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WING ON COMPANY INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 289)

Directors:

Mr. Karl C. Kwok, BBS, MH (Chairman)
Mr. Lester Kwok, J.P.
(Deputy Chairman and Chief Executive Officer)
Dr. Bill Kwok, J.P. (Executive Director)
Mr. Mark Kwok (Executive Director)
Miss Maria Tam Wai Chu, GBM, GBS, J.P.
(Independent Non-executive Director)
Mr. Iain Ferguson Bruce, CA, FCPA, FHKIoD, FHKSI
(Independent Non-executive Director)
Mr. Leung Wing Ning
(Independent Non-executive Director)
Mr. Nicholas James Debnam
(Independent Non-executive Director)

Registered Office:

Victoria Place, 5th Floor,
31 Victoria Street,
Hamilton HM10,
Bermuda.

Principal Office:

7th Floor, Wing On Centre,
211 Des Voeux Road Central,
Hong Kong.

29 April 2020

Dear Shareholders,

GENERAL MANDATES TO ISSUE SHARES AND TO BUY BACK SHARES AND PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS

This document will provide you with information regarding resolutions to be proposed at the annual general meeting (the “Annual General Meeting”) of Wing On Company International Limited (the “Company”) to be held on 4 June 2020 (time and venue as stated in the Notice of Annual General Meeting), as required by the relevant rules set out in the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) to regulate the buy-back by companies, with a primary listing on the Stock Exchange, of their own securities on the Stock Exchange (the “Share Buy-back Rules”) and to re-elect the retiring Directors.

I. General mandates to issue shares and to buy back shares

At the annual general meeting of the Company held on 4 June 2019, a general mandate was given to the directors of the Company (the “Directors”) to exercise the powers of the Company to buy back shares of the Company. As at 15 April 2020 (the latest practicable date prior to the printing of this statement), 1,347,000 shares have been bought back pursuant to this mandate. Such mandate will lapse at the conclusion of the forthcoming Annual General Meeting of the Company, unless renewed

at that Annual General Meeting. It is therefore proposed to seek your approval of an ordinary resolution to be proposed at the Annual General Meeting granting the Directors a general mandate to buy back shares representing not more than 10% of the share capital of the Company in issue at the date of passing the resolution (the “Buy-back Mandate”). In accordance with the Share Buy-back Rules, the Company is required to send the shareholders of the Company (the “Shareholders”) an explanatory statement containing information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution to approve the buy-back by the Company of its own shares. The explanatory statement is set out in this document.

Ordinary resolutions will also be proposed at the Annual General Meeting (i) to grant the Directors a general mandate to issue and otherwise deal with shares up to a limit equal to 20% of the issued shares of the Company at the date of passing of such resolution and (ii) to approve the addition of such bought back shares (up to a maximum of 10% of the issued shares of the Company at the date of passing of such resolution) to the 20% general mandate (as required by the Listing Rules) at any time until the next annual general meeting of the Company or such earlier period as stated in the ordinary resolution.

The ordinary resolutions are set out in full in the notice of Annual General Meeting forming part of the annual report for the year ended 31 December 2019.

Explanatory statement required by the share buy-back rules

The following is the explanatory statement required to be sent to Shareholders under the Listing Rules in connection with the proposed general mandate for buy back of shares:

The buy-back proposal

As at 15 April 2020 (the latest practicable date prior to the printing of this statement), the issued share capital of the Company comprised 292,195,000 (including 78,000 shares bought back but not yet cancelled) shares of HK\$0.1 each (“Shares”).

Subject to the passing of the ordinary resolutions granting the Directors the Buy-back Mandate on the basis that no further Shares are issued or bought back prior to the Annual General Meeting to be held on 4 June 2020 and ignoring other restrictions, the Company would be allowed under the Buy-back Mandate to buy back up to a maximum of 29,211,700 Shares.

Reasons for buy-backs

The Directors believe that the Buy-back Mandate is in the best interests of the Company and its Shareholders. Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per share of the Company and will only be made when the Directors believe that such a buy-back will benefit the Company and its Shareholders.

Funding of buy-back

In buying back Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Bye-Laws and the laws of Bermuda. It is envisaged that any Share bought back under the Buy-back Mandate would be bought back out of the capital paid up on the bought back Shares and the distributable surplus of the Company.

