
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 Asia Tele-Net and Technology Corporation Limited, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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ASIA TELE-NET AND TECHNOLOGY CORPORATION LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 679)

MAJOR TRANSACTION in relation to the disposal of an associated company

4 March 2008

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DEFINITIONS

In this circular, the following expressions have the following meanings, unless the context requires otherwise:

“associate”	has the meaning ascribed to it under the Listing Rules
“ATNT Intech Directors”	directors nominated by the Company on the Intech Board
“Board”	the board of Directors
“Company”	Asia Tele-Net And Technology Corporation Ltd, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Consideration”	the consideration of the Sale Shares
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“independent third party”	a party which is independent of and not connected with the Company and any of the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Intech”	Intech Machines Co. Ltd., a company incorporated in the ROC and the shares of which are listed on the Taiwan Stock Exchange, it is an associated company of the Company and is owned as to approximately 27.3%
“Intech Board”	the board of directors of Intech
“Intech Shares”	ordinary shares of NT\$10 each in the capital of Intech
“Intech Shareholders”	shareholders of Intech
“Karfun”	Karfun Investments Limited, a company incorporated in Hong Kong holding 201,995,834 Shares, representing approximately 47.73% interest in the Company as at the date of this circular and wholly owned by Karl Thomson Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange, which is in turn owned as to 52.52% by J&A Investment Limited, a company owned as to 80% by Mr. Lam

DEFINITIONS

“Latest Practicable Date”	4 March 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Medusa”	Medusa Group Limited, a company incorporated in the British Virgin Islands holding 48,520,666 Shares representing approximately 11.38% interest in the Company as at the date of this circular and wholly owned by Mr. Lam
“Mr. Lam”	Mr. Lam Kwok Hing, a Director who directly holds 3,474,667 Shares, representing approximately 0.81% interest in the Company; and indirectly holds 250,516,500 Shares, representing 58.75% interest in the Company through his 100% interest in Medusa and 80% interest in J&A Investment Limited, a company holding 52.52% interest in Karl Thomson Holdings Limited, which in turn is the holding company of Karfun
“Purchaser”	Manz Automation AG, a company incorporated in Germany, the shares of which are listed on the Frankfurt Stock Exchange
“Relevant Tender Offer Rules”	the laws and regulations of the ROC applicable to tender offers conducted under Article 43-1 of the Securities and Exchange Law, including but not limited to, the Regulations Governing Tender Offers for Purchase of the Securities of a Public Company (公開收購公開發行公司有價證券管理辦法)
“ROC”	the Republic of China
“Sale Shares”	not less than 11,709,910 and not more than 16,728,443 issued Intech Shares, representing approximately 19.1% (minimum case) or 27.3% (maximum case) of the issued share capital of Intech, respectively as at the date of this circular
“Shareholders”	the holders of the Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Share Purchase Agreement”	the conditional agreement dated 25 January 2008 entered into between the Company and the Purchaser relating to the Transaction after trading hour of 25 January 2008

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiwan Stock Exchange”	the Taiwan Stock Exchange Corporation
“Tender Offer”	an offer made by the Tender Offeror on behalf of the Purchaser with respect to the Intech Shares for the purposes of enabling the Purchaser to acquire majority Intech Shares and control in Intech pursuant to the Relevant Tender Offer Rules
“Tender Offer Ceiling”	44,066,630 Intech Shares, representing approximately 70% of the total issued share capital of Intech as at the date of this circular and the maximum number of Intech Shares to be acquired by the Purchaser through the Tender Offer
“Tender Offer Closing”	17 March 2008 or 16 April 2008 (if extended), the expiration date of the Tender Offer
“Tender Offer Commencement Date”	28 January 2008, the commencement date of the Tender Offer
“Tender Offer Floor”	22,033,315 Intech Shares, representing approximately 35% of the total issued share capital of Intech as at the date of this circular and the minimum number of Intech Shares to be acquired by the Purchaser through the Tender Offer
“Tender Offer Price”	NT\$37 per Intech Share
“Tender Offer Settlement”	settlement of payment pursuant to the Tender Offer
“Tender Offeror”	Manz Automation Asia Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Purchaser
“Transaction”	the sale of the Sale Shares by the Company to the Purchaser through the Tender Offer on the terms and conditions of the Share Purchase Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“NT\$”	the New Taiwan dollars, the lawful currency of the ROC
“%”	per cent.

