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WLS Holdings Limited

滙隆控股有限公司*

(incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8021)

DISCLOSEABLE TRANSACTION: DISPOSAL OF 100% ISSUED SHARE CAPITAL OF THE TARGET

The Board announces that after trading hours on 26 May 2016, the Company and the Purchaser entered into the SP Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Company conditionally agreed to sell, the Sale Shares at a Consideration of HK\$20,000,000. The Sale Shares represent 100% of the issued share capital of the Target as at Completion.

The Target holds 20% of the issued share capital of APA, which, together with its subsidiaries, is engaged in real estate agency business especially the sale of properties in Australia, Malaysia and the United Kingdom.

As one of the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal is more than 5% but all the relevant percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company under the GEM Listing Rules and is subject to notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

The Board announces that after trading hours on 26 May 2016, the Company and the Purchaser entered into the SP Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Company conditionally agreed to sell, the Sale Shares at a Consideration of HK\$20,000,000. The principal terms of the SP Agreement are summarised as follows:

THE SP AGREEMENT

Date : 26 May 2016

Vendor : the Company

Purchaser : Red Metro Limited, a company incorporated in the British Virgin Islands with limited liability

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) each of the Purchaser and its ultimate beneficial owners is an Independent Third Party; and (ii) the principal business of the Purchaser is investment holding. As at the date of this announcement, the Purchaser holds 10% of the issued share capital of APA.

Assets to be disposed of

The Purchaser conditionally agreed to purchase, and the Company conditionally agreed to sell, the Sale Shares at the Consideration of HK\$20,000,000. The Sale Shares represent 100% of the issued share capital of the Target as at Completion.

Consideration

The Consideration of HK\$20,000,000 shall be payable by the Purchaser to the Company in cash on the date of Completion.

The Consideration of the Disposal was determined after arm's length negotiations between the parties to the SP Agreement on normal commercial terms with reference to the business prospects of APA and its subsidiaries.

Conditions precedent

The SP Agreement and the obligations of the Company and the Purchaser to effect Completion are conditional upon the following conditions precedent being satisfied or waived:

- (1) settling of the entire amount of the Shareholder's Loan by the Target to the Company by way of issuing and allotment of an additional 100 Target Shares to the Company as fully paid-up Target Shares and such additional Target Shares shall rank *pari passu* with the existing issued Target Shares ("**Capitalisation Arrangement**");
- (2) the Company having complied with all other applicable requirements under the GEM Listing Rules in respect of the transactions contemplated under the SP Agreement;
- (3) the ultimate holding company of the Purchaser having complied with all applicable requirements under the Rules Governing the Listing of Securities on the Stock Exchange in respect of the transactions contemplated under the SP Agreement;
- (4) the Purchaser being satisfied, from the date of the SP Agreement and at any time before the Completion, that the Warranties remain true, accurate and not misleading and that no events have occurred that would result in any breach of any of the Warranties or other provisions of the SP Agreement by the Company;

- (5) there being no change (or effect) which has a material and adverse effect on the financial position, business or prospects or results of operations, of the Company from the date of the SP Agreement up to Completion;
- (6) the Target having obtained the written confirmation from the other shareholders of APA that they will not serve any termination notice to terminate the APA Shareholders' Agreement by reason of the transfer of the Sale Shares from the Company to the Purchaser and agree to waive their rights to terminate the APA Shareholders' Agreement arising from such transfer;
- (7) (if applicable) all such waivers, consents or other documents as the Purchaser may require in relation to the completion of the transactions contemplated under the SP Agreement having been obtained; and
- (8) (if applicable) all such waivers, consents or other documents as the Company may require in relation to the completion of the transactions contemplated under the SP Agreement having been obtained.

The Purchaser may waive the conditions precedent as set out in paragraphs (4) and (5) above at any time before the Long Stop Date by notice in writing to the Company. Save as aforesaid, none of the conditions precedent is capable of being waived by any party to the SP Agreement.

If any of the conditions precedent has not been fulfilled or waived on or before 5:00 p.m. on the Long Stop Date, all rights and obligations of the parties under the SP Agreement shall cease and terminate, save and except those clauses regarding assignment, confidentiality and other general provisions which shall remain in full force and effect, and no party shall have any claim against the other save for claim (if any) in respect of such continuing provisions or any antecedent breach thereof.

Completion

Completion shall take place on a day within five business days after the last outstanding condition precedent (other than the conditions precedent which are only capable of being fulfilled upon Completion) shall have been fulfilled or waived or on such other date as the Purchaser and the Company shall agree in writing.

INFORMATION ON THE TARGET AND APA

The Target is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. As at the date of the SP Agreement, the Target has 100 Target Shares in issue and are wholly-owned by the Company.

The Target holds 20% of the equity interest of APA, which, together with its subsidiaries, is engaged in real estate agency business especially the sale of properties in Australia, Malaysia and the United Kingdom.

