rate of 7% per annum. The Company has the right to redeem the Promissory Note prior to its maturity. The Promissory Note may, with prior consent of the Company, be freely transferable and assignable by the Vendor to any party other than a connected person of the Company provided that the Vendor has discharged in full its obligations under the adjustment mechanism relating to the Consideration (as detailed above).

## **SUMMARY OF EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS OF THE COMPANY**

On 12 January 2007, the Company entered into a subscription agreement with Virtue Partner Group Limited to raise approximately HK\$10.4 million, by issuing 1,036,794,000 Shares at the price of HK\$0.01 per Share. The proceeds of the issue were intended to be used as general working capital of the Group and for the future investments of the Company. It is expected that such proceeds will be used to satisfy partially the cash portion of the Consideration.

In May 2006, the Company implemented an open offer on the basis of one new Share for every two Shares then held raising an aggregate of approximately HK\$15.0 million by issuing 249,302,000 Shares at HK\$0.06 per Share. The net proceeds of the issue of HK\$13.5 million were intended to be used as to approximately HK\$12.5 million for investments in suitable opportunities and as to approximately HK\$1.0 million as general working capital of the Group. The proceeds were used as to approximately HK\$5.7 million for acquisition of computer business and as to approximately HK\$2.8 million for general working capital of the Group. The remaining balance will be used to satisfy partially the cash portion of the Consideration.

## **INFORMATION ON RICHFIELD REALTY**

Founded by Mr. Au, Richfield Realty is principally engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopments and property trading in Hong Kong. It has established a profitable business by implementing consolidation schemes for old and run down buildings in urban districts for reconstruction, which not only improves the outlook of some old districts in Hong Kong, but also provides a cosy, safe and healthy living condition for all inhabitants in those districts.

Richfield Realty is currently engaged in consolidation schemes for a number of development projects. Richfield Realty has an aggregate of 21 registered real estate agents and over 20 registered external consultants who are engaged to carry out negotiations for the consolidation of aged buildings.

Richfield Realty collaborates with major property developers in the implementation of consolidation schemes. Richfield Realty approaches individual property owners to implement a consolidation scheme and, upon successful consolidation of a whole block of a building, negotiates with property developers who would acquire such block. Richfield Realty earns fees on providing such facilitation services. On average, a successful consolidation scheme takes three to eight months to implement.

The key management team of Richfield Realty comprises Mr. Au and two other persons. The management team (including Mr. Au) has over 15 years of property consolidation experience from other companies in the industry and its key strengths are the ability to professionally price the purchase and sale of the relevant properties, and the familiarity with the location of sites and buildings and the market demand for properties in different urban areas.

Prior to the entering into of the Acquisition Agreement, Mr. Pong Wai San, Wilson (the chairman of the Company and the executive Director) and Mr. Au did not have any business relationship.

Set out below is the unaudited financial information of Richfield Realty since 25 May 2006 (being the date of incorporation) to 28 February 2007 (the “**Period**”) prepared in accordance with HK GAAP:

	<b>For the period from 25 May 2006 to 28 February 2007</b> <i>HK\$'000</i>
Turnover	33,154
Profit before taxation	29,300
Profit after taxation	24,172
	<b>As at</b>
	<b>28 February 2007</b> <i>HK\$'000</i>
Total assets	29,396
Net assets	24,172

During the Period, there had been no management bonus paid to Mr. Au and the other two key management members. Upon Completion, Richfield Realty will become a wholly-owned subsidiary of the Company and the financial statements of Richfield Realty will be consolidated into the Group’s financial statements.

## **REASONS FOR THE ACQUISITION**

The Company is principally engaged in the retail and wholesale of bags and accessories and trading of used computers.

The Directors have observed that the consolidation, assembly and redevelopment of properties and development sites in urban districts of Hong Kong has ample market potential and consider that the Acquisition offers the Group a good business opportunity in view of the growing trend of the property market and the shortage of supply of land in urban areas in Hong Kong. The Directors further consider that the Acquisition would provide a steady income stream to the Group and make a positive contribution to the profitability of the Group.