In this circular, the following exchange rate has been adopted:

HK\$1.00 to NT\$4.196

Unless otherwise specified, translations of NT\$ into HK\$ are made in this circular, for illustration only, at the rate of HK\$1 to NT\$4.196. No representation is made that any amount in NT\$ or HK\$ could have been or can be converted at that rate or at any other rates.

LETTER FROM THE BOARD



ASIA TELE-NET AND TECHNOLOGY CORPORATION LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 679)

Executive Directors:

Lam Kwok Hing (*Chairman and Managing Director*)

Nam Kwok Lun (*Deputy Chairman*)

Independent Non-Executive Directors:

Cheung Kin Wai

Kwan Wang Wai Alan

Ng Chi Kin David

Registered office:

Clarendon House

Church Street

Hamilton HM 11

Bermuda

*Head Office and Principal Place of
Business in Hong Kong*

11 Dai Hei Street

Tai Po Industrial Estates

Tai Po, New Territories

Hong Kong

4 March 2008

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION in relation to the disposal of an associated company

INTRODUCTION

On 1 February 2008, the Board announced that on 25 January 2008 the Company and the Purchaser entered into the Share Purchase Agreement pursuant to which the Company has conditionally agreed to participate in the Tender Offer to sell the Sale Shares at NT\$37 per Sale Share (equivalent to approximately HK\$8.82) at a total consideration of NT\$618,952,391 (equivalent to approximately HK\$147,510,103) (assuming all the Sale Shares will be disposed of by the Company through the Tender Offer) and the Purchaser has agreed to launch, complete and settle the Tender Offer according to applicable laws, in particular, the laws of the ROC. The Purchaser through the Tender Offeror has launched the Tender Offer on 28 January 2008.

The Transaction constitutes a major disposal transaction for the Company under Chapter 14 of the Listing Rules as the applicable percentage ratios (as defined under the Listing Rules) exceed 25% but less than 75%. Accordingly, the Transaction is subject to the disclosure requirements under Chapter 14 of the Listing Rules

LETTER FROM THE BOARD

No Shareholders are required to abstain from voting at the EGM and the Company has obtained a written approval for the Share Purchase Agreement and the transactions contemplated thereunder from each of Mr. Lam, Karfun and Medusa, being a closely allied group of Shareholders which currently hold 253,991,167 Shares in aggregate, representing approximately 59.56% of the issued share capital of the Company as at the date of this circular. Pursuant to Rule 14.44 of the Listing Rules, the Transaction has been approved by way of written shareholder's approval in lieu of holding an EGM.

The Company have already participated in the Tender Offer on 29 February 2008 and the total number of the shares tendered and received by the Purchaser on 29 February was 22,379,023 which has exceeded the Tender Offer Floor.

The purpose of this circular is to provide the Shareholders with, among other things, details of the Transactions and other information as required under the Listing Rules.

THE SHARE PURCHASE AGREEMENT DATED 25 JANUARY 2008

Parties

Vendor : the Company

Purchaser : Manz Automation AG, a company listed on the Frankfurt Stock Exchange

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial shareholders are independent of the Company, its subsidiaries and their respective connected persons.

