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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 TARGETS**

The Board is pleased to announce that after trading hours on 11 December 2019, the Company entered into the SPA with the Purchaser, pursuant to which the Company conditionally agreed to sell and assign the benefit of, and the Purchaser agreed to purchase and take the assignment of, the Sale Shares and the Sale Loans respectively, at the Consideration. After Completion, each of the Targets will cease to be a subsidiary of the Company.

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 notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

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THE SPA

Date: 11 December 2019

Parties: (i) the Purchaser; and
(ii) the Company

To be best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a merchant who is a third party independent of the Company and its connected persons (as defined in the GEM Listing Rules).

Assets to be disposed of

The Purchaser agreed to purchase and take the assignment of, and the Company conditionally agreed to sell and assign the benefit of, the Sale Shares, representing 100% of the total issued share capital of Bright Advantage and 100% of the total issued share capital of OX Financial Group, and the Sale Loans owing to the Company by each of the Targets as at Completion, at the Consideration, free from encumbrances and with all rights attached to the Sale Shares.

Consideration

The Consideration shall be HK\$7,000,000 (“**Premium**”) plus an amount equal to the Net Asset Value as at the Completion Date minus (or plus) the profit (or loss) after tax for the period from the date of the SPA to and including the Completion Date (determined by reference to the Completion Accounts).

The Consideration shall be settled by the Purchaser to the Company in cash in the following manner:

- (a) a deposit in the amount of HK\$2,500,000 (“**Deposit**”) paid upon or before the execution of the SPA; and
- (b) at Completion, an amount calculated as follows shall be paid by the Purchaser to the Company:

PC – HK\$2,500,000

where PC means the Premium plus an amount equal to the Net Asset Value as at the Completion Date minus (or plus) the profit (or loss) after tax for the period from the date of the SPA to and including the Completion Date (determined by reference to the Pro Forma Completion Accounts).

The Consideration was determined after arm’s length negotiations between the Purchaser and the Company on normal commercial terms with reference to comparable offers in the market and the net asset value of the OX Group at Completion Date.

In the event that the Net Asset Value (determined by reference to the Completion Accounts) is different from the Net Asset Value (determined by reference to the Pro Forma Completion Accounts), the relevant party shall pay to the other party to the SPA an amount calculated as follows within five (5) Business Days after agreement or determination of the Completion Accounts:

- (a) if the Net Asset Value (determined by reference to the Completion Accounts) is more than the Net Asset Value (determined by reference to the Pro Forma Completion Accounts), the Purchaser shall pay the surplus to the Company; and

- (b) if the Net Asset Value (determined by reference to the Completion Accounts) is less than the Net Asset Value (determined by reference to the Pro Forma Completion Accounts), the Company shall pay the deficit to the Purchaser.

Conditions precedent

Completion is conditional upon the following conditions (“**Conditions**”) being satisfied (or being waived) on or before the Long Stop Date:

- (a) the approval by the SFC of the Purchaser (and his nominees (if any)) to become substantial shareholder(s) of the Targets arising from the sale of the Sale Shares under the SFO;
- (b) all the Warranties (as defined under the SPA) remaining true and accurate in all material respects as at Completion;
- (c) no Material Adverse Change having occurred before or on the Completion Date;
- (d) the employment contracts entered into between the relevant OX Group Company and each of its responsible officers not having been terminated;
- (e) such other consents and approval, whether of regulatory authorities (including those required by SFC or under the laws and regulations administered by SFC) or otherwise of the transactions contemplated by the SPA being obtained; and if conditions are imposed for the grant of any such consents or approvals that such conditions are reasonably acceptable to the Purchaser and the Company; and
- (f) the Licences having remained valid and in full force and effect.

The Purchaser may waive all or any of the Conditions except for Conditions (a),(e) and (f) above at any time on or before the Long Stop Date by notice in writing to the Company on such terms as it may decide in its absolute discretion.

Each of the Purchaser and the Company shall use their reasonable endeavours to ensure that Condition (a) as specified above is fulfilled as soon as practicable and in any event not later than the Long Stop Date. The Company agreed to use its reasonable endeavors to assist the Purchaser in making an application for obtaining the approval required under Condition (a) as specified above.

Delivery of Pro Forma Completion Accounts and Completion Accounts

The Company shall procure that:

- (a) the Pro Forma Completion Accounts be delivered to the Purchaser as soon as reasonably practicable but in any event no later than five (5) Business Days prior to (but excluding) the Completion Date; and

- (b) the Completion Accounts be delivered to the Purchaser as soon as reasonably practicable but in any event no later than twenty (20) Business Days following the Completion Date (or within such other period as the Company and the Purchaser may agree in writing) for review by the Purchaser.

Completion

Subject to the terms and conditions of the SPA, Completion shall take place on the Completion Date. Upon Completion, the Company will cease to have any interest in the OX Group and each of the OX Group Company will cease to be a subsidiary of the Company.