There might be material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited consolidated financial statements contained in the annual report for the year ended 31 December 2019 and taking into account the financial position of the Company as at the date of this explanatory statement in the event that the proposed share buy-backs were to be carried out in full at any time during the proposed buy-back period. However, the Directors do not propose to exercise the Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

Disclosure of interests

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make buy-backs pursuant to the Buy-back Mandate in accordance with the Listing Rules and the laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates have a present intention, in the event that the Buy-back Mandate is approved by the Shareholders, to sell Shares to the Company.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Company is authorised to make buy-backs of Shares.

If as a result of Share buy-backs, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a Shareholder or a group of Shareholders, acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at 15 April 2020 (the latest practicable date prior to the printing of this statement), Kee Wai Investment Company (BVI) Limited (together with its associates, Wing On International Holdings Limited and Wing On Corporate Management (BVI) Limited) was interested in 180,545,138 shares (representing approximately 61.806% of the issued shares of the Company). To the best of the knowledge and belief of the Company, no other person, together with his/her associates, was beneficially interested in Shares representing 10% or more of the issued shares of the Company.

In the event that the Directors exercise in full the power to buy back Shares pursuant to the Buy-back Mandate, then (if the present shareholdings otherwise remain unchanged) the attributable shareholding of Kee Wai Investment Company (BVI) Limited would be increased to approximately 68.673% of the issued shares of the Company. Accordingly, such increase would not be expected to give rise to any obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

Share buy-back made by the Company

During the six months prior to 15 April 2020 (the latest practicable date prior to the printing of this statement), the Company has bought back a total of 1,208,000 shares.

Particulars of the buy-back are as follows:

Date of Purchase	Number of Shares Purchased	Highest Price Paid Per Share HK\$	Lowest Price Paid Per Share HK\$
17 October 2019	3,000	22.55	22.55
18 October 2019	9,000	22.55	22.55
21 October 2019	4,000	22.55	22.55
28 October 2019	27,000	23.00	22.75
1 November 2019	68,000	22.95	22.70
4 November 2019	14,000	22.90	22.70
5 November 2019	10,000	22.90	22.70
6 November 2019	20,000	22.90	22.90
2 December 2019	16,000	22.40	22.20
5 December 2019	85,000	22.30	22.20
10 December 2019	30,000	22.15	21.00
11 December 2019	10,000	21.90	21.90
12 December 2019	29,000	21.90	21.80
17 December 2019	65,000	21.90	21.70
18 December 2019	87,000	21.75	21.60
19 December 2019	287,000	21.40	21.30
2 January 2020	32,000	21.60	21.50
7 January 2020	20,000	22.20	22.10
8 January 2020	1,000	21.75	21.75
10 January 2020	45,000	21.95	21.80
16 January 2020	17,000	21.90	21.85
17 January 2020	20,000	22.10	22.10
7 February 2020	10,000	21.00	21.00
11 February 2020	1,000	21.00	21.00
17 February 2020	22,000	21.45	21.20
18 February 2020	25,000	21.40	21.40
19 February 2020	77,000	21.40	21.20
20 February 2020	23,000	21.40	21.25
24 February 2020	63,000	21.30	21.25
25 February 2020	10,000	21.40	21.40
9 April 2020	52,000	19.20	19.10
14 April 2020	26,000	19.16	18.90

Market prices

The highest and lowest prices at which Shares have been traded on the Stock Exchange in each of the previous twelve months before printing of this statement were as follows:

	Highest Price HK\$	Lowest Price HK\$
2019		
April	28.50	26.65
May	26.95	26.00
June	26.25	24.20
July	25.00	24.20
August	24.20	21.60
September	23.30	22.00
October	23.20	21.80
November	23.00	21.75
December	22.50	21.00
2020		
January	22.65	21.00
February	22.00	20.55
March	22.30	18.90
April (up to 15 April)	19.30	18.88

II. Proposed re-election of the retiring directors

Mr. Lester Kwok, Mr. Mark Kwok and Miss Maria Tam Wai Chu shall retire from the Board at the Annual General Meeting and, being eligible, have offered themselves for re-election. Mr. Lester Kwok, Mr. Mark Kwok and Miss Maria Tam Wai Chu will be proposed to be re-elected for a fixed term of three years until the 2023 Annual General Meeting.

