

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

WING HING INTERNATIONAL (HOLDINGS) LIMITED



(incorporated in Bermuda with limited liability)

(Stock Code: 621)

DISCLOSEABLE TRANSACTION: DEEMED DISPOSAL BY VIRTUE OF DILUTION OF INTERESTS IN A SUBSIDIARY

On 13 July 2006, WH Construction, a wholly owned subsidiary of the Company, entered into the First Subscription Agreement with Design Landscapes pursuant to which WH Construction has agreed to subscribe 42,711 new DL Shares for an aggregate cash consideration of HK\$93,110.

On the same day, the Second Subscriber, an Independent Third Party, entered into the Second Subscription Agreement with Design Landscapes pursuant to which the Second Subscriber has agreed to subscribe 67,511 new DL Shares for an aggregate cash consideration of HK\$147,174.

Prior to the entering into the Subscription Agreements, the entire issued share capital of Design Landscapes is beneficially owned as to 51% by WH Construction and 49% by DL Investments.

Upon Completion, the enlarged issued share capital of Design Landscapes shall be beneficially owned as to approximately 50% by WH Construction, approximately 45% by DL Investments and approximately 5% by the Second Subscriber. Design Landscapes will cease to be a subsidiary of the Company but will continue to be an associate of the Company upon Completion.

The Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules. A circular containing, among other things, details of the Disposal and the Subscription Agreements will be despatched to the Shareholders as soon as practicable.

FIRST SUBSCRIPTION AGREEMENT

Date: 13 July 2006

Parties: (1) Design Landscapes, an indirect non-wholly owned subsidiary of the Company
(2) WH Construction

Pursuant to the First Subscription Agreement, WH Construction has conditionally agreed to subscribe for and Design Landscapes has conditionally agreed to allot and issue of 42,711 new DL Shares at the Subscription Price of approximately HK\$2.18 per Subscription Share for an aggregate cash consideration of HK\$93,110.

The Subscription Price was arrived at after arm's length negotiation between Design Landscapes and WH Construction after taking into account of the audited net asset value per DL Share as at 31 March 2005. The Directors consider that the Subscription Price and the terms of the First Subscription Agreement are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

The First Subscription Shares

The 42,711 First Subscription Shares represent approximately 3.44% of the existing issued share capital of Design Landscapes, and approximately 3.16% of the issued share capital of Design Landscapes as enlarged by the allotment and issue of the Subscription Shares.

Conditions

The subscription under the First Subscription Agreement is conditional upon the fulfillment of the following conditions:

- (a) if necessary, the passing by the Shareholders at a special general meeting of the Company to be convened and held of the necessary resolutions to approve the First Subscription Agreement and the Second Subscription Agreement and the transactions contemplated hereunder;
- (b) all necessary consents and approvals required to be obtained on the part of WH Construction in respect of the First Subscription Agreement and the transactions contemplated thereby having been obtained;
- (c) all necessary consents and approvals required to be obtained on the part of Design Landscapes in respect of the First Subscription Agreement and the transactions contemplated thereby having been obtained; and
- (d) the conditions of the Second Subscription Agreement having been fulfilled.

The conditions set out in above are incapable of being waived by the parties thereto. If the conditions are not satisfied on or before 4:00 p.m. on 13 September 2006, or such other date as the parties to the First Subscription Agreement may agree, the First Subscription Agreement shall cease and determine and neither party to the First Subscription Agreement shall have any obligations and liabilities under the First Subscription Agreement save for any antecedent breaches of the terms thereof.

Completion of the First Subscription Agreement

Completion of the First Subscription Agreement shall take place simultaneously with the completion of the Second Subscription Agreement on the second Business Day (or such other date as Design Landscapes and WH Construction may agree) after the date on which the conditions of the First Subscription Agreement have been fulfilled.

SECOND SUBSCRIPTION AGREEMENT

Date: 13 July 2006

Parties: (1) Design Landscapes, an indirect non-wholly owned subsidiary of the Company
(2) Keith Jeferey Dodd, the Second Subscriber

Pursuant to the Second Subscription Agreement, the Second Subscriber has conditionally agreed to subscribe for and Design Landscapes has conditionally agreed to allot and issue of 67,511 new DL Shares at the Subscription Price of approximately HK\$2.18 per Subscription Share for an aggregate cash consideration of HK\$147,174.

To the best of the Directors' knowledge, information and belief, the Second Subscriber is an Independent Third Party.