Termination

The SPA may be terminated at any time prior to Completion:

- (1) the Company may terminate the SPA by giving notice to the Purchaser if, (a) any of the Conditions is not satisfied as a result of default by the Purchaser; or (b) Completion does not take place as a result of default by the Purchaser, and the Company shall be entitled to forfeit the Deposit after a period of seven (7) Business Days if the Purchaser has not remedied such matter to the reasonable satisfaction of the Company within such seven (7) Business Day period; and
- (2) the Purchaser may terminate the SPA by giving notice to the Company and obtain the refund of the Deposit from the Company if, among other matters, (a) any of the OX Subsidiaries cannot maintain two responsible officers (one of which must be a director of each of the OX Subsidiaries) and such shortage in number of responsible officers leads to suspension or revocation of any of the Licences or imposition of conditions on the business or operations of any of the OX Subsidiaries; (b) there is Material Adverse Change to the financial position, business or trading of the OX Group since the date of execution of the SPA arising solely from the Company's gross negligence or default and excluding any change which generally affects the industry or market in which the OX Group operates; (c) the Company commits a breach of or fails to observe any of its obligations or undertakings expressed to be assumed by it under the SPA; (d) there is any revocation or suspension of any of the Licences or imposition of conditions on the business or operations of any of the OX Subsidiaries; (e) any of the Warranties (as defined under the SPA) is or becomes untrue, incorrect or misleading in any material respect; (f) the SFC does not approve any of the applications of the Purchaser to become substantial shareholder(s) of the Targets due to fault on the part of the Company not using its reasonable endeavours to assist the Purchaser in making its application; (g) any petition is presented for the bankruptcy or winding up or liquidation of any OX Group Company or the Company; (h) any of the Conditions is not satisfied as a result of default by the Company; or (i) Completion does not take place as a result of default by the Company, and the Company has not remedied such matter to the reasonable satisfaction of the Purchaser within a seven (7) Business Day period.

Upon termination of the SPA, the clauses (other than those clauses which shall survive the termination of the SPA) shall lapse and have no further effect and the Purchaser and the Company shall be released from all obligations under the SPA other than obligations under the aforesaid surviving clauses.

INFORMATION OF THE OX GROUP

Bright Advantage, a company incorporated in the British Virgin Islands with limited liability, is an investment holding company. As at the date of this announcement, the Company holds 100% of the issued share capital of Bright Advantage, which holds the entire issued share capital of OX Securities. OX Securities is a company incorporated in Hong Kong with limited liability and is a corporation licensed under the SFC and permitted to carry out type 1 (dealing in securities) regulated activity.

As at the date of the SPA, the issued and paid-up share capital of OX Securities is HK\$50,000,000. It is agreed in the SPA that OX Securities may implement a reduction of its issued share capital and OX Securities (and any OX Group Company) may declare and pay dividend before the Completion Date and the Purchaser consented to such capital reduction.

The unaudited consolidated total asset value and net liability value of Bright Advantage as at 31 October 2019 were approximately HK\$47,594,000 and HK\$13,815,000 respectively.

Set out below is a summary of certain financial information of Bright Advantage for the two years ended 30 April 2018 and 2019, and of OX Securities for the two years ended 31 March 2018 and 2019.

Bright Advantage

	For the year ended 30 April 2018	For the year ended 30 April 2019
	<i>HK\$</i>	<i>HK\$</i>
	(unaudited)	(unaudited)
Turnover	–	–
Net Profit/(Loss) before and after tax	(39,683)	(54,442)

OX Securities

	For the year ended 31 March 2018	For the year ended 31 March 2019
	<i>HK\$</i>	<i>HK\$</i>
	(audited)	(audited)
Turnover	977,457	825,031
Net Profit/(Loss) before and after tax	(4,727,743)	(4,435,313)

OX Financial Group, a company incorporated in the British Virgin Islands with limited liability, is an investment holding company. As at the date of this announcement, the Company holds 100% of the issued share capital of OX Financial Group, which holds the entire issued share capital of the OX Assets Management. OX Assets Management is a company incorporated in Hong Kong with limited liability and is a corporation licensed under the SFC and permitted to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities.

The unaudited consolidated total asset value and net liability value of OX Financial Group as at 31 October 2019 were approximately HK\$1,276,000 and HK\$1,801,000 respectively.

Set out below is a summary of certain financial information of OX Financial Group for the two years ended 30 April 2018 and 2019, and of OX Assets Management for (i) the year ended 31 March 2018 and (ii) the period from 1 April 2018 to 30 June 2019.

