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WING HING INTERNATIONAL (HOLDINGS) LIMITED



(Incorporated in Bermuda with limited liability)

(Stock Code: 621)

DISCLOSEABLE TRANSACTION:

DISPOSAL OF ENTIRE EQUITY INTERESTS IN A SUBSIDIARY

On 18 October 2006, Wing Hing BVI, a direct wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser and the Guarantor pursuant to which Wing Hing BVI agreed to sell and the Purchaser agreed to acquire the Sale Shares for an aggregate consideration of HK\$1.00. The Disposal is subject to the satisfaction of the conditions as set out in the paragraph headed "Conditions" below.

The Disposal constitutes a discloseable transaction on the part of the Company under Rules 14.06 of the Listing Rules.

A circular containing, among other matters, further details of the Disposal, will be despatched to the Shareholders within 21 days after the publication of this announcement.

SALE AND PURCHASE AGREEMENT

Date: 18 October 2006

Parties:

- (1) Vendor : Wing Hing Group (BVI) Limited
- (2) Purchaser : Skree Investments Limited
- (3) Guarantor : 李智敏 (Li Zhimin#)

The Guarantor is a merchant. The Purchaser is a company incorporated in the British Virgin Islands and is principally engaged in investment holdings. The Purchaser is wholly and beneficially owned by the Guarantor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner, the Guarantor, is a third party independent of and not connected with the Company and its directors, chief executive or substantial Shareholder or any of its subsidiaries or associates of any of them.

Asset to be disposed

Pursuant to the Sale and Purchase Agreement, Wing Hing BVI has agreed to dispose and the Purchaser has agreed to acquire the Sale Shares, which represent the entire issued share capital of Anpoint.

Consideration

The aggregate consideration for the Disposal is HK\$1.00, of which shall be satisfied by the Purchaser in cash upon Completion.

The consideration for the Disposal was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement after taking into consideration of various factors, in particular, the current financial situation of Anpoint. According to the audited financial statements of Anpoint for the year ended 31 March 2006, Anpoint made a net loss of approximately HK\$41,975,000 for the year ended 31 March 2006 and the net liabilities of Anpoint amounted to approximately HK\$37,164,000 as at 31 March 2006.

The Directors consider the terms and conditions of the Disposal to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions

The Disposal is conditional upon the satisfaction of the following:

- (1) 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 Sale and Purchase Agreement and the transactions contemplated thereunder; and
- (2) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained.

Each party shall use its best endeavours to satisfy and fulfill the conditions. If the conditions set out above have not been satisfied on or before 4:00 p.m. on 15 December 2006, or such other date as Wing Hing BVI and the Purchaser may agree, the Sale and Purchase Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other, save for any antecedent breaches of the terms of the Sale and Purchase Agreement.

Completion

Completion is expected to take place on the second Business Day after the fulfillment (or waiver) of the conditions (or such later date as the parties may agree) mentioned above.

Upon Completion, Anpoint will cease to be an indirect wholly owned subsidiary of the Company and all the existing directors of Anpoint nominated by the Group will resign upon Completion.

Actions and indemnity

According to the Sale and Purchase Agreement, Wing Hing BVI has agreed to pay to the Purchaser (on behalf and for the benefit of Anpoint) on a reimbursements and indemnity basis, a sum equivalent to 50% of the costs and expenses which may be properly and reasonably incurred by Anpoint in relation to or arising out of the Actions provided that the maximum aggregate amount of that sum paid by Wing Hing BVI shall not exceed HK\$200,000. The Purchaser and the Guarantor have agreed to pay Wing Hing BVI a sum equivalent to two-thirds of the amounts recovered or paid to Anpoint in relation to or arising out of the Actions, irrespective of whether such amounts are recovered or paid to Anpoint as a result of an award, a judgment or a determination by the court or settlement or compromises between the parties involved in the Actions.

The Purchaser further undertakes under the Sale and Purchase Agreement that pending the final determination, resolution, settlement or compromise of the Actions, it shall remain the legal and beneficial owner of the entire issued share capital of Anpoint.

Guarantee

Under the Sale and Purchase Agreement, the Guarantor has guaranteed to Wing Hing BVI the due and punctual performance of the Purchaser of its obligations under the Sale and Purchase Agreement.

