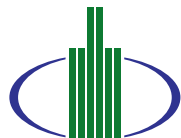


**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **WLS Holdings Limited**, you should at once hand this circular accompanying with the form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.



**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;  
AND  
NOTICE OF SGM**

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**

**BALLAS**  
C A P I T A L

A letter from the Board is set out from pages 7 to 18 of this circular and a letter from the Independent Board Committee to the Independent Shareholders is set out on page 19 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and Independent Shareholders in relation to the SPA and the Disposal is set out from pages 20 to 39 of this circular.

A notice convening a special general meeting of the Company to be held at Rooms 1001-1006, 10th Floor, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Aberdeen, Hong Kong at 12:00 noon on Friday, 23 April 2021 is set out on pages SGM-1 to SGM-3 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same by 12:00 noon on Wednesday, 21 April 2021 or not later than 48 hours before the time appointed for holding any adjournment of the meeting to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish and, in such event, the form of proxy previously submitted shall be deemed to be revoked.

*This circular will remain on the "Latest Company Announcement" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum of seven days from the date of its posting and on the website of the Company at [www.wls.com.hk](http://www.wls.com.hk)*

**Please refer to the section headed "PRECAUTIONARY MEASURES FOR THE SGM" in this circular for the measures to be implemented by the Company at the SGM against the epidemic to protect the attendees from the risk of infection of COVID-19.**

31 March 2021

\* For identification purposes only

## CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## PRECAUTIONARY MEASURES FOR THE SGM

In view of the ongoing COVID-19 pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the SGM to protect attending Shareholders, staff and other stakeholders from the risk of infection.

### **Voting by proxy in advance of the SGM:**

The Company does not in any way wish to diminish the opportunity available to the Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect the Shareholders from possible exposure to the COVID-19. For the health and safety of the Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the SGM by appointing the chairman of the SGM as their proxy instead of attending the SGM in person. **Physical attendance is not necessary for the purpose of exercising Shareholders' rights. Completion and return of the proxy form will not preclude the Shareholders from attending and voting in person at the SGM or any adjournment thereof should they subsequently so wish.**

### **Preventive measures at the SGM**

The Company will implement the following preventive measures at the SGM to safeguard the health and safety of the attending Shareholders, staff and other stakeholders:

- (i) compulsory body temperature checks will be conducted on every attendee at the entrance of the SGM venue. Any person with a body temperature of over 37.5 degrees Celsius may be denied entry into the SGM venue;
- (ii) all attendees are required to complete and submit at the entrance of the SGM venue a health declaration form confirming, among other things, their names and contact details, and that they have not at any time in the preceding 14 days travelled, and have not had close contact with any person who to their best of knowledge has recently travelled, outside Hong Kong. Any attendee who does not comply with this requirement may be denied entry into the SGM venue;
- (iii) every attendee will be required to wear a surgical face mask throughout the SGM. Please note that no masks will be provided at the SGM venue and attendees should bring and wear their own masks;
- (iv) seating at the SGM will be arranged to ensure adequate physical distancing between attendees so as to reduce interaction between them; and
- (v) no refreshments will be served.

## **PRECAUTIONARY MEASURES FOR THE SGM**

To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of the attendees at the SGM.

Due to the constantly evolving COVID-19 pandemic situation, for the avoidance of doubt, the Company reserves the right to change the conditions in relation to the SGM in the event of changes in government regulations and non-adherence to any government regulations and/or precautionary measures in relation to the SGM arrangements by attendees at the SGM.

If any Shareholder chooses not to attend the SGM in person but has any question about the resolution(s) or about the Company, or has any matter for communication with the Board, he/she is welcome to send such question or matter in writing to the head office and principal place of business of the Company or to the email address of the Company at [scaffold@wls.com.hk](mailto:scaffold@wls.com.hk). If any Shareholder has any question relating to the SGM, please contact Tricor Tengis Limited, the Company's branch share registrar and transfer office in Hong Kong, the details of which are as follows:

Tricor Tengis Limited  
Level 54,  
Hopewell Centre,  
183 Queen's Road East,  
Hong Kong  
Email: [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com)  
Tel: (852) 2980 1333  
Fax: (852) 2810 8185

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“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
“COVID-19”	the novel coronavirus disease first found in 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2
“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
“Financial Institution”	First Credit Limited, a company incorporated in Hong Kong with limited liability, being the lender of the Third Party Loan

## DEFINITIONS

“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 Latest Practicable Date
“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, a corporation licensed under the SFO 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
“Latest Practicable Date”	30 March 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“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, an executive Director and the spouse of Ms. Lai, being the legal owner of 1 ordinary share in the issued and fully paid-up share capital of the Target Company
“Ms. Lai”	Lai Yuen Mei, Rebecca, an executive Director and the spouse of Mr. So

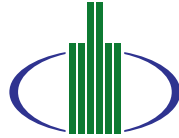
## DEFINITIONS

“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, 11 Yip Hing Street, Wong Chuk Hang, Aberdeen, Hong Kong held by the Target Company
“Property Valuation Report”	the valuation report issued by the Valuer in respect of the Valuation, the full text of which is set out in Appendix I to this circular
“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
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company convened to be held at Rooms 1001-1006, 10th Floor, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Aberdeen, Hong Kong at 12:00 noon on Friday, 23 April 2021 for the purposes of, among other matters, considering and, if thought fit, approving the SPA and the Disposal contemplated thereunder
“Share(s)”	the ordinary share(s) of the 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



## DEFINITIONS

“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 Latest Practicable Date, the total outstanding principal amount was 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
“%”	per cent



## 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)**

*Executive Directors:*

Dr. So Yu Shing (*Chairman*)  
Mr. Kong Kam Wang (*Chief Executive Officer*)  
Ms. Lai Yuen Mei, Rebecca  
Mr. So Wang Chun, Edmond  
Mr. Tse Fung Chun

*Independent non-executive Directors:*

Mr. Law Man Sang  
Ms. Lam Wai Yu  
Mr. Lo Ka Ki

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place  
of business in Hong Kong:*

Rooms 1001-1006  
10th Floor, Tower A, Southmark  
11 Yip Hing Street,  
Wong Chuk Hang, Aberdeen  
Hong Kong

31 March 2021

*To the Shareholders*

Dear Sir or Madam

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION:  
DISPOSAL OF THE TARGET COMPANY;  
AND  
NOTICE OF SGM**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 8 February 2021 in relation to the Disposal. 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.

\* For identification purposes only

## LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) details of the SPA and the Disposal; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Disposal; (iii) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Disposal; (iv) the Property Valuation Report; (v) other information required to be disclosed under the GEM Listing Rules; and (vi) the notice of the SGM.

### THE SPA

The principal terms of the SPA are set out below:

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 net asset value of the Target Company as at 31 December 2020 (assuming that the whole Property was recorded as investment property at the amount of HK\$86,000,000 based on the Valuation) of approximately HK\$78.46 million, with a discount (representing an amount of approximately HK\$2.58 million, being a 3% discount on the Valuation) on such net asset value as negotiated by the parties.

## LETTER FROM THE BOARD

The Directors consider that the Consideration is fair and reasonable considering that (i) the Purchaser is willing to acquire all the units comprising the Property, saving the Group's time and effort in finding and negotiating with different buyers for different units of the Property; (ii) the Purchaser is familiar with the Target Company and the Property, hence no extensive due diligence is required and the negotiation of the Disposal is simple; (iii) the Purchaser is willing to lease back the Head Office Portion to the Group, saving the Group's time and effort in relocating the head office and principal place of business of the Company; and (iv) no property agent is involved in the Disposal, saving the need to pay agency fees by the Group. Further, it is in the interest of the Company and the Shareholders as a whole to have the proceeds from the Consideration for repaying the outstanding bank borrowings of a subsidiary of the Company and for the general working capital of the Group.

### 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. None of the conditions precedent as set out above has been waived by the Purchaser or fulfilled as at the Latest Practicable Date.

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.

## LETTER FROM THE BOARD

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;

## LETTER FROM THE BOARD

- (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 Ms. Lai, an executive Director and the spouse of Mr. So. 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 (assuming that the whole Property was recorded as investment property at the amount of HK\$86,000,000 based on the Valuation) were approximately HK\$87.14 million and HK\$78.46 million respectively.

## LETTER FROM THE BOARD

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

	<b>For the year ended 30 April 2019 HK\$</b>	<b>For the year ended 30 April 2020 HK\$</b>
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

An increase of net profit was recorded for the Target Company despite a decrease in turnover for the year ended 30 April 2020 because of the combined effect of a gain of approximately HK\$34.16 million, being amounts due to fellow subsidiaries which have been waived, a fair value loss on investment property of approximately HK\$20 million, and the finance costs and administrative expenses of HK\$1.4 million and HK\$2.2 million respectively recorded for the year ended 30 April 2020.