Set out below is a summary of certain (i) unaudited consolidated financial information of the Target for the period from 10 September 2014 (being the date of incorporation of the Target) to 30 April 2015 and for the year ended 30 April 2016; and (ii) audited consolidated financial information of APA for the period from 13 March 2014 (being the date of incorporation of APA) to 30 June 2015:

For the Target

	For the period from 10 September 2014 to 30 April 2015 HK\$ (unaudited)	For the year ended 30 April 2016 HK\$ (unaudited)
Net profit/(loss) before tax	1,628,058	(256,014)
Net profit/(loss) after tax	1,628,058	(256,014)

The unaudited total asset value and net asset value of the Target as at 30 April 2016 were approximately HK\$17.64 million and HK\$1.37 million respectively.

For APA

	For the period from 13 March 2014 to 30 June 2015 HK\$ (audited)
Net profit before tax	8,498,254
Net profit after tax	6,731,828

The audited consolidated total asset value and net asset value of APA as at 30 June 2015 were approximately HK\$44.16 million and HK\$30.77 million respectively, of which 20% amounts to approximately HK\$8.83 million and HK\$6.15 million respectively.

As at the date of the SP Agreement, the Target is indebted to the Company by way of shareholder's loan in the amount of HK\$16,289,476. It is one of the conditions precedent to Completion that the entire amount of the Shareholder's Loan shall be settled by way of issuing and allotment of an additional 100 Target Shares to the Company.

Upon Completion, the Company will cease to hold any interest in the Target and the Target will cease to be a subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in in the provision of scaffolding and fitting out services, management contracting services, other services for construction and buildings work, money lending business and securities investment business.

The Directors consider that the Disposal, if materialises, represents an opportunity for the Group to realise its investment in APA in order to focus more resources for the development of other businesses of the Group, including the money lending business and the securities investment business, which are considered to be with more growth potential. It is expected that the net proceeds from the Disposal will be used for general working capital and/or future development of the Group.

The Directors expect to recognise an unaudited gain of approximately HK\$0.3 million from the Disposal, being the difference between the Consideration and the book value attributable to the Sale Shares as expected to be recorded in the Group's financial statements at Completion. Shareholders should note that the actual amount of gain/loss on the Disposal to be recorded by the Company will be subject to review by the auditors of the Company.

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

GEM LISTING RULES IMPLICATIONS

As one of the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal is more than 5% but all the relevant percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company under the GEM Listing Rules and is subject to notification and announcement requirements of Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“APA”	AP Assets Limited, a company incorporated in Hong Kong with limited liability, which is owned as to 20% by the Target
“APA Shareholders’ Agreement”	the shareholders’ agreement of APA dated 19 November 2014 entered into by, among others, the Company and APA
“Board”	the board of Directors
“Completion”	the completion of the Disposal
“Consideration”	HK\$20,000,000, the total consideration of the Disposal
“Company”	WLS Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed on GEM
“Director(s)”	the director(s) of the Company

“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the SP Agreement
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a third party independent of the Company and the connected persons (as defined in the GEM Listing Rules) of the Company
“Long Stop Date”	30 September 2016 or such other date as the Company and the Purchaser shall agree in writing
“Purchaser”	Red Metro Limited, a company incorporated in the British Virgin Islands with limited liability
“SP Agreement”	the agreement dated 26 May 2016 entered into between the Company and the Purchaser in relation to the Disposal
“Sale Shares”	200 Target Shares, representing 100% of the issued share capital of the Target at Completion
“Shareholder(s)”	the shareholders of the Company
“Shareholder’s Loan”	such amount as equals the face value of the entire sum owing by the Target to the Company immediately before Completion, and as at the date of the SP Agreement, such sum amounts to HK\$16,289,476
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Estate Sun Global Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Target Share(s)”	ordinary share(s) of US\$1.00 each in the issued share capital of the Target

“US\$” United States dollars, the lawful currency of the United States of America

“Warranties” the representations, warranties and undertakings given by the Company to the Purchaser in the SP Agreement

On behalf of the Board
WLS Holdings Limited
So Yu Shing
Chairman

Hong Kong, 26 May 2016

As at the date of this announcement, the Board comprises Dr. So Yu Shing (Chairman and Executive Director), Mr. Kong Kam Wang (Executive Director and Chief Executive Officer), Ms. Lai Yuen Mei, Rebecca (Executive Director), Mr. So Wang Chun, Edmond (Executive Director), Mr. Ng Tang (Executive Director), Mr. Yuen Chun Fai (Executive Director), Mr. Law Man Sang (Independent Non-executive Director), Mr. Chan Ngai Sang, Kenny (Independent Non-executive Director) and Mr. Ong Chi King (Independent Non-executive Director).

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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at www.wls.com.hk.

** for identification purpose only*