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WONG'S INTERNATIONAL HOLDINGS LIMITED

王氏國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 99)

MAJOR TRANSACTION

TERMINATION OF JOINT VENTURE AND DEEMED ACQUISITION

TERMINATION OF JOINT VENTURE

References are made to the Company's announcement dated 9 October 2008 and the Company's circular dated 27 November 2008 in relation to, *inter alia*, the joint development at KTIL 173 (which was later named "One Harbour Square").

The Board announces that on 20 September 2016, UIL and Data Giant entered into an agreement ("**Termination Agreement**") to put an end to the joint venture arrangements relating to Bollardbay, pursuant to which UIL and Data Giant will receive cash or assets which represent their proportionate shares of the Project (UIL: 35.7% and Data Giant: 64.3%). Pursuant to the Termination Agreement, (1) UIL will retain a total of 11 office floors, 8 of which will be retained at market value and 3 of which will be retained at values determined by arm's length negotiations; and (2) Data Giant will receive all the cash assets in Bollardbay which will be achieved by Bollardbay repurchasing all of Data Giant's shares in Bollardbay and by repayment of the shareholders' loan owed to Data Giant. However, the cash assets received by Data Giant (together with the proceeds of the Easywise Bank Loan which will fund part of the sums due to Data Giant) only represent part of its 64.3% interest while the 11 floors retained by UIL exceed its 35.7% interest. Consequently, the imbalance will be addressed by the payment of the Equality Money by UIL to Data Giant.

There will be a deemed acquisition of Bollardbay as, upon the repurchase by Bollardbay of all the shares held by Data Giant, Data Giant will cease to be a shareholder and UIL will become the only shareholder in Bollardbay. Bollardbay and Easywise will then be wholly-owned subsidiaries of the Company and their results will be consolidated with the Group's results. After the repurchase of shares by Bollardbay, the Group will continue to hold, via Easywise, 11 floors and a number of parking spaces at One Harbour Square.

IMPLICATIONS UNDER THE LISTING RULES

The Equality Money paid by the Group, plus the value of the guarantee given by the Company and WEC to support the Easywise Bank Loan, results in certain of the applicable percentage ratios under Rule 14.07 of the Listing Rules falling above 25% but below 100%. The Transaction therefore constitutes a major transaction for the Company and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As none of the Shareholders has a material interest in the Transaction, no Shareholder would be required to abstain from voting if a general meeting of the Company were to be convened to approve the Transaction. Pursuant to Rule 14.44 of the Listing Rules, the Company has obtained a written approval, dated 20 September 2016, from the Closely Allied Group in lieu of holding a general meeting of the Company to approve the Transaction.

A circular containing, among other things, further details of the Transaction is expected to be despatched to the Shareholders within 15 Business Days after the publication of this announcement, that is, on or before 12 October 2016.

BACKGROUND

In 2008, the Company, SHKP and their respective subsidiaries, Data Giant and UIL established Bollardbay for a joint development at KTIL 173 (which was later named "One Harbour Square"). The Company (through UIL) and SHKP (through Data Giant) own 35.7% and 64.3% of the issued share capital of Bollardbay respectively. Bollardbay owns 100% of the issued share capital of Easywise, which is the beneficial owner of KTIL 173. The Project (including all the transactions contemplated thereunder) constituted a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and shareholders' approvals were obtained for the Project at the outset.

Details in relation to the formation of Bollardbay and Easywise and the Project were set out in the announcement published by the Company on 9 October 2008 and in the circular published by the Company on 27 November 2008.

TERMINATION OF JOINT VENTURE

On 20 September 2016 (after trading hours), UIL and Data Giant entered into an agreement (“**Termination Agreement**”) to put an end to the joint venture arrangements in the form of a letter from Bollardbay which was accepted by UIL and Data Giant. Under the Termination Agreement, each party is entitled to a share of the agreed net asset value of Bollardbay which represents its proportionate share of the Project (UIL: 35.7% and Data Giant: 64.3%, being their respective “**Proportionate Share**”).

Under the Termination Agreement:

1. UIL shall:

- 1.1. retain under Easywise Floors 9, 10, 12, 15, 16, 17, 18 and 19 as well as 40 car parking spaces on the 3rd floor and 1 Heavy Goods Vehicle parking space on the ground floor at values which were determined as being the average of the valuations carried out as at 8 June 2016 by two independent valuers;
- 1.2. also retain under Easywise, Floors 6, 7 and 20 as well as 16 car parking spaces at values which were determined by arm’s length negotiations between the parties; and
- 1.3. assume full ownership of Bollardbay and, indirectly, Easywise, with their respective liabilities (which principally relate to the development of One Harbour Square, Easywise’s ownership of the floors referred to above, and the leasing of certain of those floors)

(together referred to as the “**UIL Retention**”).

2. Data Giant shall:

- 2.1. receive the proceeds of the Easywise Bank Loan which will be drawn down by Easywise to enable it to repay, through Bollardbay, part of the shareholder loan due to Data Giant; and
- 2.2. receive the cash currently held on behalf of Easywise which comprises the sale proceeds of all units in the Project which have been sold net of certain construction and other expenses and tax so far incurred by Easywise in developing the Project (“**Easywise Cash**”).