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 11 Yip Hing Street, Wong Chuk Hang, Aberdeen, 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 tenant by the Target Company as 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.

According to the Property Valuation Report, the market value of the Property as at 31 December 2020 was HK\$86 million. The full text of the Property Valuation Report is set out in Appendix I to this circular.

## LETTER FROM THE BOARD

The reconciliation of the audited carrying value of the Property as at 30 April 2020 to the market value of the Property as appraised under the Property Valuation Report as at 31 December 2020 is set out below.

	<b>The Group</b> <i>HK\$</i>
Net book value of the Property attributable to the Group as at 30 April 2020:	
Investment property	48,900,000
Property and equipment	
Building	4,435,241
Leasehold land	<u>1,775,943</u>
	55,111,184 (Note)
Movements from 1 May 2020 to 31 December 2020:	
Fair value changes	(4,500,000)
Depreciation	<u>(152,965)</u>
Net book value of the Property attributable to the Group as at 31 December 2020	50,458,219
Reclassification from property, plant and equipment to investment property from the Group level to the Company level with reference to the Hong Kong Accounting Standard 16 and 40, including changes in the fair value of property, plant and equipment	<u>35,541,781</u>
Valuation of the Property as at 31 December 2020 (as extracted from Appendix I to this circular)	<u><u>86,000,000</u></u>

*Note:*

According to the Group's accounting policies, the net book values of the components of the Property of the Group as at 30 April 2020 are partly accounted for as investment property and partly accounted for as "property, plant and equipment" under the cost model and are carried at historical cost less accumulated depreciation and impairment losses. Meanwhile, the valuation of the Property as at 31 December 2020 is arrived at under the basis of market value as set out in the Property Valuation Report in Appendix I to this circular.



## LETTER FROM THE BOARD

### 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 value of the right-of-use asset to be recognised by the Company under the Tenancy Agreement is estimated to be approximately HK\$358,000 in accordance with Hong Kong Financial Reporting Standard 16 "Leases". The above estimated value of the right-of-use asset is subject to audit.

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.

## LETTER FROM THE BOARD

The impacts of COVID-19 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. According to recent trend, modern metal scaffolds have been adopted by the industry instead of bamboo scaffolds, especially for high-end shopping malls which are aware of exterior appearance, and also to shorten the time for training of workers to address the problem of shortage of skilled workers. Also, compared to bamboo scaffolds, it is safer to use metal scaffolds as the erection process can be assisted with technology and more accurate measurement. Therefore, the future direction of the scaffolding business will be led by the adoption of mixed scaffolds and metal scaffolds.

Currently, the Group plans to continue widening the client base and promote the use of metal scaffolds in the construction contracts. Starting from last year, with competitive pricing, the Group has secured new clients in order to increase revenue which suffered a decline due to the impact of COVID-19; also, the Group has obtained an increased number of contracts which involved the use of metal scaffolds. In the future, the Group plans to improve the material used and the technology in relation to production of metal scaffolds. In view of this, the Group expects to invest in research and development in the next five years, and will closely monitor market trends and demands of the scaffolding business at the same time and make adjustment to the plans when necessary.

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.

### **FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS**

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) of approximately HK\$43.31 million, which is calculated based on the total asset value of the Target Company (consisting of the net book value of the Property of HK\$50,458,219 and other current and non-current assets of approximately HK\$1.14 million) of approximately HK\$51.60 million, and the total liabilities of approximately HK\$8.29 million and taking into account the sales and lease back arrangement (including the right-of-use asset of approximately HK\$358,000 and the lease liabilities of approximately HK\$2.46 million to be recognised by the Group) and the professional fee for the Disposal of approximately HK\$413,000. 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.

## LETTER FROM THE BOARD

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 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 Ms. Lai, an executive Director and the spouse of Mr. So, being the ultimate beneficial owners of the Purchaser, are interested in the SPA. Mr. So and Ms. Lai are the parents of Mr. So Wang Chun, Edmond, an executive Director. Mr. So, Ms. Lai and Mr. So Wang Chun, Edmond, being the associate of each of Mr. So and Ms. Lai, 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 Ms. Lai, an executive Director and the spouse of Mr. So, 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.

### SGM

The SGM will be held at Rooms 1001-1006, 10th Floor, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Aberdeen, Hong Kong at 12:00 noon on Friday, 23 April 2021 for the purpose of considering and, if thought fit, approving the SPA and the Disposal. The notice of the SGM is set out on pages SGM-1 to SGM-3 of this circular.

For determining the entitlement of the Shareholders to attend and vote at the SGM, the register of members of the Company will be closed from Tuesday, 20 April 2021 to Friday, 23 April 2021, both days inclusive, during which no transfer of Shares will be effected. In order to be entitled to attend and vote at the SGM, all completed share transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 19 April 2021.

## LETTER FROM THE BOARD

In accordance with the GEM Listing Rules, the resolution will be voted on by way of poll at the SGM. As at the Latest Practicable Date,

- (a) Mr. So is deemed to be interested in 6,640,000 Shares, representing approximately 0.05% of the issued share capital of the Company, of which 3,320,000 Shares are held by Mr. So himself and 3,320,000 Shares are held by Ms. Lai, the spouse of Mr. So;
- (b) Ms. Lai is deemed to be interested in 6,640,000 Shares, representing approximately 0.05% of the issued share capital of the Company, of which 3,320,000 Shares are held by Ms. Lai herself and 3,320,000 Shares are held by Mr. So; and
- (c) Mr. So Wang Chun, Edmond is interested in 800,000 Shares, representing approximately 0.01% of the issued share capital of the Company.

Mr. So and Ms. Lai are the ultimate beneficial owners of the Purchaser and are therefore regarded as having a material interest in the Disposal. Mr. So and Ms. Lai are the parents of Mr. So Wang Chun, Edmond and he is therefore the associate of each of them. Mr. So, Ms. Lai and Mr. So Wang Chun, Edmond will abstain from voting at the SGM on the resolution approving the SPA and the Disposal. Save as aforesaid, as at the Latest Practicable Date, to the best knowledge, information and belief of the Directors, no other Shareholders had a material interest in the Disposal and would be required to abstain from voting at the SGM.

Enclosed is a form of proxy for use at the SGM. Whether or not you are able to attend the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same by 12:00 noon on Wednesday, 21 April 2021 or not later than 48 hours before the time appointed for holding any adjournment of the SGM to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof should you so wish and, in such event, the form of proxy previously submitted shall be deemed to be revoked.

**Please see the section headed "Precautionary Measures for the SGM" from pages 1 to 2 of this circular for measures to be taken at the SGM in trying to prevent and control the spread of COVID-19. For the health and safety of the Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the SGM by appointing the chairman of the SGM as their proxy instead of attending the SGM in person. Physical attendance is not necessary for the purpose of exercising Shareholders' rights.**

## LETTER FROM THE BOARD

### RECOMMENDATION

The Company has established an Independent Board Committee comprising Mr. Law Man Sang, Ms. Lam Wai Yu and Mr. Lo Ka Ki, being all the independent non-executive Directors, to advise the Independent Shareholders in respect of the SPA and the Disposal. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Board is of the view that the terms of the SPA have been negotiated on an arm's length basis, on normal commercial terms and are fair and reasonable, and although the Disposal is not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolution approving the SPA and the Disposal to be proposed at the SGM. Before deciding on how to vote on the resolution at the SGM, you are advised to read (i) the letter from the Independent Board Committee on page 19 of this circular; and (ii) the letter from the Independent Financial Adviser from pages 20 to 39 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the SPA, the Disposal and the transactions contemplated thereunder as well as the principal factors and reasons considered by it in arriving at its opinions.

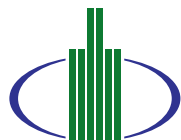
### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

*The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders.*



**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)**

31 March 2021

*To the Independent Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION: DISPOSAL OF THE TARGET COMPANY**

We refer to the circular of the Company dated 31 March 2021 ("**Circular**"), of which this letter forms part. Unless otherwise required, capitalised terms herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the terms of the SPA and the Disposal. The Independent Financial Adviser has been appointed to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving their advice, are set out on pages 20 to 39 of the Circular. Your attention is also drawn to the Letter from the Board as set out on pages 7 to 18 of the Circular and the additional information set out in the appendices thereto.