Assets disposed

If the total number of acceptance received by the Tender Offeror under the Tender Offer is below the Tender Offer Ceiling and above the Tender Offer Floor, the Company shall dispose of all the Sale Shares, representing 16,728,443 Sale Shares, to the Purchaser. If the total number of acceptance received by the Tender Offeror under the Tender Offer exceeds the Tender Offer Ceiling, the Purchaser will only acquire part of the Sale Shares from the Company and the exact number of Sale Shares to be acquired by the Purchaser will be pro-rated by using the total number of Intech Shares representing the Tender Offer Ceiling as the nominator and the total number of Intech Shares tendered to and received by the Tender Offeror under the Tender Offer as the denominator. Therefore, in the event that the Tender Offeror receives full acceptance from the Intech Shareholders under the Tender Offer, the Purchaser will only acquire 11,709,910 Sale Shares from the Company. If the total number of acceptance received by the Tender Offeror exceeds the Tender Offer Ceiling and represents the entire issued share capital of Intech, the maximum remaining interest of the Company in Intech will be 8.2% of the issued share capital of Intech, representing 5,018,533 Intech Shares. In such circumstances, the Company's remaining interest (if any) in Intech will be treated as simple investment by the Company and only dividend to be received from Intech will be accounted as income in the Company's books and records in the future.

Intech is an associated company of the Company in which the Company has approximately 27.3% interest and the remaining approximately 72.7% interest is owned by independent third parties not connected with the Company and its subsidiaries.

LETTER FROM THE BOARD

The Purchaser agrees to, by itself or through one or more of its affiliates, acquire majority Intech Shares and control in Intech through the Tender Offer and the Company agrees to participate in the Tender Offer to sell the Sale Shares on and subject to the terms and conditions of the Share Purchase Agreement.

If the total number of acceptance received by the Tender Offeror under the Tender Offer is more than the Tender Offer Floor but less than the Tender Offer Ceiling, the Company will cease to have any interest in Intech upon completion of the Tender Offer.

Consideration

The Tender Offer Price for the Sale Shares is NT\$37 (equivalent to approximately HK\$8.82) per Sale Share and the aggregate Consideration of the Sale Shares is NT\$618,952,391 (equivalent to approximately HK\$147,510,103) (assuming all the Sale Shares will be disposed of by the Company through the Tender Offer) which will be settled by the Purchaser in cash in accordance with the Relevant Tender Offer Rules. The Tender Offer Price represents (i) 39.1% premium to the closing price of Intech Shares of NT\$26.6 on the last trading date prior to the date of the Share Purchase Agreement as quoted on the Taiwan Stock Exchange; (ii) 40.1% premium to the average closing price of Intech Shares of NT\$26.4 as quoted on the Taiwan Stock Exchange for the five trading days up to and including the last trading date prior to the date of the Share Purchase Agreement; and (iii) 42.6% premium to the average closing price of Intech Shares of NT\$25.94 for the last ten trading days as quoted on the Taiwan Stock Exchange up to and including the last trading date prior to the date of the Share Purchase Agreement.

The Tender Offer Price was determined by the Purchaser based on the independent valuation of the Intech Shares conducted by the Purchaser. The market price and market value of the Intech Shares as at the Latest Practicable Date is NT\$35.90 (equivalent to approximately HK\$8.56) per Intech Share and NT\$2.21 billion (equivalent to approximately HK\$526.7 million), respectively.

Conditions

The Transaction is conditional upon the following conditions having been satisfied:

- (1) all prior approval required for the Purchaser to conduct the Tender Offer in accordance with the applicable laws, rules, regulations and all constitutional documents have been obtained; and
- (2) all prior approval required for the Company to sell the Sale Shares through the Tender Offer in accordance with the applicable laws, rules, regulations and all constitutional documents have been obtained.

Condition (2) had been satisfied as at the Latest Practicable Date.

LETTER FROM THE BOARD

Completion

Completion of the Transaction is subject to the Relevant Tender Offer Rules and it is expected to take place prior to 30 April 2008.

Termination

The Share Purchase Agreement may, by notice given prior to or at the Tender Offer Settlement, be terminated:

- (1) if the Purchaser, by itself or through one or more of its affiliates, fails to launch the Tender Offer in accordance with the Relevant Tender Offer Rules on or before 31 January 2008; or
- (2) by mutual consent of the Company and the Purchaser.

In the event that the Share Purchase Agreement is terminated, all further obligations of the parties under the Share Purchase Agreement will terminate save as otherwise provided in the Share Purchase Agreement.