3. Data Giant will receive the proceeds of the Easywise Bank Loan and the Easywise Cash in settlement of all shareholder loans due to Data Giant and in return for Data Giant selling all of its shares in Bollardbay back to Bollardbay (thus causing Bollardbay and Easywise to become wholly-owned subsidiaries of the Company).

4. The value of the UIL Retention exceeds UIL’s Proportionate Share. Consequently UIL will pay Data Giant a balancing payment (“**Equality Money**”) to account for the excess. The Equality Money is currently estimated to be HK\$80.4 million and will be

subject to adjustment after completion in respect of any variation in the net liabilities of Bollardbay and Easywise arising prior to completion of the Transaction. Further details of the calculation of the Equality Money will be included in the Circular.

5. Completion of the terms set out above is subject to and conditional upon the following conditions being satisfied on or before 23 September 2016 or such later time and date as may be agreed by Data Giant and UIL:
 - 5.1. Certain properties are being removed from the joint venture prior to Completion under the Termination Agreement. These properties are a shop on the ground floor of KTIL 173, a Light Goods Vehicles parking space on the ground floor and Retained Area B on the roof level of KTIL 173. A new joint venture company will be established by Data Giant and UIL (in the proportions of 64.3% and 35.7% and on substantially the same terms as the existing joint venture for Bollardbay) to acquire these properties. The intention is to retain these properties on a long term basis as an investment;
 - 5.2. the agreement of the final form of all of the documentation required to implement the Termination Agreement;
 - 5.3. the Company obtaining shareholders' approval (which has been obtained by means of a written approval from the Closely Allied Group); and
 - 5.4. Easywise confirming that it has arranged the Easywise Bank Loan and UIL confirming that it has arranged financing for payment of the Equality Money.
6. Completion is expected to take place on 23 September 2016 provided the above conditions have been satisfied. If not, completion will be postponed to 3 business days following satisfaction of all of the above conditions.
7. The Group only participates in the Transaction to the extent of guaranteeing the Easywise Bank Loan and paying the Equality Money. The Easywise Bank Loan is a 5 year bank term loan for HK\$680 million on normal commercial terms which will be guaranteed by the Company and WEC. The Equality Money will be financed by the Group from external borrowings and the Group has arranged a further bank loan for this purpose.

IMPACT OF THE TERMINATION OF THE JOINT VENTURE

There will be a deemed acquisition of Bollardbay as, upon the repurchase by Bollardbay of all the shares held by Data Giant, Data Giant will cease to be a shareholder and UIL will become the only shareholder in Bollardbay, which will then be a wholly-owned subsidiary of the Company. After the repurchase of shares by Bollardbay, the Group will continue to hold, via Easywise, 11 floors and a number of parking spaces at One Harbour Square.

After the Transaction, the accounts of Bollardbay, including its balance sheet and income statement, as well as those of its subsidiary, Easywise, will be consolidated with the Group's accounts.

The transaction does not affect the other joint development project at KTIL 759 which is still under construction.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Directors confirm that SHKP and its ultimate beneficial owners are third parties independent of the Company and any of its connected persons.

INFORMATION ON THE JOINT VENTURE

Bollardbay is currently a subsidiary of SHKP and its year end does not match the year end of the Company.

Based on the unaudited financial information of Bollardbay for its latest financial year ended 30 June 2016, its consolidated net asset value as at 30 June 2016 was approximately HK\$1,384 million.

The unaudited consolidated net profits (both before and after taxation) of Bollardbay for the two financial years ended 30 June 2016 are as follows:

	For the year ended 30 June	
	2015	2016
	<i>HK\$ million</i>	<i>HK\$ million</i>
Consolidated profit before tax	1,313	29
Consolidated profit after tax	1,096	24

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company's strategic plan is, and has been, to hold its share of the developed units in the One Harbour Square development as a long-term investment and for leasing purposes. The Transaction will enable the Group to obtain full ownership and control of the floors and parking spaces retained by Easywise so as to allow the Group full liberty to carry out its strategic plan.

The Company is also taking this opportunity to acquire additional floors, in excess of its 35.7% entitlement, because it is optimistic about the future market for office premises in Kwun Tong given the Government's policy to develop Kowloon East as a central business district. In this regard, One Harbour Square is well positioned because it is a waterfront property.

The Directors consider that the Transaction, including payment of the Equality Money and the provision of the guarantee by the Company and WEC to support the Easywise Bank Loan, is on normal commercial terms, in the ordinary and usual course of business of the Company, and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Equality Money paid by the Group, plus the value of the guarantee given by the Company and WEC to support the Easywise Bank Loan, results in certain of the applicable percentage ratios under Rule 14.07 of the Listing Rules falling above 25% but below 100%. The Transaction therefore constitutes a major transaction for the Company and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, written shareholders' approval may be accepted in lieu of holding a general meeting of the Company to approve the Transaction where:

- (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve Transaction; and
- (b) written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at a general meeting to approve the Transaction.

