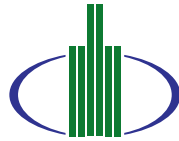


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 AND CONNECTED TRANSACTION:
DISPOSAL OF THE TARGET COMPANY**

THE DISPOSAL

The Board is pleased to announce that on 8 February 2021, WLS (BVI), a wholly-owned subsidiary of the Company and the beneficial owner of the Sale Shares, and Mr. So, the legal owner of 1 ordinary share of the Target Company held on trust for the benefit of WLS (BVI), entered into the SPA with the Purchaser, pursuant to which the Vendors agreed to sell and the Purchaser agreed to purchase the Sale Shares at the Consideration of HK\$75,879,653.00. The Vendors will, in effect, dispose of the Property through the disposal of the Sale Shares. Upon Completion, the Target Company will cease to be a subsidiary of the Company.

IMPLICATIONS UNDER GEM LISTING RULES

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

As the Purchaser is ultimately beneficially owned by Mr. So, the chairman of the Board and an executive Director, and Lai Yuen Mei, Rebecca, an executive Director, the Purchaser is therefore a connected person of the Company under the GEM Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

EGM

The EGM will be convened for the purposes of, among other matters, considering and, if thought fit, approving the SPA and the Disposal.

The Independent Board Committee which comprises all the independent non-executive Directors has been established to advise the Independent Shareholders (after receiving advice from the Independent Financial Adviser) in respect of whether the terms of the SPA and the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Also, the Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the above matters.

GENERAL

A circular containing, among other things, (1) the advice of the Independent Financial Adviser; (2) the recommendation of the Independent Board Committee; (3) details of the SPA and the Disposal; (4) other information as required to be disclosed under the GEM Listing Rules; and (5) the notice of the EGM and a form of proxy are expected to be despatched to the Shareholders on or before 30 April 2021 as more time is required to prepare the information to be contained in the circular.

The Board is pleased to announce that on 8 February 2021, WLS (BVI), a wholly-owned subsidiary of the Company and the beneficial owner of the Sale Shares, and Mr. So, the legal owner of 1 ordinary share of the Target Company held on trust for the benefit of WLS (BVI), entered into the SPA with the Purchaser, pursuant to which the Vendors agreed to sell and the Purchaser agreed to purchase the Sale Shares. The Vendors will, in effect, dispose of the Property through the disposal of the Sale Shares. The principal terms and conditions of the SPA are set out below.

THE SPA

Date : 8 February 2021

Parties : (i) the Purchaser; and

(ii) the Vendors

Subject matter

Subject to the terms and conditions of the SPA, the Purchaser agreed to purchase, and the Vendors agreed to sell, the Sale Shares, representing the entire issued share capital of the Target Company with effect from the Completion Date at the Consideration, free from all encumbrances and with all rights attached to the Sale Shares.

Consideration

The Consideration in the sum of HK\$75,879,653.00 shall be settled by the Purchaser in cash in the following manner:

- (a) a deposit in the sum of HK\$7,587,965.30 (“**Deposit**”) shall be paid by the Purchaser to the Company upon signing of the SPA; and
- (b) the balance of HK\$68,291,687.70 shall be payable by the Purchaser to the Company or such party as WLS (BVI) may direct in writing at Completion, in which an amount to be notified by the Mortgagee will be used for the full repayment and discharge of the Mortgage.

The Consideration was arrived at after arm’s length negotiations between the Group and the Purchaser on normal commercial terms, having considered the Valuation conducted by the Valuer and the net asset value of the Target Company as at 31 December 2020. Based on the Valuation, the appraised market value of the Property was HK\$86 million as at 31 December 2020.

Conditions precedent

Completion is conditional upon the following conditions precedent being satisfied (or being waived) prior to or on Completion:

- (a) the obtaining of the Independent Shareholders’ approval for the Disposal and the compliance with all other applicable rules and requirements under the GEM Listing Rules;
- (b) the Vendors shall, at their own cost, procure the Target Company to prove and give a good title to the Property in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong) subject to the special conditions as set out in the SPA;

- (c) the release of the corporate guarantee given by the Company in favour of the Financial Institution to guarantee, inter alia, the repayment of the Third Party Loan, interest thereon and other moneys due from the Target Company to the Financial Institution; and
- (d) all the representations, undertakings and warranties given by the Vendors under SPA are and shall remain true, accurate, correct and complete and not misleading in all material respects up to the Completion.

The Purchaser may waive (in whole or in part) the conditions precedent (b) and (d) above. Such waiver shall be effective only if it is made in writing and notified to the Vendors' solicitors.