Obligations of the Purchaser

The Purchaser shall, by itself or through one or more of its affiliates, launch, complete and settle the Intech Shares tendered to the Tender Offeror under the Tender Offer of in accordance with the Relevant Tender Offer Rules, and the Tender Offer shall be launched on 28 January, 2008 or such other date to be determined and agreed by the Company and the Purchaser. The minimum number of Intech Shares to be acquired by the Purchaser through the Tender Offer shall be 22,033,315 Intech Shares, while the maximum number of Intech Shares to be acquired by the Purchaser shall be 44,066,630 Intech Shares.

Obligations of the Company

The Company and the Purchaser agree to cooperate with each other to achieve any reasonable request from the Purchaser to (i) assist the Purchaser obtaining the majority Intech Shares; and (ii) install the Purchaser's representatives at Intech Board to obtain control of the Intech Board subject to all applicable laws, rules and regulations. The Company has agreed to use its best endeavor to undertake, among others, the following measures to implement such cooperation:

- (1) The Company shall cause one of the ATNT Intech Directors to resign in order to ensure continuous operation of Intech in the event of compulsory resignation of all ATNT Intech Directors upon completion of the Tender Offer as required by the ROC law. Further, Intech's articles of association provided that Intech Board should consist of seven directors. As at the date of Share Purchase Agreement, five directors of Intech Board were ATNT Intech Directors and two independent directors of Intech Board were non-ATNT Intech Directors, the directors nominated by the Purchaser could not be appointed to the Intech Board without the resignation of a director from the Intech Board. Completion of the Tender Offer is expected to take place prior to April 2008 by which time all ATNT

LETTER FROM THE BOARD

Intech Directors shall be required to resign. Any new director can only be appointed to the Intech Board by convening a shareholders meeting of Intech which shall happen in June 2008. In order to ensure there is at least one director remaining on the Intech Board who will continue with Intech's operation until the next general meeting of Intech, the resignation of one ATNT Intech Director and the appointment of a new director to the Intech Board are necessary. The Company shall procure the Intech Board to call a first board meeting within two business days after the Tender Offer Commencement Date to approve and recommend the Tender Offer to the Intech Shareholders subject to the Intech Board receiving an expert's positive opinion; a special meeting of the Intech Shareholders to be called on 23 March 2008 or such other date to be agreed by the Company and the Purchaser; and the election of a new director to be nominated by agreement between the Company and the Purchaser to the Intech Board;

- (2) The Company shall, if so requested by the Purchaser, cause the Intech Board to call any additional board meeting within 20 calendar days after the Tender Offer Commencement Date or such other date to be determined and agreed by the Company and the Purchaser to vote in favor of the issuance of new Intech Shares through a private placement in order to provide sufficient fund to Intech to develop new technologies and enhance its business operation;
- (3) Promptly after the achievement of the Tender Offer Floor has been announced, the Company shall cause the Intech Board to call any additional board meeting on the date as designated by the Purchaser after the special meeting of Intech Shareholders and before 11 April 2008 or such other date to be determined and agreed by the Purchaser and the Company; and cause the remaining ATNT Intech Directors to procure and vote in favor of (i) convening the general meeting of Intech Shareholders on 30 June 2008, or such other date to be determined and agreed by the Company and the Purchaser; (ii) re-election of all directors and supervisors of Intech on or prior to 30 April 2008; and (iii) appointment of Intech president with a person designated by the Purchaser as the new president of Intech; and
- (4) The Company shall, if so requested by the Purchaser, cause the remaining directors to call any additional board meeting on the next business day after the Tender Offer Closing or such other date to be determined and agreed by the Company and the Purchaser; and cause the remaining ATNT Intech Directors to procure and vote in favor of the resolution to issue new Intech Shares to be subscribed by the Purchaser through private placement.

TENDER OFFER

The Purchaser through the Tender Offeror has launched the Tender Offer on 28 January 2008.

Under the Tender Offer, the Tender Offer Price shall be NT\$37 per Intech Share. The minimum number of Intech Shares to be acquired by the Purchaser through the Tender Offer shall be 22,033,315 Intech Shares, while the maximum number to be acquired shall be 44,066,630 Intech Shares. The Tender Offer commenced on 28 January 2008 and it will expire on 17 March 2008 (assuming the Tender Offer is not extended).