Having considered the terms of the SPA and the benefits for and reasons of the Disposal and taking into account the advice of the Independent Financial Adviser set out in its letter on pages 20 to 39 of the Circular, we are of the opinion that the terms of the SPA are normal commercial terms and are fair and reasonable. We also consider that although the Disposal is not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote for the resolution approving the SPA and the Disposal.

Yours faithfully,

**Independent Board Committee**

**Law Man Sang**

**Lam Wai Yu**

**Lo Ka Ki**

*Independent non-executive Directors*

\* For identification purposes only

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the full text of a letter received from the Independent Financial Adviser setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the SPA and the Disposal contemplated thereunder, which was prepared for the purpose of inclusion in this circular.*

**BALLAS**  
C A P I T A L

Unit 1802, 18/F  
1 Duddell Street  
Central  
Hong Kong

31 March 2021

*To the Independent Board Committee and  
the Independent Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION: DISPOSAL OF THE TARGET COMPANY**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 31 March 2021 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As set out in the Letter from the Board, 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.

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.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the Purchaser is ultimately beneficially owned by Mr. So, the chairman of the Board and an executive Director, and Ms. Lai, an executive Director and the spouse of Mr. So, 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.

The Company has established an Independent Board Committee comprising Mr. Law Man Sang, Ms. Lam Wai Yu and Mr. Lo Ka Ki, being all the independent non-executive Directors, to advise the Independent Shareholders in respect of the SPA and the Disposal.

### INDEPENDENCE DECLARATION

We are not associated or connected with the Company, the counterparties of the SPA or their respective core connected persons or associates. As at the Latest Practicable Date, save for this appointment as the independent financial adviser in relation to the Disposal, we did not have any other relationship with or interests in the Company, the counterparties of the SPA or their respective core connected persons or associates in the last two years. Accordingly, we consider we are eligible to give independent advice in respect of the SPA and the Disposal contemplated thereunder.

### BASIS OF OUR OPINION

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and the senior management of the Company.

The Directors have declared in the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and that there are no other matters the omission of which would make any statement in the Circular misleading. We have also assumed that the information and the representations made by the Directors as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the SGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the senior management of the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. In forming our opinion, we have reviewed, including but not limited to, (i) the SPA; (ii) the announcement of the Company dated 8 February 2021 in relation to the Disposal; (iii) the annual report of the Company for the year ended 30 April 2020 (the “**FY2020 Annual Report**”); (iv) the interim report of the Company for the six months ended 31 October 2020 (the “**1H2021 Interim Report**”); (v) the quarterly results announcement of the Company for the nine months ended 31 January 2021 (the “**9M2021 Quarterly Results Announcement**”); (vi) the unaudited management accounts of the Target Company for the nine months ended 31 December 2020; (vii) the engagement letter of the Valuer; and (viii) the Property Valuation Report. We have also conducted an interview with the Valuer to assess its qualifications and experience and the steps and due diligence measures taken by the Valuer in performing the Valuation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, the Vendors and the Purchaser, or any of their respective subsidiaries or associates.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

#### 1 Information of the Group

##### *1.1 Background information of the Group*

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.

##### *1.2 Historical financial performance of the Group*

Set out below is a summary of the audited consolidated financial performance of the Company for the years ended 30 April 2019 and 2020 and the unaudited consolidated financial performance of the Company for the nine months ended 31 January 2020 and 2021 as extracted from the FY2020 Annual Report and the 9M2021 Quarterly Results Announcement, respectively.

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

## *Financial performance of the Group*

	For the year ended 30 April		For the nine months ended 31 January	
	2019	2020	2020	2021
	("FY2019")	("FY2020")	("9M2020")	("9M2021")
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(unaudited)	(unaudited)
	(restated)*		(restated)*	
<b>Continued operations</b>				
Revenue				
– Scaffolding, fitting out and other auxiliary services for construction and buildings work	134,261	92,690	78,191	63,361
– Money lending business	40,361	44,792	33,422	37,706
– Assets management business	<u>4,881</u>	<u>2,034</u>	<u>1,375</u>	<u>1,375</u>
<b>Total revenue</b>	<b>179,503</b>	<b>139,516</b>	<b>112,988</b>	<b>102,442</b>
Gross profit	60,152	58,757	46,820	46,927
Loss before taxation	(50,120)	(113,991)	(14,178)	(18,450)
<b>Loss for the year/period from continuing operations</b>	<b><u>(50,583)</u></b>	<b><u>(105,005)</u></b>	<b><u>(16,491)</u></b>	<b><u>(20,641)</u></b>
<b>Discontinued operation</b>				
Loss for the year/period from discontinued operation	<u>(5,294)</u>	<u>(5,754)</u>	<u>(4,061)</u>	<u>(4,249)</u>
<b>Loss for the year/period</b>	<b><u>(55,877)</u></b>	<b><u>(110,759)</u></b>	<b><u>(20,552)</u></b>	<b><u>(24,890)</u></b>

\* On 11 December 2019, the Company as vendor entered into a sale and purchase agreement to sell certain subsidiaries of the Company (the "**Disposal Subsidiaries**"), which were engaged in the securities brokerage and margin financing business, to an independent third party of the Company. As at 30 April 2020, such disposal had not been completed and the Disposal Subsidiaries are classified as held for sales and are treated and presented as discontinued operation. The disposal was subsequently completed on 17 December 2020. Comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to disclose separately the profit or loss from discontinued operation.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *FY2020 vs FY2019 (restated)*

The Group's revenue decreased by approximately HK\$40.0 million, or approximately 22.3%, from HK\$179.5 million (restated) for FY2019 to HK\$139.5 million for FY2020. According to the FY2020 Annual Report, such decrease was mainly due to the decrease in income generated from the scaffolding, fitting out and other auxiliary services for construction and buildings work of approximately HK\$41.6 million for FY2020 as a result of less new construction projects being approved by the HKSAR government as its operation has been limited by various measures for prevention of the spread of COVID-19, and the slowing down in the progress of existing construction projects caused by (i) delay in the delivery process of construction materials imported from mainland China as a result of the outbreak of COVID-19 and enhanced border control for prevention of disease; and (ii) less available workers in the market as a result of travel restrictions.

The Group's loss for the year from continuing operation significantly increased by approximately HK\$54.4 million, or approximately 107.6%, from approximately HK\$50.6 million (restated) for FY2019 to approximately HK\$105.0 million for FY2020. According to the FY2020 Annual Report, such increase was mainly due to (i) the recognition of expected credit losses on the balances under the contract assets, trade and loan receivables of approximately HK\$58.0 million; (ii) the impairment loss recognised in respect of goodwill and of intangible asset of approximately HK\$35.0 million; and (iii) the decrease of revenue for the provision of scaffolding, fitting out and other auxiliary services for construction and buildings work of approximately HK\$41.6 million for FY2020 as explained above.

### *9M2021 vs 9M2020 (restated)*

The Group's revenue decreased by approximately HK\$10.5 million, or approximately 9.3%, from approximately HK\$113.0 million (restated) for 9M2020 to approximately HK\$102.4 million for 9M2021. According to the 9M2021 Quarterly Results Announcement, such decrease was mainly due to the decrease in contract revenue generated from scaffolding, fitting out and other auxiliary services for construction and buildings work during 9M2021.

The Group's loss for the period from continuing operation increased by approximately HK\$4.2 million, or approximately 25.2%, from approximately HK\$16.5 million (restated) for 9M2020 to approximately HK\$20.6 million for 9M2021. According to the 9M2021 Quarterly Results Announcement, such increase was mainly due to the increase on recognition of expected credit losses on the balances under the contract assets, trade and loan receivables of approximately HK\$47.7 million set off with the increase on the fair value gain incurred in the Group's securities investment portfolios by approximately HK\$21.7 million, gain on disposal of the subsidiaries of approximately HK\$13.8 million and the government subsidy of approximately HK\$4.1 million compared to 9M2020.

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

## *Financial position of the Group*

Set out below is a summary of the financial position of the Group as at 31 October 2020 as extracted from the 1H2021 Interim Report.

	<b>As at 31 October 2020</b> <i>HK\$'000</i> (unaudited)
Non-current assets	289,575
Current assets	371,593
Assets classified as held for sales	<u>18,815</u>
<b>Total assets</b>	<b><u>679,983</u></b>
Non-current liabilities	4,264
Current liabilities	188,947
Liabilities associated with assets classified as held for sales	<u>8,462</u>
<b>Total liabilities</b>	<b><u>201,673</u></b>
Net assets attributable to	
– Owners of the Company	490,852
– Non-controlling interest	<u>(12,542)</u>
<b>Net assets</b>	<b><u>478,310</u></b>

As at 31 October 2020, total assets of the Group amounted to approximately HK\$680.0 million, which mainly comprised (i) loans and interest receivables (including current and non-current portions) of approximately HK\$442.7 million; (ii) bank balances and cash – general accounts of approximately HK\$63.0 million; and (iii) investment properties of approximately HK\$48.9 million.