OX Financial Group

	For the year ended 30 April 2018	For the year ended 30 April 2019
	<i>HK\$</i>	<i>HK\$</i>
	(unaudited)	(unaudited)
Turnover	–	–
Net Profit/(Loss) before and after tax	(9,855)	(20,000)

OX Assets Management

	For the year ended 31 March 2018	For the period from 1 April 2018 to 30 June 2019
	<i>HK\$</i>	<i>HK\$</i>
	(audited)	(audited)
Turnover	–	–
Net Profit/(Loss) before and after tax	(418,180)	(857,238)

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

The Group commenced its securities brokerage and margin financing operations after OX Securities, an indirect wholly-owned subsidiary of the Company, was granted the licence to conduct type 1 (dealing in securities) regulated activity by the SFC in December 2016. OX Assets Management, an indirect wholly-owned subsidiary of the Company, was granted the licences to conduct type 4 (advising on securities) and type 9 (asset management) regulated activities on 8 February 2019. It had not yet commenced business.

The OX Group recorded losses for the past two years and its financial performance had not been meeting the management's expectation. In view of unfavourable market sentiment, it is believed that the Group's strategy of broadening business portfolio through developing the business of securities brokerage and margin financing operations would be even more challenging, and adjusting the overall corporate strategy to concentrating on its principal businesses would be more beneficial to the Group as a whole. After the Disposal, the Group will cease its business in the segment of securities brokerage and margin financing.

As a result of the Disposal, the Group expects to realise a book gain before tax of approximately HK\$7 million, which is calculated based on the difference between the Consideration and the Net Asset Value as at Completion determined with reference to the Completion Accounts. 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 proceeds from the Disposal will be applied towards the general working capital of the Group. The Directors consider the Disposal a good opportunity for the Company to centralise its resources by realising its investment in the Targets.

The Directors 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 of the Company as a whole.

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 notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Bright Advantage”	Bright Advantage Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Bright Advantage Sale Share”	1 ordinary share in the issued share capital of Bright Advantage, representing 100% of the entire issued share capital of Bright Advantage
“Business Day”	a day (excluding Saturdays, Sundays and public holidays) on which banks are generally open for business in Hong Kong
“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 combined statement of comprehensive income of the OX Group for the period from the date of the SPA to the Completion Date and the combined statement of financial position as at the Completion Date for the OX Group prepared and agreed or determined pursuant to the SPA
“Completion Date”	any date within five (5) Business Days after the date on which the last condition set out in the Conditions is satisfied or waived, or such other date as the Purchaser and the Company may agree in writing
“Consideration”	the purchase price payable by the Purchaser to the Company 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 Company to the Purchaser of the Sale Shares and the assignment of the benefit of the Sale Loans pursuant to the terms and conditions of the SPA

“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
“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
“Material Adverse Change”	a material adverse change in the business, operations, assets, position (financial, trading or otherwise), profits or prospects of any OX Group Company and/or the property or any matter, event or circumstance that may result in such a material adverse change
“Net Asset Value”	the total assets of the OX Group (other than the tax recoverable and intercompany receivables (if any)) minus the consolidated total liabilities of the OX Group (other than the Sale Loans) on a combined basis
“Licences”	the licences that the OX Subsidiaries registered with the SFC to carry on the regulated activities under the SFO at the date of the SPA
“Long Stop Date”	the date falling on expiry of twelve (12) calendar months after the date of the SPA or such later date as the Purchaser and the Company may agree in writing
“OX Assets Management”	OX Financial Assets Management Limited, an indirect wholly-owned subsidiary of the Company and a company incorporated in Hong Kong with limited liability
“OX Financial Group”	OX Financial Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company

“OX Financial Group Sale Share”	1 ordinary share in the issued share capital of OX Financial Group, representing 100% of the entire issued share capital of OX Financial Group
“OX Group”	collectively, the Targets and the OX Subsidiaries
“OX Group Company”	any of OX Financial Group, Bright Advantage, OX Assets Management and OX Securities as the context may require
“OX Securities”	OX Financial Securities Limited, an indirect wholly-owned subsidiary of the Company and a company incorporated in Hong Kong with limited liability
“OX Subsidiaries”	collectively, OX Securities and OX Assets Management
“Pro Forma Completion Accounts”	the pro forma consolidated statement of financial position of the OX Group on the combined basis as at the close of business on the Completion Date and the pro forma consolidated statement of comprehensive income of the OX Group for the period from the date of SPA to the Completion Date prepared pursuant to the SPA
“Purchaser”	Mr. Tsang Pui Lan Patrick
“Sale Loans”	collectively, the loans owing by each of OX Financial Group and Bright Advantage to the Company as at Completion. As at 31 October 2019, the Sale Loans amounted to approximately HK\$53 million
“Sale Shares”	collectively, the OX Financial Group Sale Share and the Bright Advantage Sale Share
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any subsidiary legislation made thereunder amended, consolidated or substituted from time to time

“SPA”	the conditional sale and purchase agreement dated 11 December 2019 entered into between the Purchaser and the Company in respect of the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Targets”	collectively, OX Financial Group and Bright Advantage, and each a “Target”

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

Hong Kong, 11 December 2019

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. Yuen Chun Fai (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 “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 purposes only