If the condition precedent set out in (a) above is not fulfilled in full on the Long Stop Date, or if any of the conditions precedent set out in (b), (c) and (d) above is not fulfilled (or waived) in full on the Completion Date, other than as a result of default of the Vendors and/or the Purchaser, the Vendors shall refund the Deposit (without interest) in full to the Purchaser upon which all rights and obligations of the parties under the SPA shall cease and terminate, save and except as provided by the SPA.

The parties shall respectively use their reasonable endeavours and shall co-operate with each other to ensure that the conditions precedent set out in (a) above shall be fulfilled by the Long Stop Date and (b), (c) and (d) above shall be fulfilled prior to or on the Completion Date. Save as expressly provided in the SPA, no party may withdraw from the SPA before the Long Stop Date unless any of the conditions precedent becomes incapable of fulfilment.

Delivery of Apportionment Account and adjustment to the Consideration

The Vendors shall procure the delivery of an apportionment account to deal with the current assets and the current liabilities (other than the Property, the Related Loan and the Third Party Loan) of the Target Company and all other sums which are necessary to be apportioned between the Vendors and the Purchaser as at the Completion Date ("**Apportionment Account**") at least 3 Business Days prior to Completion for the Purchaser's approval.

Upon Completion, the Vendors shall provide the Apportionment Account. The Vendors or the Purchaser (as the case may be) shall pay to the other party an amount being the adjustment to the Consideration by reference to the Apportionment Account.

The Purchaser shall settle the Related Loan in full on behalf of the Target Company upon Completion.

Completion

Subject to the conditions precedent as set out in the SPA, Completion shall take place on the Completion Date. On Completion, the Vendors shall, among other matters,

- (a) deliver to the Purchaser the Completion Accounts; and
- (b) procure the Target Company to enter into the Tenancy Agreement with WL Scaffolding.

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

Special conditions

The special conditions as set out in the SPA shall prevail over other provisions of the SPA if there is any inconsistency between the two. The details of the major special conditions are set out below:

- (a) the Purchaser has duly inspected the Property and accepts in all respects the existing physical state, condition and finishes of the Property and the fixture and fittings therein. On Completion, the Property shall be on an “as is” basis;
- (b) the Purchaser (1) shall be personally responsible for making its own enquiry on, among other matters, the physical state and condition or the legality of the Property or any structure erected therein, the user, area or boundaries of the Property, the existence of any encroachments affecting the Property, and on whether there are any unauthorised structures appertaining to the Property, and (2) agrees to purchase the Property in the full knowledge of the presence of any unauthorised structures, provided that if demolition or reinstatement of any of the unauthorised structures is required by any competent authority, the costs of such works shall be borne by the Vendors and such obligation shall survive Completion; and
- (c) the Target Company shall not be required to settle the Third Party Loan or any part of it on or before the Completion Date.

INFORMATION OF THE PARTIES

The Vendors

WLS (BVI) is a wholly-owned subsidiary of the Company and is principally engaged in the business of investment holding. Mr. So is the chairman of the Board and an executive Director.

The Purchaser

The Purchaser is a company incorporated in Hong Kong with limited liability, which is ultimately beneficially owned by Mr. So, the chairman of the Board and an executive Director, and Lai Yuen Mei, Rebecca, an executive Director. The Purchaser is principally engaged in the business of property development and property investment.

The Target Company

The Target Company was incorporated in Hong Kong in July 1991 with limited liability and is principally engaged in the business of property holding.

The unaudited total asset value and net asset value of the Target Company as at 31 December 2020 (as adjusted by the valuation of the Property as at 31 December 2020 and assuming that the whole Property was recorded as investment property) were approximately HK\$87.14 million and HK\$78.46 million respectively.

Certain audited financial information of the Target Company for the two years ended 30 April 2019 and 2020 is set out below.

	For the year ended 30 April 2019	For the year ended 30 April 2020
	<i>HK\$</i>	<i>HK\$</i>
Turnover	1,108,261	432,000
Net profit/(loss) before tax	(2,227,837)	11,471,751
Net profit/(loss) after tax	(2,285,789)	11,415,364

The Group will, in effect, dispose of the Property through the disposal of the Sale Shares. The Property consists of eleven office units on the 10th floor of Pacific Link Tower of Southmark located at No.11 Yip Hing Street, Wong Chuk Hang, Hong Kong, with an aggregate saleable area of approximately 8,360 square feet. The Head Office Portion are used as the head office and principal place of business of the Company, while five office units of the Property are leased to two tenants for office use, with terms expiring in August 2022 and December 2022 respectively, and one unit of the Property is vacant. At Completion, the Head Office Portion will be leased to WL Scaffolding, a wholly-owned subsidiary of the Company, as a tenant by the Target Company as a landlord under the Tenancy Agreement.