As at 31 October 2020, total liabilities of the Group amounted to approximately HK\$201.7 million, which mainly comprised (i) other loan and other borrowings of approximately HK\$88.0 million; (ii) bank borrowings of approximately HK\$46.0 million; and (iii) trade and other payables of approximately HK\$23.2 million.

As at 31 October 2020, the Group recorded net assets attributable to owners of the Company of approximately HK\$490.9 million.

**2 Information of 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 Ms. Lai, an executive Director and the spouse of Mr. So. The Purchaser is principally engaged in the business of property development and property investment.

**3 Information of the Target Company and the Property**

**3.1 Background information of 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.

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

	<b>For the year ended 30 April</b>	
	<b>2019</b>	<b>2020</b>
	<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 turnover of the Target Company of approximately HK\$1.1 million and HK\$0.4 million for FY2019 and FY2020, respectively, represented the rental income received for the Property.

The change from net loss after tax of approximately HK\$2.3 million for FY2019 to net profit after tax of approximately HK\$11.4 million is mainly due to the waiver of amount due to a fellow subsidiary of approximately HK\$34.2 million during FY2020, offset by the change from fair value gain on investment properties of approximately HK\$0.8 million for FY2019 to fair value loss on investment properties of approximately HK\$19.5 million for FY2020.

The unaudited total asset value and net asset value of the Target Company as at 31 December 2020 (assuming that the whole Property was recorded as investment property at the amount of HK\$86,000,000 based on the Valuation) were approximately HK\$87.1 million and HK\$78.5 million respectively. As at 31 December 2020, other than the Property, the Related Loan and the Third Party Loan, the Target Company had insignificant assets and liabilities, which in total amounted to a net asset value of approximately HK\$0.5 million.

### **3.2 Information of the Property**

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, Aberdeen, Hong Kong, with an aggregate saleable area of approximately 8,360 square feet. The Head Office Portion (comprising five office units of the Property) is 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 the related tenancy agreements expiring in August 2022 and December 2022 respectively, and one unit of the Property is vacant.

## **4 Reasons for and the 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.

Based on our review of the FY2020 Annual Report and 1H2021 Interim Report, we note that the rental income for FY2020 and 1H2021 amounted only to approximately HK\$0.4 million and HK\$0.3 million, respectively. As such, we consider that property holding is not a core business of the Group.

As set out in the Letter from the Board, 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. Given the above, as the Group will be able to continue to use the Head Office Portion as the head office and principal place of business of the Company after the Completion, we consider that the Disposal will not have any material impact on the operation of the Group.

As disclosed in the Letter from the Board, 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 to realise cash and unlock the asset value underlying the Property. The Directors further consider that the net proceeds from the Disposal will strengthen the cashflow of the Group and enhance the working capital condition of the Group to allow for reallocation of its resources for future operation and development.

Given that (i) property holding is not a core business of the Group; (ii) the Disposal will not have any material impact on the operation of the Group; (iii) the Disposal allows the Group to realise cash and unlock the asset value underlying the Property at a fair consideration (which is analysed below) and provides additional general working capital to the Group, we concur with the view of the Directors that although the Disposal does not fall within the ordinary and usual course of business of the Group, the Disposal is in the interests of the Company and the Shareholders as a whole.

## 5 Principal terms of the SPA

### 5.1 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 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.

### 5.2 Analysis on the fairness and reasonableness of the Consideration

As disclosed in the Letter from the Board, the Consideration was arrived at after arm's length negotiations between the Group and the Purchaser on normal commercial terms with reference to the net asset value of the Target Company as at 31 December 2020 (assuming that the whole Property was recorded as investment property at the amount of HK\$86,000,000 based on the Valuation) of approximately HK\$78.5 million, with a discount (representing an amount of approximately HK\$2.6 million, being a 3% discount on the Valuation) on such net asset value as negotiated by the parties.

#### 5.2.1 Assessment of the Valuation

According to the Property Valuation Report prepared by the Valuer, the appraised market value of the Property as at 31 December 2020 (the "**Valuation Date**") was HK\$86.0 million. Details of the Property Valuation Report are set out in the Appendix I of this circular.

#### Competency of the Valuer

We have reviewed the Property Valuation Report and interviewed the relevant team members of the Valuer with particular attention to: (i) the terms of engagement of the Valuer with the Company; (ii) the qualifications and experience of the Valuer; and (iii) the steps and due diligence measures taken by the Valuer in performing the Valuation. Based on our review of the engagement letter between the Company and the Valuer, we are satisfied that the scope of work performed by the Valuer is appropriate to perform the Valuation. We are not aware of any limitation on the scope of work which might have a negative impact on the degree of assurance given by the Valuer. The Valuer has confirmed that it is independent from the Company, the Target Company and the Purchaser and their respective related persons. We further understand that the Valuer is certified with the relevant professional qualifications required to perform the Valuation. The person in-charge of the Valuation has over 10 years in conducting property valuation to a wide range of clients in different industries.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In light of the above, we are not aware of any matters that would cause us to question the Valuer's competence and independence and we consider that the Valuer has sufficient expertise and is independent to perform the Valuation.

### Valuation methodology of the Valuation

We have discussed with the Valuer regarding the methodology adopted for and the basis and assumptions used in arriving at the Valuation. It is noted that the Valuer carried out inspection of the Property on 21 January 2021. In valuing the Property, the Valuer has (i) adopted direct comparison approach, and (ii) complied with the requirements set out in the HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors.

Based on our discussion with the Valuer, the valuation methodology in accordance with the HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors of any asset can be broadly classified in to one of three approaches, namely the direct comparison approach, the cost approach and the income approach. As advised by the Valuer, the direct comparison approach was considered as an appropriate methodology in assessing the value of the Property given the availability of sufficient number of samples in the similar locality for making a meaningful comparison according to the general industry practice, which is considered to be the best indicator of the fair value of the Property. On the other hand, under the cost approach, the value is established based on the land costs without taking into account the market conditions and is only used when there is no market parameter available. Under the income approach, the value is established based on forecasted cash flow discounted to present value with an appropriate risk-adjusted discount rate, which requires the estimation of future economic benefit, timing of future cash flow and discount rate and therefore are subject to various assumptions and uncertainties. Therefore, the Valuer has considered cost approach and income approach less appropriate for valuing the Property.

We note that in determining the market value of the Property, the Valuer has adopted the direct comparison approach and comparison based on prices realised on actual sales price of comparable property is made. Comparable properties of similar size, character, and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values. We have conducted desktop research and note that the comparable properties are located in the same building of the Property. Based on our discussion with the Valuer, the Valuer has included all of the most suitable comparables which meet their selection criteria as identified by them based on their best information, knowledge and belief.

In light of the above, we concur with the Valuer in adopting the direct comparison approach for the purpose of the Valuation.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### Bases and assumptions of the Valuation

We have discussed with the Valuer to understand the assumptions which they have taken into consideration. We understand that adjustments have been made by the Valuer to the comparable properties in terms of, among others, time of transaction, floor, and size and then carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of the market value of the Property.

During our review of the Property Valuation Report and discussion with the Valuer, we did not note any unusual matters in relation to the Property Valuation Report nor did we have any disagreements on the methodologies and assumptions used in the Property Valuation Report. Based on the above, we are of the view that the bases, assumptions and methodologies adopted in arriving at the Valuation are fair and reasonable. Hence, we consider it reasonable that the Group and the Purchaser would make reference to, among other things, the Property Valuation Report when determining the Consideration.

### *5.2.2 Fairness and reasonableness of the Consideration*

Based on the unaudited management account for the Target Company for the eight months ended 31 December 2020 (the “**Target Management Account**”), we note that excluding the Property, the net liability value of the Target Company as at 31 December 2020 was approximately HK\$7.5 million, which comprised the Third Party Loan of HK\$6.0 million, the Related Loan of HK\$2.0 million and other insignificant assets and liabilities.

We understand that in arriving at the Consideration, the parties agreed on a slight discount of 3% (being approximately HK\$2.6 million) on the appraised value of the Property (the “**Discount**”) and adopted the appraised value of the Property after the Discount of approximately HK\$83.4 million to arrive at the adjusted net asset value of the Target Company.