INFORMATION ON ANPOINT

Anpoint is a company incorporated in Hong Kong with limited liability which is principally engaged in the provision of professional electrical and mechanical construction services in Hong Kong.

As at the date of this announcement, Anpoint is an indirect wholly owned subsidiary of the Company.

According to the audited financial statements of Anpoint, the turnover, net loss before taxation and net loss after taxation for the financial year ended 31 March 2005 was approximately HK\$48,487,000, HK\$42,000 and HK\$42,000 respectively. According to the audited financial statements of Anpoint, the turnover, net loss before taxation and net loss after taxation for the year ended 31 March 2006 was approximately HK\$61,554,000, HK\$41,975,000 and HK\$41,975,000 respectively. The audited total assets of Anpoint as at 31 March 2006 was approximately HK\$9,053,000 and the audited net liabilities of Anpoint was approximately HK\$37,164,000.

Based on the audited financial statements of Anpoint for the year ended 31 March 2006, it is estimated that upon Completion, the Group will record a gain of approximately HK\$5,573,000 on the Disposal for the year ending 31 March 2007 and an increase in the net assets of the Group by approximately HK\$5,573,000.

REASONS FOR THE DISPOSAL

The Group is principally engaged in superstructure construction, foundation piling, substructure works, slope improvement, special construction projects and interior decoration works in Hong Kong and the PRC.

During the recent years, the Group has experienced fierce competition from other market players in tendering construction projects in both the private and public sectors. The difficult market conditions in the local construction industry have caused the Group to review and reposition its businesses.

After having taken into account of the negative net asset value of Anpoint and the losses made by Anpoint last year, the Directors consider it is in the interests of the Group to dispose the entire issued share capital of Anpoint pursuant to the terms and conditions of the Sale and Purchase Agreement. The Directors believe that with reference to the financial situation of Anpoint, it may not contribute positively to the profitability of the Group in the short term. In addition, after the Disposal, the management can concentrate on other business operations of the Group.

Taking into consideration of the aforesaid, the Directors, including the independent non-executive Directors, consider that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

After deducting expenses relating to the Disposal, there will not be any net proceeds from the Disposal.

LISTING RULES IMPLICATION

The Disposal constitutes a discloseable transaction on the part of the Company under Rule 14.06 of the Listing Rules.

GENERAL INFORMATION

A circular containing, among other things, details of the Disposal and the Sale and Purchase Agreement will be despatched to the Shareholders within 21 days after the publication of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Anpoint”	Anpoint Engineering Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
“Actions”	i) the High Court action number 2760 of 2004 taken out by Beauty Spark Engineering Limited against Anpoint; ii) the High Court action number 2733 of 2004 taken out by Anpoint against Beauty Spark Engineering Limited; and iii) the High Court construction and arbitration proceedings action number 78 of 2004 taken out by Anpoint against Get Luck Development Limited
“associates”	has the meaning ascribed to this term under the Listing Rules
“Company”	Wing Hing International (Holdings) Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Directors”	directors of the Company
“Disposal”	the disposal of the entire issued share capital of Anpoint by the Group pursuant to the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Guarantor”	李智敏(Li Zhimin [#]), the ultimate beneficial owner of the Purchaser and the guarantor of the Purchaser under the Sale and Purchase Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Skree Investments Limited, a company incorporated in the British Virgin Islands, is wholly and beneficially owned by the Guarantor and the purchaser of the Sale Shares
“Sale and Purchase Agreement”	the sale and purchase agreement dated 18 October 2006 and made among Wing Hing BVI, the Purchaser and the Guarantor in relation to the sale and purchase of the Sale Shares
“Sale Shares”	49,579,465 shares of HK\$1.00 each in the share capital of Anpoint, representing the entire issued share capital of Anpoint
“Shareholder(s)”	holder(s) of the share(s) of HK\$1.00 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wing Hing BVI”	Wing Hing Group (BVI) Limited, a company incorporated in the British Virgin Islands, a direct wholly owned subsidiary of the Company and the vendor of the Sale Shares

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

“%” per cent.

denotes English translation of a Chinese name and is provided for identification purposes.

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

Hong Kong, 20 October 2006

As at the date of this announcement, the Board comprises ten 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 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.