Set out below are the details of the directors who will be retired from the Board and be eligible for re-election at the Annual General Meeting:

Mr. Lester Kwok, aged 70, has been a director of the Company since 14 October 1991 and the Chief Executive Officer since 1 July 2005. He was educated at Stanford University, California where he obtained a B.A. (Economics) degree. He subsequently qualified as a barrister-at-law at Gray's Inn, London in 1975 and practised in London and Hong Kong. He joined the Group in late 1985. He has served as a Steward of The Hong Kong Jockey Club from September 2005 to 10 April 2020 and on numerous statutory appeal/review bodies at various times in the past including the Administrative Appeals Board (2000-2006), Inland Revenue Board of Review (1985-2002), Municipal Services Appeals Board (2000-2002), Town Planning Appeal Board (1994-2001), Securities and Futures Appeals Panel of the Securities and Futures Commission (1989-1995). He has also served on the Wan Chai District Board (1985-1994) and the Consumer Council (1996-1997). He is the deputy chairman and managing director of Wing On International Holdings Limited and also a director of Wing On Corporate Management (BVI) Limited and Kee Wai Investment Company (BVI) Limited.

Mr. Kwok is a brother of Mr. Karl C. Kwok, Dr. Bill Kwok and Mr. Mark Kwok. As at 15 April 2020 (the latest practicable date prior to the printing of this document), Mr. Kwok is taken to be interested in 649,050 shares in the Company (representing 0.222% of the issued shares of the Company) within the meaning of Part XV of the Securities and Futures Ordinance. He is also taken to be interested in 14,250 shares (25%) in Kee Wai Investment Company (BVI) Limited (a substantial shareholder of the Company) and 216 shares (0.012%) in The Wing On Fire & Marine (2011) Limited (an associated corporation of the Company). Mr. Kwok will be proposed to be re-elected for a term of three years until the 2023 Annual General Meeting. The director's fee payable to him shall be recommended by the Remuneration Committee with approval by the Board and shall be subject to Shareholders' approval in annual general meeting. There is an employment contract entered into between the Company and Mr. Kwok. He shall receive annual basic salary of HK\$5,594,000 in 2020 plus discretionary bonus based on the performance of the Group and to be approved by the Remuneration Committee. He is also a director of a number of the Group's subsidiaries. For the year ended 31 December 2019, he received from the Company director's fee of HK\$238,000 and other emoluments of HK\$7,845,000.

Save as disclosed herein, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there are no other information that need to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Mark Kwok, aged 65, has been a director of the Company since 1 November 1992. He was educated at Stanford University, California and the University of Santa Clara where he obtained a B.A. (Economics) degree and an M.B.A. degree respectively. He joined the Group in 1986 and has been responsible for the Group's retail operations until mid 2001. He is currently looking after the Group's overseas investments. He was a member of the Executive Committee of the Hong Kong Retail Management Association. He has served as a member of Law Reform Commission's Subcommittee on Civil Liability for Unsafe Products from 1995 to 1997 and a Member of Election Committee of Subsector of Wholesale and Retail for the Legislative Council Elections of the HKSAR in 1997, 2000, 2002 and 2004. He has also served as a member of the Committee for electing deputies from the HKSAR for the 11th, 12th and 13th National People's Congress of the People's Republic of China in 2008, 2012 and 2017. He is currently a member of the Fish Marketing Advisory Board. He is also a director of Wing On International Holdings Limited, Wing On Corporate Management (BVI) Limited and Kee Wai Investment Company (BVI) Limited.