LETTER FROM THE BOARD

The Tender Offer is conditional upon the Tender Offeror obtaining all necessary government approval and in accordance with the Relevant Tender Offer Rules and the Tender Offer Floor has been reached. In the event that any of the conditions under the Tender Offer is not fulfilled on or before 17 March 2008, the Tender Offer shall be extended for a further period of 30 days up to 16 April 2008.

In the event that the total number of acceptance of Intech Shares under the Tender Offer exceeds the Tender Offer Ceiling, the Tender Offeror will only acquire such number of the Intech Shares up to the Tender Offer Ceiling and the exact number of Intech Shares tendered by Intech Shareholders under the Tender Offer that will be accepted by the Tender Offeror will be pro-rated on the basis of using the total number of Intech Shares representing the Tender Offer Ceiling as the nominator and the total number of Intech Shares tendered to and received by the Tender Offeror under the Tender Offer as the denominator.

FURTHER INFORMATION ABOUT THE PURCHASER

The Purchaser is a company established under the law of Germany and the shares of which are listed on the Frankfurt Stock Exchange. The Purchaser is principally engaged in the sale and manufacturing of robotics, image processing and control engineering in the fields of LCD flat panel and solar system.

FURTHER INFORMATION ABOUT THE COMPANY

The Company is incorporated on 19 December 1990 in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange on 31 January 1991. The Company is an investment holding company. Its subsidiaries are principally engaged in the design, manufacture, sale of custom built electroplating equipment, money lending and securities trading.

The table below set out the audited financial information of Intech for the years ended 31 December 2005 and 2006 and unaudited financial information of Intech for the nine months ended 30 September 2007 as shown on the management accounts of Intech prepared in accordance with the general accepted accounting principles of the ROC:

	Year ended 31 December 2005 <i>Approximately</i> <i>HK\$'000</i> (audited)	Year ended 31 December 2006 <i>Approximately</i> <i>HK\$'000</i> (audited)	Nine months ended 30 September 2007 <i>Approximately</i> <i>HK\$'000</i> (unaudited)
Profit before taxation	39,097	52,197	24,669
Profit after taxation	34,987	51,870	22,397
Net asset value	<u>133,947</u>	<u>185,713</u>	<u>201,793</u>

LETTER FROM THE BOARD

As at the date of this circular, Intech has a total number of 61,397,828 outstanding Intech Shares. According to the unaudited financial information of Intech for the nine months ended 30 September 2007, the net asset value per Sale Share is approximately HK\$3.29 (approximately NT\$13.79). The excess of the consideration over the net book value of the asset is approximately NT\$271.8 million (approximately HK\$64.8 million) (minimum case) or NT\$388.1 million (approximately HK\$92.5 million) (maximum case).

FINANCIAL EFFECT OF THE TRANSACTION

Depending on the actual number of Sales Shares sold, the Company is expected to have a gain on the Transaction of approximately HK\$63.4 million to HK\$91.2 million, which is expected to be recognised in the Company's consolidated income statement for the year ending 31 December 2008. The gain is arrived by subtracting from the Consideration (i) the carrying values of the Sale Shares as shown in the unaudited financial statement of the Company as at 30 June 2007 which are estimated to be approximately HK\$54 million for 16,728,443 Sale Shares and approximately HK\$38 million for 11,709,910 Sale Shares; and (ii) the legal, professional and other expenses to be incurred by the Company in connection with the Transaction in both Hong Kong and the ROC. The total asset of the Company will be reduced by the carrying value of the actual number of the Sale Shares sold at the time of completion of the Tender Offer. The investment cost of the Sale Shares will be reduced to nil if all Sale Shares are sold pursuant to the Tender Offer. If any of the Sale Shares are not sold pursuant to the Tender Offer, the investment cost of remaining Sale Shares will be valued at the fair market price of the Sale Shares at time of completion of the Tender Offer. The Company expects that the Transaction will not have any material impact on the Company's liabilities upon completion of the Tender Offer.