The Property is currently subject to the Mortgage to secure the bank borrowings of a subsidiary of the Company. The Mortgage will be released at Completion.

TENANCY AGREEMENT

Upon Completion, WL Scaffolding, a wholly-owned subsidiary of the Company, as tenant, intends to enter into the Tenancy Agreement with the Target Company, as landlord, in respect of the leasing of the Head Office Portion. Details of the major terms of the Tenancy Agreement are as follows:

Parties:	(i) WL Scaffolding, as tenant; and
	(ii) the Target Company, which will be wholly-owned by the Purchaser upon completion of the Disposal, as landlord
Premises leased:	the Head Office Portion
Term:	a term of 2 years from the Completion Date
Lease rental:	HK\$108,000.00 (inclusive of management fee, government rates and government rent) per calendar month

The monthly lease rental was determined on an arm's length basis by reference to the rents payable for other properties in the same building and comparable properties nearby.

The Tenancy Agreement will constitute a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. However, it is expected that the Tenancy Agreement will be fully exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

The impacts of Coronavirus Disease 2019 have caused pressure worldwide and dampened the development of various industries, with no exception for the scaffolding industry. In view of present economic uncertainty and difficulties, the Group is reviewing its existing assets structure and business strategies and may make adjustment to the existing assets structure, with the aim to consolidate its resources, so as to be flexibly prepared for uncertainties in the future. Meanwhile, in order to enhance competitiveness, the Group will look for opportunities to revitalise the scaffolding business to keep up with the recent development and trend in the industry, in particular the declining use of bamboo scaffolds.

Due to worldwide and local economic and political uncertainties, the Directors consider that it is in the interest of the Company to dispose of the Property now to realize cash and unlock the asset value underlying the Property. The net proceeds to be received from the Disposal will strengthen the cashflow of the Group and enhance working capital condition of the Group to allow for reallocation of its resources for future operation and development.

As a result of the Disposal, the Group expects to realise a book gain before tax of approximately HK\$30.06 million, which is calculated based on the difference between (i) the Consideration, and (ii) the unaudited net asset value of the Target Company as at 31 December 2020 (as extracted from the consolidated financial statements of the Group), and taking into account the sales and lease back arrangement and professional fee for the Disposal. The actual amount of gain/loss on the Disposal to be recorded by the Group will be subject to review by the auditors of the Company.

The net proceeds from the Disposal (being the Consideration less the amount to be used to repay the outstanding bank borrowings of a subsidiary of the Company for the release of the Mortgage) will be applied towards the general working capital of the Group. As at 31 December 2020, such outstanding bank borrowings amounted to approximately HK\$68.27 million.

The Directors (excluding the independent non-executive Directors who will express their view after receiving advice from the Independent Financial Adviser) are of the view that the terms of the SPA are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Mr. So, the chairman of the Board and an executive Director, and Lai Yuen Mei, Rebecca, an executive Director, being the ultimate beneficial owners of the Purchaser, may be deemed to have an interest in the SPA. Each of Mr. So and Lai Yuen Mei, Rebecca had abstained from voting on the resolutions of the Board to approve the SPA and the Disposal contemplated thereunder.

GEM LISTING RULES IMPLICATION

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

As the Purchaser is ultimately beneficially owned by Mr. So, the chairman of the Board and an executive Director, and Lai Yuen Mei, Rebecca, an executive Director, the Purchaser is therefore a connected person of the Company under the GEM Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

EGM

The EGM will be convened for the purposes of, among other matters, considering and, if thought fit, approving the SPA and the Disposal.

The Independent Board Committee which comprises all the independent non-executive Directors has been established to advise the Independent Shareholders (after receiving advice from the Independent Financial Adviser) in respect of whether the terms of the SPA and the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Also, the Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the above matters.

