

NOTICE UNDER SECTION 208(1) OF THE SECURITIES AND  
FUTURES ORDINANCE (Chapter 571) ('the Ordinance')

TO: Whole Win Securities Limited

WHEREAS:—

- (1) A Restriction Notice was issued by the Securities and Futures Commission ('Commission') pursuant to sections 204 and 205 of the Ordinance on 26 May 2006 in respect of Whole Win Securities Limited ('the Specified Corporation') and varied by a further Notice issued by the Commission pursuant to section 208(1) of the Ordinance on 1 June 2006 (jointly 'the Previous Notices');
- (2) By Order of the Honourable Mr. Justice Barma dated 31 May 2006 ('the Order') in proceedings brought by the Commission under section 213(2)(d) of the Ordinance, Mr. John Robert Lees ('the Administrator') was appointed to administer the Specified Corporation's Property (as defined in the Order);
- (3) By further Order of the Honourable Mr. Justice Sakhrani dated 29 November 2006, the Administrator's entry into, and the terms of, a restructuring deed dated 3 November 2006 between the Specified Corporation, Woo Wing Fai and the Administrator ('Restructuring Deed') were sanctioned, and the Administrator was discharged from his appointment to administer the Specified Corporation's Property; and
- (4) As a consequence of the Court having sanctioned the Administrator's entry into, and the terms of, the Restructuring Deed and having discharged the Administrator, it appears to the Commission that it is necessary to exercise the power conferred by section 208(1) of the Ordinance to further vary the Restriction Notice dated 26 May 2006, as previously varied on 1 June 2006

THE COMMISSION HEREBY GIVES NOTICE THAT:—

1. Subject to the terms of this Notice, the sole business that the Specified Corporation shall be permitted to carry on following service of this Notice shall be that required to implement the Restructuring Deed in a timely and proper manner.
2. The Specified Corporation is required, to the best of its ability, to fulfil and comply with both the terms and spirit of the Restructuring Deed and at all times to act so as to best protect and further the interests of the Clients (as defined in the Restructuring Deed) to the extent that this is consistent with the terms and conditions of the Restructuring Deed.
3. Subject to paragraph 2 above, except with the prior written consent of the Commission, such consent to be granted by the Chief Executive Officer or the Executive Director of Intermediaries and Investment Products of the Commission, the Specified Corporation is, and continues until further notice to be, prohibited:—
  - (a) pursuant to section 204 of the Ordinance, from carrying on, whether directly or through agents, any of the regulated activities for which it is licensed by the Commission;
  - (b) pursuant to section 205(1) of the Ordinance, from disposing of and dealing with any relevant property (as defined in section 205(2) of the Ordinance), except to the extent that this is required by the terms, conditions and spirit of the Restructuring Deed; and
  - (c) pursuant to section 205(1) of the Ordinance, from assisting, counselling or procuring another person to dispose of any relevant property or deal with any relevant property, except to the extent that this is required by the terms, conditions and spirit of the Restructuring Deed.
4. In the course of carrying on the business that it is permitted to conduct pursuant to this Notice, the Specified Corporation shall from time to time, and as soon as reasonably practicable after being requested by the Commission to do so, provide the Commission with such information as it may request concerning compliance with, and the fulfilment of, the terms and conditions of the Restructuring Deed, whether the provision of such information be in writing or in other recorded form, or orally at meetings called for that purpose between the representatives of the Commission and of the Specified Corporation.

5. Pursuant to the provisions of section 217 of the Ordinance, an application may be made to the Securities and Futures Appeals Tribunal for a review of the decision to vary the Restriction Notice. Such application must be made within twenty-one days after the day on which this Notice is served on the Specified Corporation. Further, pursuant to section 208(1) of the Ordinance, the Specified Corporation may apply to the Commission for the prohibitions imposed by the Notice to be withdrawn, substituted or varied.

This Notice takes effect at the time of service upon the Specified Corporation.

Dated this 1st day of December 2006

For and on behalf of  
Securities and Futures Commission

Martin WHEATLEY  
Chief Executive Officer

STATEMENT OF REASONS PURSUANT TO SECTION 209(2) OF THE  
SECURITIES AND FUTURES ORDINANCE  
(Chapter 571) ('The Ordinance')

1. A Restriction Notice was issued by the Securities and Futures Commission ('Commission') against Whole Win Securities Limited ('the Specified Corporation') on 26 May 2006. The Restriction Notice prohibited the Specified Corporation from carrying on the regulated activity for which it is licensed and from disposing of and dealing with relevant property (as defined in section 205(2) of the Ordinance) and from assisting, counselling or procuring another person to deal with or dispose of relevant property. Following the appointment on 31 May 2006 of Mr. John Robert Lees ('Administrator') to administer the Specified Corporation's property, the Restriction Notice was varied by the Commission on 1 June 2006 pursuant to section 208(1) of the Ordinance so as to allow the Administrator to carry out his duties.
2. On 3 November 2006, the Administrator, the Specified Corporation, and Mr. Woo Wing Fai ('Mr. Woo') entered into a deed ('Restructuring Deed') to facilitate the restructuring of the Specified Corporation. Under the Restructuring Deed, Mr. Woo agreed to acquire the controlling shareholding in the Specified Corporation and to provide funds to facilitate the release of clients' securities that have been on-pledged to the Specified Corporation's banks, to meet in full the claims of clients arising from the use of their securities to settle outstanding trades and in respect of cash balances that had not been held in segregated bank accounts, and to satisfy the claims of other creditors of the Specified Corporation. The Administrator agreed to apply for the sanction of the Court to his entering into the Restructuring Deed and in respect of the arrangements contained in the Restructuring Deed. He also agreed to seek an order from the Court releasing him from his appointment as Administrator. Mr. Woo agreed that, upon the release of the Administrator, he would become responsible for ensuring the settlement of the Specified Corporation's remaining indebtedness or liability and the return of client assets.
3. On 29 November 2006, the Honourable Mr. Justice Sakhrani made orders ('the Order') sanctioning the Administrator's entry into, and the terms of, the Restructuring Deed and discharging the Administrator.
4. As a consequence of the Order and to facilitate the implementation of the Restructuring Deed, it is necessary to further vary the terms of the Restriction Notice issued by the Commission on 26 May 2006, as previously varied on 1 June 2006, to reflect the fact that the Administrator has been discharged and will no longer have involvement in the affairs of the Specified Corporation, and, *inter alia*, to require the Specified Corporation to fulfil and comply with the terms, conditions and spirit of the Restructuring Deed to best protect and further the interests of the clients of the Specified Corporation.

5. In these circumstances, the Commission considers it necessary, pursuant to section 208(1) of the Ordinance, to further vary the Restriction Notice issued by it on 26 May 2006, as previously varied on 1 June 2006.

Dated this 1st day of December 2006

For and on behalf of  
Securities and Futures Commission

Martin WHEATLEY  
Chief Executive Officer