REASONS AND BENEFITS OF THE TRANSACTION

The Directors consider that the Transaction represents a good opportunity for the Company to realize its investment at a price which is reasonable to the Company in view of the financial information of Intech as mentioned above. The Tender Offer Price represents (i) 39.1% premium to the closing price of Intech Shares of NT\$26.6 on the last trading date prior to the date of the Share Purchase Agreement; (ii) 40.1% premium to the average closing price of Intech Shares of NT\$26.4 as quoted on the Taiwan Stock Exchange for the five trading days up to and including the last trading date prior to the date of the Share Purchase Agreement; and (iii) 42.6% premium to the average closing price of Intech Shares of NT\$25.94 for the last ten trading days as quoted on the Taiwan Stock Exchange up to and including the last trading date prior to the date of the Share Purchase Agreement.

The Directors (including the independent non-executive Directors) are of the view that the Transaction is on normal commercial terms to the Company and the terms of the Transaction are fair and reasonable to and in the interests of the Shareholders as a whole.

The Group intends to apply the net proceeds of approximately HK\$101.5 million to HK\$145.6 million from the Transaction as additional working capital of the Company. As at the date of this circular, no investment targets have been identified by the Group for the application of the net proceeds of the Transaction.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

Yours faithfully,
By Order of the Board
Asia Tele-Net and Technology Corporation Limited
Lam Kwok Hing
Chairman

1. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the electroplating equipment business, as discussed in the latest interim report, after a hectic and booming year of 2006 in which the Company's revenue was 46.7% more than the revenue recorded in 2005, the Company inevitably experienced a slow down in orders in 2007. The estimated revenue for the year 2007 is approximately HK\$500 millions which is subject to audit and is 20% less than the year 2006. Although the equipment sales to printed circuit board sector were reduced, the equipment sales to surface finishing sector were increased. This proves the Company's strategy to expand into different industrial sectors using our core electroplating expertise in order to smooth the cyclical effect of printed circuit board sector is right.

In 2007, the Company faced quite a sharp material cost increase in certain parts, especially in metal parts. The Company has noted that the material cost has been stabilised since last quarter 2007, nevertheless, the Company is deploying various measures to maintain a reasonable gross margin.

The Company is conservatively confident over the outlook of the first half of 2008. The orders on hands are already close to HK\$300 millions. The big challenge this year will be on cost control over material, flight cost as well as labor cost in China.

2. WORKING CAPITAL

The Directors, after due and careful consideration and in the absence of unforeseen circumstances, are of the opinion that, after taking into account the current level of bank balance facilities available and cash flows to be generated from existing operations, the Company has sufficient working capital to meet the future funding requirements for at least the next twelve months from the date of this circular.

3. INDEBTEDNESS**Borrowings**

As at 31 December 2007, being the latest practicable date of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$45.08 million which comprises short-term bank borrowings of approximately HK\$42.06 million, amounts due to associates of approximately HK\$0.02 million and obligations under finance leases of approximately HK\$3 million.

Pledge of asset

As at 31 December 2007, bank fixed deposits of HK\$7 million had been pledged to banks for general facility granted to the Group.

As at the Latest Practicable Date, apart from disclosure made in this circular, the Group has no contingent liability.

Contingent liabilities

As at 31 December 2007, the Group has guaranteed approximately HK\$124.05 million to banks in respect of banking facilities granted to subsidiaries of the Company. The amount utilized by the subsidiaries was approximately HK\$42.06 million. The Company has also guaranteed HK\$8.3 million to a finance lease company in respect of finance leases granted to a subsidiary of the Company.

General

Apart from disclosure made in this circular, intra-group liabilities and normal trade debts payable, neither the Company nor any companies comprising the Group had:

- (1) any other guaranteed, unguaranteed, secured or unsecured debt securities, term loans and loans of the Group issued and outstanding, and authorized or otherwise created but issued;
- (2) any mortgages and charges of the Group; and
- (3) any other contingent liabilities or guarantees of the Group.