GENERAL

A circular containing, among other things, (1) the advice of the Independent Financial Adviser; (2) the recommendation of the Independent Board Committee; (3) details of the SPA and the Disposal; (4) other information as required to be disclosed under the GEM Listing Rules; and (5) the notice of the EGM and a form of proxy are expected to be despatched to the Shareholders on or before 30 April 2021 as more time is required to prepare the information to be contained in the circular.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the meanings set out in this announcement:

“Board”	the board of Directors
“Business Day”	a day (excluding any day on which a tropical cyclone warning no. 8 or above or a black rainstorm is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered or discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are open for business (other than Saturday, Sunday and public holidays)
“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 of the Stock Exchange
“Completion”	the completion of the Disposal

“Completion Accounts”	the management accounts of the Target Company comprising the unaudited balance sheet and profit and loss account, prepared in accordance with generally accepted accounting principles, standards, and practices in Hong Kong and the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) for the period from the date of the commencement of the current financial year up to and inclusive of the Completion Date
“Completion Date”	31 May 2021 or such other date for Completion as may be agreed upon by the Vendors and the Purchaser
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the purchase price payable by the Purchaser to the Vendors for the Disposal as determined in accordance with the terms and conditions of the SPA
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal by the Vendors of the Sale Shares to the Purchaser pursuant to the terms and conditions of the SPA
“EGM”	an extraordinary general meeting of the Company to be convened for the purposes of, among other matters, considering and, if thought fit, approving the SPA and the Disposal contemplated thereunder
“Financial Institution”	First Credit Limited, a company incorporated in Hong Kong with limited liability, being the lender of the Third Party Loan
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries from time to time
“Head Office Portion”	5 office units of the Property which are used as the head office and principal place of business of the Company as at the date of this announcement
“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 Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors, which has been established by the Board to advise the Independent Shareholders in respect of the terms of the SPA and the Disposal contemplated thereunder
“Independent Financial Adviser”	Ballas Capital Limited (博思融資有限公司), a corporation licensed under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Company to advise the Independent Shareholders in respect of the terms of the SPA and the Disposal contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than those who are required by the GEM Listing Rules to abstain from voting on the resolution(s) approving the SPA and the Disposal contemplated thereunder
“Long Stop Date”	21 May 2021 or such other date as may be agreed upon by the Vendors and the Purchaser
“Mortgage”	a mortgage dated 6 January 2010 and registered in the Land Registry of Hong Kong created over the Property in favour of the Mortgagee
“Mortgagee”	DBS Bank (Hong Kong) Limited, a licensed bank in Hong Kong
“Mr. So”	So Yu Shing, the chairman of the Board and an executive Director, being the legal owner of 1 ordinary share in the issued and fully paid-up share capital of the Target Company
“Property”	all those 11,438 equal undivided 750,000th shares of Aberdeen Inland Lot No. 423, including 11 office units on the 10th floor of Southmark, No.11 Yip Hing Street, Wong Chuk Hang, Hong Kong held by the Target Company
“Purchaser”	Sun Wui Property Development Limited, a company incorporated in Hong Kong with limited liability

“Related Loan”	a loan in the amount of HK\$2 million advanced by Wui Loong Resources Limited, a wholly-owned subsidiary of the Company and a fellow subsidiary of WLS (BVI), to the Target Company
“Sale Shares”	100,000 ordinary shares in the issued and fully paid-up share capital of the Target Company, representing the entire issued share capital of the Target Company
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company
“SPA”	the sale and purchase agreement dated 8 February 2021 entered into between the Purchaser and the Vendors in respect of the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Wui Loong Holdings Company Limited, a company incorporated in Hong Kong with limited liability and a beneficially wholly-owned subsidiary of WLS (BVI)
“Tenancy Agreement”	the tenancy agreement to be entered into between the Target Company as landlord and WL Scaffolding as tenant in respect of the leasing of the Head Office Portion on the Completion Date
“Third Party Loan”	the loan advanced by the Financial Institution to the Target Company in the principal amount of HK\$6 million pursuant to a loan agreement dated 28 December 2020. As at the date of this announcement, the total outstanding principal amount is HK\$6 million
“Valuation”	the valuation of the market value of the Property conducted by the Valuer as at 31 December 2020
“Valuer”	Ascent Partners Valuation Service Limited, a qualified independent valuer in Hong Kong
“Vendors”	collectively, WLS (BVI) and Mr. So

“WLS (BVI)”

WLS (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company

“WL Scaffolding”

Wui Loong (H.K.) Scaffolding Works Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

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

Hong Kong, 8 February 2021

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. Tse Fung Chun (Executive Director), Mr. Law Man Sang (Independent Non-executive Director), Ms. Lam Wai Yu (Independent Non-executive Director) and Mr. Lo Ka Ki (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 GEM website at www.hkgem.com on the “Latest Company Announcements” page 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 purposes only*