Based on the appraised value of the Property after the Discount of approximately HK\$83.4 million, the adjusted net asset value of the Target Company as at 31 December 2020 (the “**Adjusted NAV**”) would be approximately HK\$75.9 million (being the appraised value of the Property after the Discount of approximately HK\$83.4 million minus the net liability value of the Target Company excluding the carrying value of the Property as at 31 December 2020 of approximately HK\$7.5 million), which equals to the Consideration.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As discussed with the management of the Company, the Directors consider that the Discount (being 3% of the appraised value of the Property) to be reasonable given that (i) the Purchaser was willing to acquire all the units comprising the Property, saving the Group's time and effort in finding and negotiating with different buyers for different units of the Property; (ii) the Purchaser was familiar with the Target Company and the Property hence no extensive due diligence was required and the negotiation of the Disposal was simple; (iii) the Purchaser was willing to lease back the Head Office Portion to the Group, saving the Group's time and effort in relocating the head office and principal place of business of the Company; and (iv) no property agent was involved in the Disposal, saving the need to pay agency fees by the Group.

In addition, to determine whether the disposal of properties at a slight discount to the appraised value is uncommon or not, we have researched on the website of the Stock Exchange for disposal of completed property or a company whose assets consist mainly of completed property by listed companies on the Stock Exchange where a circular is required in the 6-months period prior to the date of the SPA (the "**Disposal Transactions**"). According to the aforementioned selection criteria and under best-effort basis, we identified a total of 17 Disposal Transactions, among which 12 were not at a discount to the appraised value (including 2 transactions in which the premium or discount cannot be ascertained based on the information disclosed in the relevant circulars) and 5 were at a discount to the appraised value. We consider the period covered by our research, being 6 months prior to the date of the SPA, and the results of the research, being 17 Disposal Transactions, are sufficient, fair and representative and provide a reasonable basis to support our view that disposal of properties at a discount to the appraised value is not uncommon. Based on the above findings, we are of the view that disposal of properties at a slight discount to the appraised value is not uncommon.

The following table shows a summary of the Disposal Transactions.

Circular date	Company (Stock code)	Transaction details	Consideration	Appraised value of completed property	Discount applied to the appraised value (%)
8 January 2021	Next Digital Limited (282)	8 units including No. 39, Lane 141, Xing'ai Road, Neihu District, Taipei City, Taiwan and 28 ramped parking spaces and 64 mechanical parking spaces	NT\$1,750 million	NT\$1,758 million	(0.5)
24 December 2020	Emperor International Holdings Limited (163)	100% of the equity interest in a company (" <b>Emperor Disposal Company</b> "), whose principal assets are various shops in Hong Kong (" <b>Emperor Disposal Properties</b> ")	HK\$887.6 million	HK\$1,231.0 million	0.0 (Note 1)

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Circular date	Company (Stock code)	Transaction details	Consideration	Appraised value of completed property	Discount applied to the appraised value (%)
15 December 2020	Overseas Chinese Town (Asia) Holdings Limited (3366)	100% of the equity interest in a company (" <b>OCT Disposal Company</b> "), whose principal assets are the Chang'an Metropolis Centre in Beilin District of Xi'an, the PRC (" <b>OCT Disposal Properties</b> ")	HK\$2,037 million	RMB1,605 million (equivalent to approximately HK\$1,781 million)	0.0 (Note 2)
3 December 2020	Zhuguang Holdings Group Company Limited (1176)	100% of the equity interest in a company (" <b>Zhuguang Disposal Company</b> "), whose principal assets are a block of office and commercial building and 285 car parks situated in Zhujiang Xincheng, Tianhe District, Guangzhou City, Guangdong Province, the PRC (" <b>Zhuguang Disposal Properties</b> ")	RMB1,129 million	RMB2,985 million	(2.9) (Note 3)
27 November 2020	Transport International Holdings Limited (62)	50% of the equity interest in a company (" <b>Transport Disposal Company</b> "), whose principal assets are the Tuen Mun Town lot No. 80, 1 Kin Fung Circuit, Tuen Mun, New Territories, Hong Kong (" <b>Transport Disposal Properties</b> ")	HK\$750.5 million	HK\$1,500.0 million	0.1 (Note 4)
25 November 2020	DaFa Properties Group Limited (6111)	100% of the equity interest in a company (" <b>DaFa Disposal Company</b> "), whose principal assets are an investment property and several completed properties held for sale, including parking spaces of Dafa Bliss Four Seasons Project (大發融悅四季項目) in Qingpu District of Shanghai, the PRC (" <b>DaFa Disposal Properties</b> ")	RMB273.8 million	RMB278.0 million	(Note 5)
23 November 2020	CMIC Ocean En-Tech Holding Co., Ltd. (" <b>CMIC Ocean</b> ") (206)	Land, buildings and structures located at Nos.10 and 10-1, Hedong Road, Chengyang District, Qingdao City, Shandong Province, the PRC (" <b>CMIC Ocean Disposal Properties</b> ")	RMB245.0 million	RMB148.0 million	65.5 (Note 6)
20 November 2020	Bauhaus International (Holdings) Limited (483)	Various workshops in Sino Industrial Plaza, No. 9 Kai Cheung Road, Kowloon, Hong Kong	HK\$13.8 million	HK\$15.7 million	(12.1)
		Various workshops and lorry car parking space in Sino Industrial Plaza, 9 Kai Cheung Road, Kowloon, Hong Kong	HK\$54.7 million	HK\$61.3 million	(10.8)

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Circular date	Company (Stock code)	Transaction details	Consideration	Appraised value of completed property	Discount applied to the appraised value (%)
20 November 2020	Neo-Neon Holdings Limited (1868)	Entire equity interests of the two companies (" <b>Neo-Neon Disposal Companies</b> ") whose principal assets are five parcels of lands in Heshan City, Jiangmen City, Guangdong Province, the PRC (" <b>Neo-Neon Disposal Properties</b> ")	RMB393.0 million	RMB784.5 million	0.4 (Note 7)
6 November 2020	China Merchants Land Limited (978)	Six properties located at Blocks 7, 8, 9, 10, 11 and 12, No. 139, Dongyi Road, Donghuan Street, Panyu District, Guangzhou City, Guangdong Province, the PRC	RMB527 million	RMB527 million	0.0
26 October 2020	Xinjiang La Chapelle Fashion Co., Ltd. (6116)	100% of the equity interest in a company, whose principal asset is an industrial logistic facility located at No. 116 Guangzhou East Road, Taicang City, Jiangsu Province, the PRC	RMB725.0 million	RMB690.1 million	5.1
19 October 2020	Perfectech International Holdings Limited (765)	Entire issued share capital of a company, whose principal assets are two units in Sing Teck Factory Building, 44 Wong Chuk Hang Road, Aberdeen, Hong Kong and two units in Sun Hing Industrial Building, 46 Wong Chuk Hang Road, Aberdeen, Hong Kong	HK\$66.8 million	HK\$70.0 million	(4.6)
15 October 2020	China Geothermal Industry Development Group Limited (8128)	100% of the equity interest in a company (" <b>CGI Disposal Company</b> "), whose principal assets are several industrial/ancillary office buildings in Goodway Biotechnology Industry Base in Hangzhou City, Zhejiang Province, the PRC (" <b>CGI Disposal Properties</b> ")	RMB144.0 million	RMB141.2 million	(Note 8)
29 September 2020	Christine International Holdings Limited (1210)	A commercial development situated in Nanjing City, Jiangsu Province, the PRC	RMB80.0 million	RMB69.5 million	15.1
18 September 2020	China Eco-Farming Limited (8166)	Flat A3, 12th Floor, Zenith City, Lane 235, Jingmaoer Road, Nangang District, Taipei City, Taiwan with no. 166 and 167 car parking spaces	NT\$72.4 million	NT\$72.4 million	0.7

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Circular date	Company (Stock code)	Transaction details	Consideration	Appraised value of completed property	Discount applied to the appraised value (%)
27 August 2020	Besunyen Holdings Company Limited (926)	100% of the equity interest in a company, whose principal assets comprises a parcel of land and 7 buildings located at No. 18 Dadou Road, Doudian Town, Fangshan District, Beijing, The PRC	RMB463.0 million	RMB402.3 million	15.1
21 August 2020	Travel Expert (Asia) Enterprises Limited (1235)	Entire issued share capital of a company, whose principal assets are various units in Kowloon Plaza, No. 485 Castle Peak Road, Kowloon, Hong Kong	HK\$74.8 million	HK\$76.0 million	(1.6)
Overall Average (Note 9)					0.7
Overall Minimum					(12.1)
Overall Maximum (Note 9)					15.1
Premium Average (Note 9)					5.5
Premium Minimum					0.1
Premium Maximum (Note 9)					15.1
Discount Average					(5.4)
Discount Minimum					(0.5)
Discount Maximum					(12.1)