The Directors confirmed that there had been no material change in the indebtedness and contingent liabilities of the Group since 31 December 2007.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility of the accuracy of the information contained in this circular, and confirm, having made all reasonable enquiries, that to the best of their knowledge, information and belief, there are no other facts the omission of which would made any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required 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 which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Name of director	Number of Share held		Total	Percentage of the issued share capital of the Company
	Personal interest	Corporate interest		
Mr. Lam	3,474,667	250,516,500 (Note)	253,991,167	59.56%

Note: The amount composed of 48,520,666 and 201,995,834 Shares that were held by Medusa and Karfun, respectively. Medusa is a company wholly owned by Mr. Lam. Karfun is a wholly-owned subsidiary of Karl Thomson Holdings Limited, a company in which Mr. Lam is a major shareholder.

Save as disclosed above, except for nominee shares in certain subsidiaries held in trust for the Company by certain directors, none of the directors, the chief executive or their associates had any interests or short positions in any shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have 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 the Directors and chief executive were deemed or taken to have under provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as at Latest Practicable Date.

Other than as stated above, at no time during the year was the Company, nor any of its subsidiaries a party to any arrangement to enable the Directors of the Company (including their spouses and children under 18 years of age) to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Interests of shareholders discloseable pursuant to the SFO

The Directors are not aware of any other person (other than a Director or chief executive of the Company or his/her respective associate(s)) who, as at the Latest Practicable Date, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(c) Substantial shareholding in other members of the Group

As at the Latest Practicable Date, the following persons (other than the Directors of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long positions in the Shares

Name of shareholder	Capacity	Number of Shares held	Percentage of Company’s issued share capital
Karfun	Interest of controlled corporation	201,995,834	47.37
Medusa	Interest of controlled corporation	48,520,666	11.38

Save as disclosed above, as at the Latest Practicable Date, no person (other than the Directors of the Company whose interests are set out under the heading “Interests of Directors and chief executives” above) had an interest or a short position in the shares and underlying shares of the Company that was required to be recorded under Section 336 of SFO.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service agreement with any member of the Group nor are there any other service agreements proposed which will not expire or be determinable by the Company within six month without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or chief executive of the Company or their respective associates has any beneficial interest in other businesses which compete or are likely to compete with business of the Group pursuant to Rule 8.10 of the Listing Rules.

5. LITIGATION

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

6. MATERIAL CONTRACT

The following contract, not being contract entered in the ordinary course of business of the Group, has been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and is or may be material:

- (a) the Share Purchase Agreement dated 25 January 2008 entered into between the Company and Manz Automation AG in relation to the sale of the Sale Shares by the Company to the Purchaser through the Tender Offer.

7. GENERAL

- (a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been acquired or disposed of or leased to any member of the Group or was proposed to be so acquired or disposed of by or leased by any member of the Group since 31 December 2006, being the date at which the latest published audited financial statements of the Company were made up.
- (b) As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting at the date of this circular.
- (c) The secretary of the Company is Ms. Cheng Yuen Han who is a member of the Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.
- (d) The qualified accountant of the Company is Ms. Yung Wai Ching who is a member of the Hong Kong Institute of Certified Public Accountants, Association of Certified Chartered Accountants and the Hong Kong Institute of Company Secretaries.
- (e) The English text of this document shall prevail over the Chinese text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of the Company at No. 11, Dai Hei Street, Tai Po Industrial Estate, New Territories, Hong Kong during business hours on any weekday, except public holidays, for a period of 14 days from the date of this circular:

- (a) the memorandum and bye-laws of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2005 and 2006;
- (c) the statement of adjustments in relation to the annual reports of the Company for the two years ended 31 December 2005 and 2006;
- (d) the working capital statement on the Company included in this circular;
- (e) the indebtedness statement on the Company included in this circular;
- (f) this circular;
- (g) the Tender Offer;
- (h) the material contract referred to in the paragraph headed “Material Contract” in Appendix II to this circular; and
- (i) the written approvals for the Share Purchase Agreement and the transactions contemplated thereunder from each of Mr. Lam, Karfun and Medusa.