The Subscription Price was arrived at after arm's length negotiation between Design Landscapes and the Second Subscriber after taking into account of the audited net asset value per DL Share as at 31 March 2005. The Directors consider that the Subscription Price and the terms of the Second Subscription Agreement are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

The Second Subscription Shares

The 67,511 Second Subscription Shares represent approximately 5.44% of the existing issued share capital of Design Landscapes, and approximately 5.00% of the enlarged issued share capital of Design Landscapes as enlarged by the allotment and issue of the Subscription Shares.

Conditions

The Second Subscription is conditional upon the fulfillment of the following conditions:

- (a) if necessary, the passing by the Shareholders at a special general meeting of the Company to be convened and held of the necessary resolutions to approve the First Subscription Agreement and the Second Subscription Agreement and the transactions contemplated hereunder;
- (b) all necessary consents and approvals required to be obtained on the part of the Second Subscriber in respect of the Second Subscription Agreement and the transactions contemplated thereby having been obtained;
- (c) all necessary consents and approvals required to be obtained on the part of Design Landscapes in respect of the Second Subscription Agreement and the transactions contemplated thereby having been obtained; and
- (d) the conditions of the First Subscription Agreement having been fulfilled.

The conditions set out in above are incapable of being waived by the parties thereto. If the conditions are not satisfied on or before 4:00 p.m. on 13 September 2006, or such other date as the parties to the Second Subscription Agreement may agree, the Second Subscription Agreement shall cease and determine and neither party to the Second Subscription Agreement shall have any obligations and liabilities under the Second Subscription Agreement save for any antecedent breaches of the terms of the Second Subscription Agreement.

Completion of the Second Subscription Agreement

Completion of the Second Subscription Agreement shall take place simultaneously with the completion of the First Subscription Agreement on the second Business Day (or such other date as Design Landscapes and the Second Subscriber may agree) after the date on which the conditions of the Second Subscription Agreement have been fulfilled.

INFORMATION ON DESIGN LANDSCAPES

Design Landscapes is a company incorporated in Hong Kong with limited liability and is principally engaged in the business of landscape designs, consulting and contracting.

As at the date of this announcement and prior to the entering into the Subscription Agreements, the entire issued share capital of Design Landscapes is beneficially owned as to 51% by WH Construction and 49% by DL Investments.

Upon Completion, the enlarged share capital of Design Landscapes will be beneficially owned as to approximately 50% by WH Construction, approximately 45% by DL Investments and approximately 5% by the Second Subscriber. Design Landscapes will thus cease to be a subsidiary of the Company but will continue to be an associate of the Company upon Completion. The shareholding structure of Design Landscapes as at the date of this announcement and immediately after Completion are as follows:

Name of shareholders of Design Landscapes	At the date of this announcement and immediately before Completion		Immediately after Completion	
	Number of DL Shares	%	Number of DL Shares	%
WH Construction	632,400	51.00%	675,111	50.00%
DL Investments	607,600	49.00%	607,600	45.00%
The Second Subscriber	–	–	67,511	5.00%
Total	<u>1,240,000</u>	<u>100.00%</u>	<u>1,350,222</u>	<u>100.00%</u>

According to the audited financial statements of Design Landscapes, the turnover, net profit before taxation and net profit after taxation for the financial year ended 31 December 2003 were approximately HK\$12,553,434, HK\$395,144 and HK\$395,144 respectively. According to the audited financial statements of Design Landscapes, the turnover, net profit before taxation and net profit after taxation for the financial period from 1 January 2004 to 31 March 2005 were approximately HK\$29,759,205, HK\$2,834,174 and HK\$2,787,181 respectively. Design Landscapes became an indirect non-wholly owned subsidiary of the Company as the Group acquired additional equity interests in Design Landscapes which became a 51% owned subsidiary of the Company during the financial year ended 31 March 2004. As a result, the accounting period of Design Landscapes for that financial period was adjusted in order to align with the accounting period of the Group for that financial year. The audited total assets of Design Landscapes as at 31 March 2005 were approximately HK\$9,169,099 and the audited net assets of Design Landscapes were approximately HK\$2,702,621, or approximately HK\$2.18 per DL Share.

Based on the audited financial statements of Design Landscapes for the period ended 31 March 2005, the Disposal will not be of any material effect on the earnings and/or the net asset position of the Group.