## Notes:

- As disclosed in the circular of Emperor International Holdings Limited dated 24 December 2020, the difference of approximately HK\$351.2 million between the fair market valuation of the Emperor Disposal Properties of HK\$1,231.0 million and the unaudited combined net asset value of the Emperor Disposal Company and its subsidiaries attributable to Emperor International Holdings Limited of approximately HK\$879.8 million as at 16 November 2020, mainly comes from the current liabilities of the Emperor Disposal Company and its subsidiaries as at 16 November 2020. Therefore, no premium or discount is applied to the appraised value of the Emperor Disposal Properties.
- As disclosed in the circular of Overseas Chinese Town (Asia) Holdings Limited dated 15 December 2020, the consideration is determined with reference to (i) the appraised value of the OCT Disposal Company of approximately RMB714 million (equivalent to approximately HK\$793 million); and (ii) the amount of debt of approximately US\$160 million (equivalent to approximately HK\$1,241 million). The business valuation of the OCT Disposal Company is determined using the summation method of cost approach and the adopted value of the OCT Disposal Properties is determined using the property valuation of the OCT Disposal Properties of RMB1,605 million (equivalent to approximately HK\$1,781 million). Therefore, no premium or discount is applied to the appraised value of the OCT Disposal Properties.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. The discount of 2.9% represents the difference between (i) the consideration for 100% of the equity interest of Zhuguang Disposal Company of approximately RMB1,129 million (equivalent to approximately HK\$1,285 million), and (ii) the net asset value of Zhuguang Disposal Company of approximately RMB1,217 million (equivalent to approximately HK\$1,385 million) as at 30 September 2020 (having been adjusted with reference to the preliminary valuation of the Zhuguang Disposal Properties (the “**Zhuguang Disposal Properties Valuation**”) of RMB2,985 million (equivalent to approximately HK\$3,397 million) as at 30 September 2020), over the Zhuguang Disposal Properties Valuation of RMB2,985 million (equivalent to approximately HK\$3,397 million).
4. The premium of 0.1% represents the difference between (i) the consideration for 50% of the equity interest of Transport Disposal Company of approximately HK\$750.5 million, and (ii) 50% of the appraised value of the Transport Disposal Properties of HK\$750.0 million, over 50% of the appraised value of the Transport Disposal Properties of HK\$750.0 million.
5. As disclosed in the circular of DaFa Properties Group Limited dated 25 November 2020, the difference between (i) the consideration for 100% of the equity interest of DaFa Disposal Company of approximately RMB273.8 million, and (ii) the unaudited net asset value of the DaFa Disposal Company of approximately RMB267.1 million as at 30 September 2020, was approximately RMB6.7 million. However, as there was insufficient information contained in the circular to ascertain whether the unaudited net asset value of the DaFa Disposal Company had adjusted for the appraised value of the DaFa Disposal Properties, we are unable to determine whether there was a premium or discount applied to the appraised value of the DaFa Disposal Properties.
6. The CMIC Ocean Disposal Properties were used as production sites of CMIC Ocean., whose principal business is the designing and manufacturing of rig equipment, manufacture and trading of oilfield expendables and offshore rig construction and services. In addition, the structures of the CMIC Ocean Disposal Properties mainly comprised overhead bridge cranes. As such, we consider the CMIC Ocean Disposal Properties to be unique in nature. Thus, we consider the premium of 65.5% to be an outlier.
7. The premium of 0.4% represents the difference between (i) the consideration for the entire equity interest of the Neo-Neon Disposal Companies of approximately RMB393.0 million, and (ii) the unaudited adjusted net asset value of the Neo-Neon Disposal Companies of approximately RMB390.1 million. The unaudited adjusted net asset value of the Neo-Neon Disposal Companies is calculated by adjusting the unaudited net asset value of the Neo-Neon Disposal Companies as at 30 June 2020 of approximately RMB400.1 million with a reduction of approximately RMB10.0 million, which represented the revaluation deficit arising from the valuation of the Neo-Neon Disposal Properties as at 31 August 2020 of RMB784.5 million.
8. As disclosed in the circular of China Geothermal Industry Development Group Limited dated 15 October 2020, the difference between (i) the consideration for 100% of the equity interest of CGI Disposal Company of approximately RMB144.0 million, and (ii) the carrying value of the CGI Disposal Company of approximately RMB137.0 million, was approximately RMB7.0 million. However, as there was insufficient information contained in the circular to ascertain whether the carrying value of the CGI Disposal Company had adjusted for the appraised value of the CGI Disposal Properties, we are unable to determine whether there was a premium or discount applied to the appraised value of the CGI Disposal Properties.
9. Excluding the outlier of 65.5% premium to the appraised value (see note 6 above for detailed explanation).

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As noted in the table above, the (discount)/premium to the appraised value of the Disposal Transactions (excluding the outlier of 65.5% premium to the appraised value) ranged from (12.1)% to 15.1% with a mean of 0.7%, while the discount to the appraised value for the Disposal Transactions ranged from 0.5% to 12.1% with a mean of 5.4%. Therefore, the Discount is (i) within the range of the Disposal Transactions, (ii) within the range of the Disposal Transactions with a discount to the appraised value, and (iii) below the mean of the Disposal Transactions with a discount to the appraised value.

Given the above, in particular, (i) the Discount applied for arriving at the Adjusted NAV is justifiable considering the savings in the time cost and potential agency fees; and (ii) disposal of properties at a slight discount to the appraised value is not uncommon based on the Discounted Disposal Transactions, we consider that the Discount of 3% on the appraised value of the Property is fair and reasonable so far as the Company and the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Therefore, as the Consideration is equal to the Adjusted NAV, we consider that the Consideration is fair and reasonable so far as the Company and the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

### **5.3 *Conditions precedent***

Please refer to the sub-section headed “Conditions precedent” in the Letter from the Board for details of the conditions of the Disposal.

### **5.4 *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,

We consider the above adjustment to the Consideration by reference to the Apportionment Account fair as the Consideration will be adjusted dollar-for-dollar according to the difference in the Apportionment Account between 31 December 2020 (i.e. the date of reference of the net asset value used by the Group and the Purchaser to determine the Consideration) and the Completion Date.

### **5.5 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.

### **5.6 Special Conditions**

Please refer to the sub-section headed “Special conditions” in the Letter from the Board for details of the special conditions of the Disposal.

Having considered the above, we are of the view that the terms of the SPA are on normal commercial terms or better (i.e. terms which a party could obtain if the transaction were on an arm’s length basis or terms no less favourable to the listed issuer’s group than terms available to or from independent third parties (as defined by Rule 20.06(26) of the GEM Listing Rules)) and fair and reasonable so far as the Company and the Shareholders are concerned and the entering into of the SPA is in the interests of the Company and the Shareholders as a whole.

## **6 Financial effects of the Disposal**

It should be noted that the analysis below is for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon Completion.

### **6.1 Earnings**

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.

It is estimated that the Group will recognise an unaudited gain on the Disposal upon Completion. For illustrative purpose only, the Group is expected to recognise an unaudited gain on the Disposal of approximately HK\$30.1 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) of approximately HK\$43.3 million, which is calculated based on the total asset value of the Target Company (consisting of the net book value of the Property of HK\$50,458,219 and other current and non-current assets of approximately HK\$1.1 million) of approximately HK\$51.6 million, and the total liabilities of approximately HK\$8.3 million, and taking into account the sales and lease back arrangement (including the right-of-use asset of approximately HK\$358,000 and the lease liabilities of approximately HK\$2.5 million to be recognised by the Group) and professional fee for the Disposal of approximately HK\$413,000. 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.



### **6.2 Net asset value**

The Consideration for the Disposal is approximately HK\$75.9 million. The unaudited net asset value of the Target Company as at 31 December 2020 (as extracted from the consolidated financial statements of the Group) amounted to approximately HK\$43.3 million. The Company expects that the net assets of the Group would increase upon Completion.

### **6.3 Working capital**

Pursuant to the SPA, the Consideration will be paid by way of cash in full upon Completion. As the Group intends to apply the net proceeds from the Disposal for the general working capital of the Group after repayment of the outstanding bank borrowings of a subsidiary of the Company, the working capital of the Group is expected to be enhanced after Completion.