Mr. Kwok is a brother of Mr. Karl C. Kwok, Mr. Lester Kwok and Dr. Bill Kwok. As at 15 April 2020 (the latest practicable date prior to the printing of this document), Mr. Kwok is taken to be interested in 566,910 shares in the Company (representing 0.194% of the issued shares of the Company) within the meaning of Part XV of the Securities and Futures Ordinance. He is also taken to be interested in 14,250 shares (25%) in Kee Wai Investment Company (BVI) Limited (a substantial shareholder of the Company) and 216 shares (0.012%) in The Wing On Fire & Marine (2011) Limited (an associated corporation of the Company). Mr. Kwok will be proposed to be re-elected for a term of three years until the 2023 Annual General Meeting. The director's fee payable to him shall be recommended by the Remuneration Committee with approval by the Board and shall be subject to Shareholders' approval in annual general meeting. There is an employment contract entered into between the Company's subsidiary and Mr. Kwok. He shall receive annual basic salary of HK\$3,873,000 in 2020 plus discretionary bonus based on the performance of the Group and to be approved by the Remuneration Committee. He is also a director of a number of the Group's subsidiaries. For the year ended 31 December 2019, he received from the Company director's fee of HK\$238,000 and other emoluments of HK\$5,310,000 from the Group.

Save as disclosed herein, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there are no other information that need to be disclosed pursuant to Rule 13.51 (2) of the Listing Rules.

Miss Maria Tam Wai Chu, aged 74, has been an Independent Non-executive Director of the Company since 1 January 1994. She is also a member of the Audit Committee. She was educated at London University. She qualified as a barrister-at-law at Gray's Inn, London, and practised in Hong Kong. She was a member of the Preparatory Committee for the Hong Kong Special Administrative Region (P.R.C.) and Hong Kong Affairs Advisor (P.R.C.). She is currently an Independent Non-executive Director of Nine Dragons Paper (Holdings) Limited, Sinopec Kantons Holdings Limited and Macau Legend Development Limited, all are listed on The Stock Exchange of Hong Kong Limited. She has been appointed as an Independent Non-executive Director of China Shenhua Energy Company Limited, a company listed on Shanghai Stock Exchange and Hong Kong Stock Exchange, since 23 June 2017. She retired as an Independent Non-executive Director of Guangnan (Holdings) Limited, which is listed on The Stock Exchange of Hong Kong Limited, on 1 November 2017. She resigned as an Independent Non-executive Director of Minmetals Land Limited on 1 April 2018,

which is listed on The Stock Exchange of Hong Kong Limited. She retired as an Independent Non-executive Director of Tong Ren Tang Technologies Company Limited, which is listed on The Stock Exchange of Hong Kong Limited, on 12 June 2018. She retired as an Independent Non-executive Director of Sa Sa International Holdings Limited, which is listed on The Stock Exchange of Hong Kong Limited, on 2 September 2019. She was a member of the Operations Review Committee and the Witness Protection Review Board of the Independent Commission Against Corruption (from January 2010 to December 2014). She was the Chairman of the Operations Review Committee, the member of the Witness Protection Review Board and the Ex-officio member of the Advisory Committee on Corruption of the ICAC (from January 2015 to December 2017). She was a deputy to the National People's Congress of the People's Republic of China. She is the Deputy Director of the Hong Kong Basic Law Committee. She is also a member of various community services organisations.

Miss Tam is not connected with any directors, senior management or substantial and controlling shareholders of the Company. As at 15 April 2020 (the latest practicable date prior to the printing of this document), she does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Miss Tam will be proposed to be re-elected for a term of three years until the 2023 Annual General Meeting. The director's fee payable to her shall be recommended by the Remuneration Committee with approval by the Board and shall be subject to Shareholders' approval in annual general meeting. There is no service contract entered into between the Company and Miss Tam. She shall also receive an allowance, which will be determined with reference to her duties and responsibilities, for serving as a member of the Audit Committee. For the year ended 31 December 2019, she received from the Company HK\$238,000 as director's fee and an allowance of HK\$141,000 for serving as a member of the Audit Committee.

Miss Tam has been serving the Board for more than 9 years. Based on the way that Miss Tam performs her duties and valuable advice that she gives, the Board believes she remains independent and should be re-elected.

Save as disclosed herein, there are no other matters relating to her re-election that need to be brought to the attention of the Shareholders and there are no other information that need to be disclosed pursuant to Rule 13.51 (2) of the Listing Rules.

Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the proxy form and return it to the Share Registrar of the Company, Tricor Progressive Limited, at level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the Annual General Meeting. The Directors believe that the resolutions set out in the notice of the Annual General Meeting are in the interests of the Company and its Shareholders and recommend you to vote in favour of such resolutions at the Annual General Meeting.

Yours faithfully,
Karl C. Kwok
Chairman