The Acquisition represents an attractive opportunity for the Group to diversify into the properties market in Hong Kong and to have an interest in a well-experienced and quality management team specialising in the areas of property consolidation, assembly and redevelopments. In considering the Acquisition, the Board has taken into account the prospering property market in Hong Kong and the market demand for consultancy services in relation to property consolidation, assembly and redevelopments.

In view of the above, the Board considers that the entering into of the Acquisition Agreement is in the interest of the Company and the Shareholders as a whole and that the terms of the Acquisition Agreement are fair and reasonable.

While the Group will continue its existing businesses, pursuant to a management review of the business environment and the competitive landscape for the Group's existing businesses, taking into account the recurring losses suffered in such divisions, the Board intends to restrain from making further material investments in the existing businesses. As stated in the composite offer document jointly issued by the Company and Virtue Partner Group Limited dated 2 March 2007, the Board would consider new investment opportunities in other business sectors.

## SHAREHOLDING STRUCTURE

Set out below is a table showing the shareholding structure of the Company as at the date of this announcement, after completion of the Acquisition and assuming that the Convertible Bonds are fully converted at the Initial Conversion Price.

	As at the date of this announcement		Upon Completion and assuming full conversion of the Convertible Bonds	
	<i>Approximate</i> Shares	<i>Approximate</i> %	<i>Approximate</i> Shares	<i>Approximate</i> %
Mr. Pong Wai San, Wilson (a Director)	306,000,000	17.0	306,000,000	11.9
Virtue Partner Group Limited ( <i>Note</i> )	1,036,794,000	57.6	1,036,794,000	40.5
The Vendor	–	0.0	760,000,000	29.7
Public shareholders	457,206,000	25.4	457,206,000	17.9
Total	<u>1,800,000,000</u>	<u>100.0</u>	<u>2,560,000,000</u>	<u>100.0</u>

*Note:* Virtue Partner Group Limited is beneficially and wholly-owned by Mr. Pong Wai San, Wilson.

Save for the Service Agreement, the Vendor does not have any current intention nor does the Acquisition Agreement confer any right to the Vendor to nominate Mr. Au or any representative to the Board or participate in the management of the Company as a result of the Acquisition.

**The Stock Exchange has stated that if, at the date of conversion of the Convertible Bonds, less than 25% of the Shares are held by the public or if the Stock Exchange believes that:**

- a false market exists or may exist in the trading in the Shares; or
- there are too few Shares in public hands to maintain an orderly market,

**then it will consider exercising its discretion to suspend trading in the Shares until a sufficient public float is attained.**

With the conditions of conversion of the Convertible Bonds, which have been disclosed under the heading "Convertible Bonds" above, the Company does not anticipate there will be an insufficient public float of the Shares as a result of the Acquisition.

## **GEM LISTING RULES IMPLICATIONS**

The Acquisition constitutes a major transaction for the Company under the GEM Listing Rules which requires the approval by the Shareholders at a general meeting or if accepted by the Stock Exchange, the approval by a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the Shares. Since there is no Shareholder required to abstain from voting and a written shareholders' approval has been obtained from Mr. Pong Wai San, Wilson and Virtue Partner Group Limited, who together hold 1,342,794,000 Shares (representing approximately 74.6% of the issued share capital of the Company), the Company has applied to the Stock Exchange to accept such written approval in lieu of holding the EGM for the approval of the Acquisition. Under the note to Rule 19.67(4)(a)(i) and Rule 19.86 of the GEM Listing Rules, where the accountants' report on the Richfield Group contains a qualified opinion, a written shareholders' approval will not be accepted. The reporting accountants are currently preparing the accountants' report on the Richfield Group, and whether the opinion is qualified may not be ascertained at the current stage. In the event that the relevant accountants' report is qualified, the Company will convene the EGM for the Shareholders to consider the Acquisition. If the EGM is convened, the Vendor and its associates shall abstain from voting on the resolution regarding the Acquisition in respect of any Shares they may hold at the time.

Pursuant to note 3 to Rule 20.13(1)(b)(i) of the GEM Listing Rules, as the conditions prescribed thereunder are met, the Acquisition Agreement does not constitute a connected transaction under the GEM Listing Rules.