Based on the above analysis, we are of the view that the Disposal would result in a gain on disposal for the Group which in turn would enhance the Group's net asset value and have a positive effect on the Group's working capital.

## **RECOMMENDATION**

Having taken into account the above principal factors and reasons, in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- (a) property holding is not a core business of the Group, the Disposal will not have any material impact on the operation of the Group and the Disposal allows the Group realise cash and unlock the asset value underlying the Property at a fair consideration and provides additional general working capital to the Group;
- (b) based on our independent work performed on the Property Valuation Report, we are satisfied with the fairness and reasonableness of the methodology, principal bases, assumptions and parameters adopted in the Property Valuation Report;
- (c) the Discount of 3% on the appraised value of the Property and the Consideration are fair and reasonable so far as the Company and the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole;
- (d) the key terms of the SPA represent normal commercial terms and fair and reasonable so far as the Company and the Shareholders are concerned and the entering into of the SPA is in the interests of the Company and Shareholders as a whole; and
- (e) the Disposal would result in a gain on disposal for the Group which in turn would enhance the Group's net asset value and have a positive effect on the Group's working capital,

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

we consider that (i) while the Disposal is not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the SPA are on normal commercial terms or better (i.e. terms which a party could obtain if the transaction were on an arm's length basis or terms no less favourable to the listed issuer's group than terms available to or from independent third parties (as defined by Rule 20.06(26) of the GEM Listing Rules)) and fair and reasonable so far as the Company and the Shareholders are concerned.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote for the resolution approving the SPA and the Disposal.

Yours faithfully,  
For and on behalf of  
**Ballas Capital Limited**

**Heidi Cheng**  
*Managing Director*

**Colin Lee**  
*Assistant Director*

*Note:* Ms. Heidi Cheng of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activity since 2003 and Mr. Colin Lee of Ballas Capital Limited has been a licensed representative of Type 6 (advising on corporate finance) regulated activity from 2013 to 2018 and since 2020.

*The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this circular received from Ascent Partners Valuation Service Limited, an independent valuer, in connection with its valuation as at 31 December 2020 of the property interests held by the Group.*



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31 March 2021

*The Board of Directors*

**WLS Holdings Limited**

Rooms 1001-6, 10/F, Tower A  
Southmark, 11 Yip Hing Street  
Wong Chuk Hang, Aberdeen  
Hong Kong

Dear Sir/Madam

**INSTRUCTIONS**

In accordance with your instructions for us to value the property interests (the “**Property**”) located in Hong Kong which are held by WLS Holdings Limited (the “**Company**”) or its subsidiaries (the “**Group**”). We confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 31 December 2020 (the “**Valuation Date**”) for the purpose of incorporation in the circular of the Company dated 31 March 2021.

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigation and limiting conditions of this valuation.

**BASIS OF VALUATION**

Our valuation of the property interests represents the market value (“**Market Value**”) which is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s – length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion” in accordance with the HKIS Valuation Standards (2020 Edition).

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

In valuing the Property, we have complied with all the requirements set out in Chapter 8 of the GEM Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors.

**VALUATION METHODOLOGY**

We have valued the property interests on market basis and the direct comparison method is adopted where comparison based on prices realised on actual sales price of comparable property is made. Comparable properties of similar size, character, and location are analyzed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values.

**TITLE INVESTIGATION**

We have carried out title searches at the Land Registry for the property interests located in Hong Kong. We have been, in some instances, provided with the extracts of the documents relating to the Property. However, we have not verified ownership of the Property to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

**VALUATION ASSUMPTIONS**

Our valuations have been made on the assumption that the seller sells the property interests on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the values of the property interests.

In undertaking our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the property interests for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the owner of the Property have enforceable titles to the Property and have free and uninterrupted rights to use, occupy or assign the Property for the whole of the respective unexpired terms as granted.

No allowance has been made in our report for any outstanding or additional land premium, charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Other special assumptions of the property interests, if any, have been stated out in the footnotes of the valuation certificate attached herewith.

### VALUATION CONSIDERATIONS

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the property interests. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

We have inspected the exterior and, wherever possible, the interior of the Property but no structural survey had been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that the Property is free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximate. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the copies of documents handed to us are correct.

### REMARKS

We have prepared the valuation based on pertinent information and market data made available to us at the Valuation Date. Nevertheless, we notice that the outbreak of COVID-19 has caused massive global political, social and economic disturbance on top of the recent tension over international trade dispute. The disturbance may cause fluctuations to the property market. Given the pandemic persists and it should therefore be noted that any disturbance or other unexpected circumstances after the Valuation Date may affect the values of the Property.

Unless otherwise stated, all monetary amounts stated in this report are in Hong Kong Dollars (HKD).

Our valuation certificates in respect of the property interests is herewith attached.

Yours faithfully,

For and on behalf of

**Ascent Partners Valuation Service Limited**

**Stephen Y. W. Yeung**

*MFin BSc(Hons) Land Adm. MHKIS MCIREA RPS(GP)*

*Principal*

*Mr. Stephen Y. W. Yeung is a Registered Professional Surveyor (General Practice Division) and a Professional Member of The Hong Kong Institute of Surveyors with over 10 years' experience in valuation of properties in HKSAR and mainland China. Mr. Yeung is also a valuer on the List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by HKIS.*

## VALUATION CERTIFICATE

## Property held for sale by the Group in Hong Kong

Property	Description and Tenure	Particular of Occupancy	Market Value in existing state as at 31 December 2020
Units 1-3, 5-6, 21-23 and 25-27, 10th Floor, Pacific Link Tower, Southmark, No. 11 Yip Hing Street, Wong Chuk Hang, Aberdeen, Hong Kong	The property comprises 11 office units on the 10th Floor of a 38-storey office building (with 4th, 14th, 24th, 34th and 44th floors omitted) completed in 1995.  Pursuant to the approved building plans obtained from the Building Department, the saleable area of the office units is about 8,360 sq.ft.  Aberdeen Inland Lot No. 423 is held under Conditions of Sale No. 12188 for a term from 17 December 1991 to 30 June 2047.	As at the Valuation Date, Units 1-3 & 5-6 were owner-occupied; Units 21-23, 25 & 26 were leased for office purpose as stated in Notes 3.  The remaining units were vacant in possession.	HKD86,000,000 (100% interest attributable to the Group: HKD86,000,000)
11,438/750,000th shares of and in Aberdeen Inland Lot No. 423	The Government rent payable for the property is at 3% of the rateable value of the time being of the property per annum.		

## Notes:

- (1) The registered owner of the property is Wui Loong Holdings Company Limited vide Memorial No. 07021302280102 dated 15 January 2007.
- (2) The property is subject to encumbrances as follows:
  - (i) An Occupation Permit No. H39/95 vide Memorial No. UB6410221 dated 5 June 1995;
  - (ii) A Certificate of Compliance vide Memorial No. UB6410222 dated 8 August 1995;
  - (iii) A Deed of Mutual Covenant vide Memorial No. UB6420264 dated 25 September 1995; and
  - (iv) A Mortgage in favour of DBS Bank (Hong Kong) Limited vide Memorial No. 10012801180035 dated 6 January 2010.
- (3) The property lies within an area zoned "Other Specified Uses" as stated in the approved Aberdeen & Ap Lei Chau Outline Zoning Plan No. S/H15/33 dated 21 August 2018.
- (4) Pursuant to a Provisional Rental Agreement dated 23 June 2020 entered into between Wui Loong Holdings Company Limited (the "Lessor") and City Life Company Limited (the "Lessee"), Unit 25 & 26 was leased for a term of two years commencing on 15 August 2020 and expiring on 14 August 2022 (a rent-free period from 15 July 2020 to 14 August 2020) at a monthly rental of HKD41,152 inclusive of Government Rent, Rates, management fee and A/C charges.
- (5) Pursuant to a Letter for Renewal of Tenancy dated 11 September 2020, Units 21-23 was further renewed to i.t apparels Limited for a term of two years commencing from 29 December 2020 and expiring 28 December 2022 at a monthly rental of HK\$39,800 inclusive of Government Rent, Rates, management fee and A/C charges.

- (6) The property is located between Yip Hing Street and Yip Kan Street in Wong Chu Hang. The locality largely comprises various industrial developments, office buildings, private redevelopment projects as well public housing estates, and schools dispersed in the surroundings. The Ocean Park, Aberdeen Marina Club and Wong Chuk Hang Sportsground are also located in the vicinity. The property is accessible via public transportations and is within 10-minute walking distance to MTR Wong Chuk Hang Station.
- (6) The inspection of the property was carried by Isabella Qiu (MRICS) on 21 January 2021.
- (7) The Group has confirmed as follows:
- (i) No options or rights of pre-emption concerning or affecting the property;
  - (ii) No environmental issues such as breach of environmental regulations;
  - (iii) No notices, pending litigation, breach of law or title defects affecting the property;
  - (iv) No plans for construction, renovation, improvement or development of the property; and
  - (v) No plans to dispose of or change the use of the property.