To the best of the Directors' knowledge, none of the Shareholders has a material interest in the Transaction, so no Shareholder would be required to abstain from voting if a general meeting of the Company were to be convened to approve the Transaction.

The Company has obtained a written approval, dated 20 September 2016, from the Closely Allied Group which collectively held 277,424,800 Shares in the Company (representing approximately 57.97% of the issued share capital of the Company) as at the date of signing the written approval, to approve the Transaction. The Closely Allied Group comprises either members of the Wong's family or companies owned and controlled by certain members of the Wong's family. The composition of the Closely Allied Group is set out below:

Members of the Closely Allied Group	Number of Shares held
Wong Chung Mat, Ben	1,000,000
Wong Chung Yin, Michael	3,247,829
W. S. Wong & Sons Company Limited	94,052,019
Salop Investment Limited	133,304,740
Levy Investment Limited	<u>45,820,212</u>
Total	<u><u>277,424,800</u></u>

Notes:

1. Mr. Wong Chung Mat, Ben is the chairman of the Board, the chief executive officer and an Executive Director of the Company.
2. Mr. Wong Chung Yin, Michael is the brother of Mr. Wong Chung Mat, Ben.
3. W. S. Wong & Sons Company Limited is a company controlled by the Wong's family.

4. Salop Investment Limited is a company wholly-owned and controlled by Mr. Wong Chung Mat, Ben.
5. Levy Investment Limited is a company wholly-owned and controlled by Mr. Wong Chung Yin, Michael.

INFORMATION ON THE GROUP

The Group is principally engaged in the development, manufacture, marketing and distribution of electronics products as well as property investment. UIL is an investment holding company and is wholly-owned by the Company.

INFORMATION ON SHKP

The principal business activities of SHKP are development of and investment in properties for sale and rent. Data Giant is an investment holding company and is wholly-owned by SHKP.

GENERAL

A circular containing, among other things, further details of the Transaction, is expected to be despatched to Shareholders within 15 Business Days after the publication of this announcement, that is, on or before 12 October 2016.

DEFINITIONS

Unless the context otherwise requires, terms used in this announcement shall have the following meanings:

“Board”	the board of Directors
“Bollardbay”	Bollardbay Limited, a company incorporated in the British Virgin Islands which is a joint venture company established by UIL and Data Giant (UIL: 35.7% and Data Giant: 64.3%)
“Business Day”	a day (excluding Saturday, Sunday and a public holiday) on which licensed banks in Hong Kong are open for business throughout their normal working hours
“Closely Allied Group”	the closely allied group of Shareholders comprising Mr. Wong Chung Mat, Ben, Mr. Wong Chung Yin, Michael, W. S. Wong & Sons Company Limited, Salop Investment Limited and Levy Investment Limited, which collectively held 277,424,800 Shares (representing approximately 57.97% of the issued share capital of the Company) as at the date of signing the written approval of Shareholders referred to in this announcement
“Company”	Wong’s International Holdings Limited (王氏國際集團有限公司), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 99)

“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Data Giant”	Data Giant Limited, a company incorporated in the British Virgin Islands which is a wholly-owned subsidiary of SHKP
“Directors”	the directors of the Company
“Easywise”	Easywise Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Bollardbay
“Easywise Bank Loan”	a commercial bank loan of HK\$680 million to be drawn down by Easywise on completion of the Transaction to fund part of the repayment of the shareholder loan due from Bollardbay to Data Giant
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Project”	the development of KTIL 173
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“KTIL 173”	a piece of land situated at No.181 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong and registered in the Land Registry of Hong Kong as Kwun Tong Inland Lot No. 173, with a site area of approximately 25,750 sq.ft.
“KTIL 759”	a piece of land situated at No.180 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong and registered in the Land Registry of Hong Kong as Kwun Tong Inland Lot No. 759, with a site area of approximately 39,935 sq.ft.
“SHKP”	Sun Hung Kai Properties Limited (新鴻基地產發展有限公司), a company incorporated under the laws of Hong Kong whose shares are listed on the Main Board of the Stock Exchange (stock code: 16)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transaction”	the transaction whereby Bollardbay and Easywise become wholly-owned subsidiaries of the Company which, so far as members of the Group are concerned, consists only of the payment of the Equality Money and the guarantee given by the Company and WEC to support the Easywise Bank Loan
“UIL”	Ubiquitous International Limited, a company incorporated in the British Virgin Islands which is an indirect wholly-owned subsidiary of the Company
“WEC”	Wong’s Electronics Company Limited (王氏電子有限公司) a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company

On behalf of the Board
WONG CHUNG MAT, BEN
Chairman and Chief Executive Officer

Hong Kong, 20 September 2016

As at the date of this announcement, the Executive Directors are Mr. Wong Chung Mat, Ben, Ms. Wong Yin Man, Ada, Mr. Chan Tsze Wah, Gabriel, Mr. Wan Man Keung and Mr. Hung Wing Shun, Edmund; and the Independent Non-executive Directors are Dr. Li Ka Cheung, Eric GBS, OBE, JP, Dr. Yu Sun Say GBM, JP, Mr. Alfred Donald Yap JP and Mr. Cheung Chi Chiu, David.

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