REASONS FOR THE DISPOSAL

The Company is an investment holding company and its subsidiaries are principally engaged in the superstructure construction, foundation piling, substructure works, slope improvement works, special construction projects and interior decoration works in Hong Kong.

The Directors consider that the Subscription will broaden the shareholder and capital base of Design Landscapes by introducing the Second Subscriber, an Independent Third Party, as a shareholder of Design Landscapes. The Second Subscriber will, on behalf of Design Landscapes, explore business opportunities in the Middle East area, which will expand and diversify the existing business scope of Design Landscapes. It is expected that with additional capital injection as a result of the Subscription, the Subscription and the Second Subscriber will further assist the future development of the business of Design Landscapes. Whilst Design Landscapes will cease to be a subsidiary of the Company upon completion, it is expected that the investment in Design

Landscapes by the Group will continue to contribute positively to the results of the Group through equity sharing.

The Directors consider that the Subscription Agreements are entered upon normal commercial terms following arm's length negotiation between the relevant parties to the relevant Subscription Agreements and that the terms of the Subscription Agreements and the Disposal are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

LISTING RULES IMPLICATION

Upon Completion, the interests of WH Construction in Design Landscapes will be deemed to reduce from 51% to approximately 50% and this dilution of interests is treated as a deemed disposal on the part of the Company under Rule 14.29 of the Listing Rules. Following the Disposal, Design Landscapes will cease to be a subsidiary of the Company and the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules. A circular containing, among other things, details of the Disposal and the Subscription Agreements will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expression

“associates”	has the meaning ascribed to this term in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Wing Hing International (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreements
“Design Landscapes”	Design Landscapes International (HK) Company Limited, a company incorporated in Hong Kong with limited liability and as at the date of this announcement, the issued share capital of which is owned as to 51% by WH Construction and 49% by DL Investments
“Directors”	directors of the Company
“Disposal”	the deemed disposal of the interests in Design Landscapes on the part of the Company by virtue of the dilution of interests as a result of the Subscription
“DL Investments”	Design Landscapes Investments Pty Limited, a company incorporated in Australia with limited liability
“DL Shares”	ordinary shares of HK\$1.00 each in the share capital of Design Landscapes

“First Subscription Agreement”	the conditional subscription agreement dated 13 July 2006 and entered into between Design Landscapes and WH Construction pursuant to which WH Construction agreed to subscribe and Design Landscapes agreed to allot and issue the First Subscription Shares at the Subscription Price
“First Subscription Shares”	the 42,711 new DL Shares to be subscribed by WH Construction pursuant to the First Subscription Agreement
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	an independent third party not being connected person of the Company (as defined in the Listing Rules) and not connected with the directors, chief executive and substantial shareholders of the Company and any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Second Subscriber”	Mr Keith Jeferey Dodd, an Independent Third Party
“Second Subscription Agreement”	the conditional subscription agreement dated 13 July 2006 and entered into between Design Landscapes and the Second Subscriber, pursuant to which the Second Subscriber agreed to subscribe and Design Landscapes agreed to allot and issue the Second Subscription Shares at the Subscription Price
“Second Subscription Shares”	the 67,511 new DL Shares to be subscribed by the Second Subscriber pursuant to the Second Subscription Agreement
“Share(s)”	share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares by the WH Construction and the Second Subscriber pursuant to the Subscription Agreements
“Subscription Agreements”	the First Subscription Agreement and the Second Subscription Agreement
“Subscription Price”	the subscription price of approximately HK\$2.18 per Subscription Shares
“Subscription Shares”	the First Subscription Shares and the Second Subscription Shares
“WH Construction”	W. Hing Construction Company Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company

“HK\$” Hong Kong dollars, the lawful currency for the time being of Hong Kong

“%” per cent.

By order of the Board
Wing Hing International (Holdings) Limited
Ng Tat Leung, George
Chairman

Hong Kong, 13 July 2006

As at the date of this announcement, the Board comprises 11 Directors. The executive Directors are Mr Ng Tat Leung, George, Mr Wong Teck Ming, Mr Chen Jinkui, Mr Sun Haichao, Mr Lui Siu Yee, Samuel, Mr Chan Wai Keung, Ivan and Mr Lo Chung Sun, Simon. The non-executive Director is Mr Wang Xianzhang. The independent non-executive Directors are Mr Wong Lit Chor, Alexis, Dr Leung Wai Cheung and Mr Lo Ka Wai.

Please also refer to the published version of this announcement in The Standard.