## 1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (i) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors were as follows:

#### *Long position*

Name of Director	Interests in the Company or its associated corporation	Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company as at the Latest Practicable Date
Dr. So Yu Shing	the Company	Beneficial owner	3,320,000	0.05%
		Interest of spouse ( <i>note</i> )	<u>3,320,000</u>	
			<u>6,640,000</u>	
Ms. Lai Yuen Mei, Rebecca	the Company	Beneficial owner	3,320,000	0.05%
		Interest of spouse ( <i>note</i> )	<u>3,320,000</u>	
			<u>6,640,000</u>	
Mr. Kong Kam Wang	the Company	Beneficial owner	1,778,000	0.01%
Mr. So Wang Chun, Edmond	the Company	Beneficial owner	800,000	0.01%

*Note:* Ms. Lai Yuen Mei, Rebecca is the spouse of Dr. So Yu Shing.



Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors.

**(ii) Interests of substantial Shareholders**

As at the Latest Practicable Date, the Directors were not aware of any person (other than the Directors or chief executive of the Company whose interests were disclosed above) who had an interest in the Shares or underlying Shares as recorded in the register required to be kept pursuant to section 336 of the SFO.

**3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation other than statutory compensation.

**4. MATERIAL ADVERSE CHANGE**

References are made to the profit warning announcement of the Company dated 8 December 2020, the profit warning supplemental announcement of the Company dated 10 December 2020, and the interim report of the Company for the six months ended 31 October 2020. Save as aforesaid, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 April 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**5. QUALIFICATIONS AND CONSENTS OF EXPERTS**

The following are the qualifications of the experts who have been named in this circular or have given opinion and/or advice contained in this circular:

Name	Qualifications
Ascent Partners Valuation Service Limited	qualified independent valuer in Hong Kong
Ballas Capital Limited	a licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Valuer and the Independent Financial Advisor is a third party independent of the Company and its connected persons.

Each of the Valuer and the Independent Financial Advisor has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or report and/or reference to its name, in the form and context in which they appear.

As at the Latest Practicable Date, each of the Valuer and the Independent Financial Advisor did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the Valuer and the Independent Financial Advisor did not have any interest, direct or indirect, in any assets which have been, since 30 April 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

## 6. COMPETING INTERESTS

As at the Latest Practicable Date, the following Director had interests in the following business which was considered to compete or was likely to compete, either directly or indirectly, with the business of the Group (other than those business where the Directors were appointed as directors to represent the interests of the Company and/or the Group):

Name of Director	Name of entity which was considered to compete or was likely to compete with the business of the Group	Description of competing business	Nature of interest
Mr. Law Man Sang	KGI Asia Limited	securities brokerage	executive director

As the Board is independent of the boards of directors of the above-mentioned entity and the above Director cannot control the Board, the Group is therefore capable of carrying its business independently of and at arm's length from the business of such entity.

Save as disclosed above, the Directors are not aware of any interest in a business of the Directors or their respective close associates that competed or was likely to compete with the business of the Group and any other conflict of interests which any such person had or might have with the Group as at the Latest Practicable Date.

## **7. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS**

As at the Latest Practicable Date, so far as was known to the Directors, none of the Directors had any interest, direct or indirect, in any assets which have been, since 30 April 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant to the business of the Group.

## **8. GENERAL**

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company is at Rooms 1001-1006, 10th Floor, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Aberdeen, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The company secretary of the Company is Mr. Tse Fung Chun, who is a certified public accountant of The Hong Kong Institute of Certified Public Accountants and CPA Australia and a chartered management accountant of the Chartered Institute of Management Accountants.

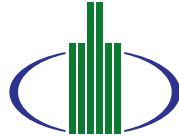
## **9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours from Wednesday, 31 March 2021 to Friday, 23 April 2021, Monday to Friday (except public holidays) at the head office and principal place of business of the Company:

- (a) the "Letter from the Board", the text of which is set out on pages 7 to 18 of this circular;
- (b) the "Letter from the Independent Board Committee", the text of which is set out on page 19 of this circular;

- (c) the “Letter from the Independent Financial Adviser”, the text of which is set out on pages 20 to 39 of this circular;
- (d) the Property Valuation Report, the text of which is set out in Appendix I to this circular;
- (e) the written consents referred to in the section headed “Qualifications and consents of experts” in this appendix;
- (f) the SPA; and
- (g) this circular.

## NOTICE OF THE SGM



### 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)

#### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting ("**Meeting**") of WLS Holdings Limited ("**Company**") will be held at Rooms 1001-1006, 10th Floor, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Aberdeen, Hong Kong at 12:00 noon on Friday, 23 April 2021 to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

**"THAT**

- (a) the sale and purchase agreement dated 8 February 2021 ("**SPA**") entered into among WLS (BVI) Limited, a wholly-owned subsidiary of the Company and Mr. So Yu Shing ("**Mr. So**"), the chairman of the board ("**Board**") of director of the Company ("**Director**") and an executive Director, as vendors, and Sun Wui Property Development Limited, which is ultimately beneficially owned by Mr. So and Ms. Lai Yuen Mei, Rebecca, an executive Director and the spouse of Mr. So, as purchaser in respect of the transfer of the entire equity interest of Wui Loong Holdings Company Limited, the details of which are set out in the circular of the Company dated 31 March 2021 ("**Circular**") (a copy of which is marked "A" and signed by the chairman of the Meeting for identification purpose and has been tabled at the Meeting), be and is hereby approved, confirmed and ratified and the transactions contemplated thereunder be and are hereby approved;

\* For identification purposes only

## NOTICE OF THE SGM

- (b) any one of the Directors be and is hereby authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the SPA and all transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided in the SPA) as are, in the opinion of such Director, in the interest of the Company and its shareholders as a whole."

By order of the Board  
**WLS Holdings Limited**  
**So Yu Shing**  
*Chairman*

Hong Kong, 31 March 2021

*Registered office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place  
of business in Hong Kong:*  
Rooms 1001-1006  
10th Floor, Tower A, Southmark  
11 Yip Hing Street,  
Wong Chuk Hang, Aberdeen  
Hong Kong

*Notes:*

- (1) In view of the ongoing novel coronavirus disease (COVID-19) pandemic and recent requirements for prevention and control of its spread, the Company will implement certain preventive measures at the Meeting, the details of which are set out in the section headed "Precautionary Measures for the SGM" from pages 1 to 2 of the Circular, to safeguard the health and safety of the attending shareholders of the Company ("**Shareholders**"), staff and other stakeholders.
- (2) Any Shareholder entitled to attend and vote at the Meeting shall be entitled to appoint a proxy to attend and vote on behalf of him/her/it. A proxy needs not be a Shareholder. A Shareholder who is the holder of two or more shares of the Company ("**Shares**") may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
- (3) The Company does not in any way wish to diminish the opportunity available to the Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect the Shareholders from possible exposure to the COVID-19 pandemic. **For the health and safety of the Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the Meeting by appointing the chairman of the Meeting as their proxy instead of attending the Meeting in person. Physical attendance is not necessary for the purpose of exercising shareholders' rights.**

## NOTICE OF THE SGM

- (4) In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by 12:00 noon on Wednesday, 21 April 2021 or not later than 48 hours before the time appointed for holding the adjourned meeting (if any).
- (5) Completion and delivery of a form of proxy shall not preclude a Shareholder from attending and voting in person at the Meeting, and in such event, such form of proxy shall be deemed to be revoked.
- (6) Where there are joint holders of any Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she/it was solely entitled thereto; but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of Company in respect of such joint holding.
- (7) For determining the entitlement of the Shareholders to attend and vote at the Meeting, the register of members of the Company will be closed from Tuesday, 20 April 2021 to Friday, 23 April 2021, both days inclusive, during which no transfer of Shares will be effected. In order to be entitled to attend and vote at the Meeting, all Share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 19 April 2021.
- (8) Any voting at the Meeting shall be taken by poll.
- (9) References to time and dates in this notice are to Hong Kong time and dates.

*As at the date of this notice, the Directors are 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 notice, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 notice 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 notice misleading.*

*This notice will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication and on the website of the Company at [www.wls.com.hk](http://www.wls.com.hk).*