## **GENERAL**

A circular containing, among other things, further details of the Acquisition Agreement, financial information relating to the Group and the Richfield Group, the notice of the EGM and other information as required under the GEM Listing Rules, will be despatched to the Shareholders as soon as practicable.

## **SUSPENSION AND RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on Tuesday, 10 April 2007 pending release of this announcement. Application has been made by the Company for resumption of trading in the Shares from 9:30 a.m. on Thursday, 19 April 2007.

## **DEFINITIONS**

“Acquisition”	the acquisition of the Sale Share by the Purchaser pursuant to the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 10 April 2007 entered into among the Vendor, the Purchaser and the Guarantor in relation to the Acquisition
“Actual Profit”	the actual audited net profit before payment of the bonus payable to the management of Richfield Realty (if any) and after tax and any extraordinary or exceptional items of Richfield Realty for the 12-month period commencing from the Completion Date

“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Base Profit”	HK\$150,000,000, being the audited net profit before payment of the bonus payable to the management of Richfield Realty (if any) (which the parties to the Acquisition Agreement consider to be representing a share of the net profit of Richfield Realty by its management instead of an operating expense item) and after tax and any extraordinary or exceptional items of Richfield Realty for the 12-month period commencing from the Completion Date benchmarked for the purposes of the adjustment mechanism for the Consideration (as described herein)
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds from time to time
“Company”	Maxitech International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the Acquisition Agreement
“Completion Date”	the third business day immediately after all the conditions precedent contained in the Acquisition Agreement having been duly fulfilled or waived (as the case may be)
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the total consideration for the Acquisition, being HK\$597,000,000, which shall be satisfied by the Convertible Bonds, the Promissory Note and cash pursuant to the terms of the Acquisition Agreement
Conversion Share(s)	up to 760,000,000 Share(s) to be issued upon full conversion of the Convertible Bonds at the Initial Conversion Price
Convertible Bonds	the convertible bonds in the aggregate principal amount of HK\$456,000,000 to be issued to the Vendor (or its nominee(s)) to satisfy part of the Consideration
“Director(s)”	the director(s) of the Company
“EGM”	(if necessary) the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Acquisition Agreement and the transactions contemplated thereunder

“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK GAAP”	generally accepted accounting principles of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Initial Conversion Price”	HK\$0.60 per Conversion Share, subject to usual anti-dilution adjustments, being the initial price at which the Convertible Bonds may be converted into the Conversion Shares
“Maturity Date”	being a date falling on the 5th anniversary of the issue of the Convertible Bonds
“Mr. Au” or “Guarantor”	Mr. Au Wing Wah, being the holder of the entire issued share capital of the Vendor and the guarantor under the Acquisition Agreement guaranteeing the due performance of the Vendor
“PRC”	People’s Republic of China
“Promissory Note”	a promissory note in the principal amount of HK\$120,000,000 to be issued by the Company to the Vendor to satisfy part of the Consideration
“Purchaser”	Vastwood Ltd., a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Richfield Group”	Richfield Realty and its subsidiaries (if any) from time to time
“Richfield Realty”	Richfield Realty Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Vendor
“Sale Share”	one share of Richfield Realty of par value of HK\$1.00 held by the Vendor (representing the entire issued share capital of Richfield Realty)
“Service Agreement”	the service agreement to be entered into between Richfield Realty and Mr. Au to retain Mr. Au’s service to Richfield Realty
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tax Indemnity”	the tax indemnity to be executed by the Vendor and Mr. Au in favour of the Purchaser and Richfield Realty to indemnify certain taxation obligations of Richfield Realty
“Vendor”	Richfield (Holdings) Limited, a company incorporated in Marshall Islands and the existing sole shareholder of Richfield Realty
“HK\$”	Hong Kong dollar
“%”	per cent.

By order of the Board  
**Maxitech International Holdings Limited**  
**Pong Wai San, Wilson**  
*Chairman*

Hong Kong, 18 April 2007

*As at the date of this announcement, the executive Director is Mr. Pong Wai San, Wilson, the non-executive Director is Mr. Li Chi Chung and the independent non-executive Directors are Mr. Koo Fook Sun, Louis, Mr. Henry Lai Hin Wing and Mr. Lung Hung Cheuk.*

*This announcement, 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 announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting.*