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WING HING INTERNATIONAL (HOLDINGS) LIMITED



(Incorporated in Bermuda with limited liability)

(Stock Code: 621)

ISSUE OF CONVERTIBLE NOTE

On 7 May 2007, the Company entered into the Note Subscription Agreement with the Subscriber and the Guarantor in relation to the subscription by the Subscriber of the Note with an aggregate principal amount of HK\$15,000,000.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Subscriber and its ultimate beneficial owner, the Guarantor, is not a connected person and is independent of and not connected with any of the directors, chief executives and substantial shareholders of the Company or any of its subsidiaries or any of their respective associates.

The Note shall bear interest at the rate of 1% per annum and will be due on the Maturity Date. The Note is convertible into Conversion Shares at an initial Conversion Price of HK\$1.50 per Conversion Share.

The net proceeds from the issue of the Note of approximately HK\$14.5 million will be applied towards the general working capital of the Group and/or any suitable investment(s).

Trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 8 May 2007 pending the release of this announcement at the request of the Company. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 9 May 2007.

ISSUE OF CONVERTIBLE NOTE

Note Subscription Agreement

Date: 7 May 2007

Parties:

- (1) Issuer : the Company
- (2) Subscriber : Best Time International Limited
- (3) Guarantor : Liu Chi Wah, Jimmy

Pursuant to the Note Subscription Agreement, the Guarantor has unconditionally and irrevocably undertaken to the Company to procure due and punctual performance by the Subscriber of all the obligations expressed to be imposed on or assumed by it under the Note Subscription Agreement. The Guarantor has further undertaken to the Company to indemnify and keep the Company effectively indemnified against all liabilities, losses, damages, costs and expenses which the Company may suffer or incur in connection with any default or delay on the part of the Subscriber in the performance of any such obligations.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Subscriber and its ultimate beneficial owner, the Guarantor, is not a connected person and is independent of and not connected with any of the directors, chief executives and substantial shareholders of the Company or any of its subsidiaries or any of their respective associates.

To the best of the Directors' knowledge, the Subscriber is principally engaged in investment holdings and the Guarantor is a merchant.

Principal terms of the Note

Principal amount of the Note

HK\$15,000,000

Interest

The Note shall bear interest at the rate of 1% per annum on the outstanding principal amount of the Note from its date of issue to the Maturity Date. Interest will be payable semi-annually in arrears on dates falling six, twelve and eighteen calendar months after the date of issue of the Note, with first interest payment date to fall on the date falling six calendar months after the date of issue of the Note.

Conversion Price

The Conversion Price is HK\$1.50 per Conversion Share, subject to such adjustments as set out in the Note Subscription Agreement such as the subdivision or consolidation of Shares, bonus issues, rights issues and other dilutive events, including limited to cash distribution, capital distribution, distribution in species or the occurrence of certain other analogous events that results in a dilution or concentration of the rights of the Shareholders provided that the Conversion Price shall be not less than the nominal price of the Shares on the date of conversion.

The Conversion Price represents:

- (a) a premium of approximately 6.38% over the closing price of HK\$1.41 per Share as quoted on the Stock Exchange on 7 May 2007, being the last trading day immediately before the entering into of the Note Subscription Agreement; and
- (b) a discount of approximately 0.79% to the average of the closing prices of HK\$1.512 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 7 May 2007, being the last trading day immediately before the entering into of the Note Subscription Agreement.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the closing prices as shown above. The Directors consider that the Conversion Price is fair and reasonable.

Conversion period

The Note may be converted, at the option of the Subscriber, at any time from the date of issue of the Note up to the Maturity Date.

Conversion Shares

The Note may be converted in the principal amount of HK\$500,000 or its integral multiples.

Upon the conversion of the Note in full at the Conversion Price, 10,000,000 Conversion Shares, representing approximately 18.42% of the existing issued share capital of the Company and approximately 15.55% of the enlarged issued share capital of the Company, will be allotted and issued to the Subscriber.

The Conversion Shares falling to be allotted and issued on the conversion of the Note, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of such Shares.

Maturity

The Note will mature on the date falling on the second anniversary from the date of issue of the Note.

Unless previously redeemed or converted, the Company will repay the principal amount outstanding under the Note together with all interest accrued thereon up to and including the date of repayment, on the Maturity Date.

Redemption

The Company will be entitled at any time after the expiry of three calendar months after the date of issue of the Note and while the Note is outstanding, to redeem the Note or any part thereof in HK\$500,000 or its integral multiples at 105% of its outstanding principal amount together with a sum equivalent to the interest accrued on the amount redeemed up to the date of redemption.

Transferability

The Note may be assigned or transferred to any person or company not being a connected person of the Company provided that the holder of the Note shall serve not less than 7 days' prior written notice on the Company before the transfer takes place.

Voting

The Subscriber will not be entitled to attend or vote at any meetings of the Company by reason only of it being the holder of the Note.

Status of the Note

The obligations of the Company arising under the Note constitute general and unsecured obligations of the Company and rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law. No application will be made for listing of the Note.

Mandate to issue the Note

The Shares which fall to be allotted and issued upon conversion of the Note will be issued under the general mandate to allot, issue and deal with Shares granted to the Directors at the annual general meeting of the Company held on 29 August 2006. Pursuant to the general mandate, the Directors are authorised to allot and issue up to a maximum of 10,860,000 new Shares. The general mandate has not been utilised immediately prior to the entering into of the Note Subscription Agreement. Immediately after the issue of the Note, 860,000 new Shares can be issue under the existing general mandate.

Conditions of the Note Subscription Agreement

The issue of the Note is conditional upon the following conditions:

- (a) (if required) the Stock Exchange shall have approved the issue of the Note;
- (b) the Listing Committee of the Stock Exchange shall have granted listing of and permission to deal in the Conversion Shares to be issued upon exercise the conversion rights attached to the Note; and
- (c) if necessary, the Bermuda Monetary Authority shall have approved the issue of the Note and the Conversion Shares upon the exercise of the conversion rights attached to the Note.

In the event that the conditions are not fulfilled on or before 30 June 2007 or such later date as may be agreed between the Subscriber and the Company, the Note Subscription Agreement will lapse and become null and void and the parties shall be released from all obligations thereunder, save for the liabilities for any antecedent breaches thereof.

Completion of the Note Subscription Agreement

Completion of the Note Subscription Agreement will take place on the second business day after the conditions of the Note Subscription Agreement having been fulfilled.

Application for listing

No application will be made for the listing of, and permission to deal in, the Note on the Stock Exchange or other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in the Conversion Shares that may be allotted and issued upon conversion of the Note.

REASONS FOR THE ISSUE OF THE NOTE

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.

The Directors, having considered that (i) the low interest rate at which the Group is able to obtain funding from the issue of the Note; (ii) the availability of funds will improve the Group's working capital position; and (iii) there is no immediate dilution effect on the shareholding of the existing Shareholders, are of the view that the issue of the Note is an appropriate mean to raise additional funds for the Group. The Directors consider that the terms of the Note are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

The gross proceeds from the issue of the Note amount to HK\$15,000,000. The net proceeds of approximately HK\$14.5 million derived from the issue of the Note will be applied towards the general working capital of the Group and/or any suitable investment(s). As at the date of this announcement, no suitable investment has yet been identified. Based on the estimated net proceeds of approximately HK\$14.5 million, the net price for each Conversion Share will be approximately HK\$1.45.

CHANGES OF SHAREHOLDING STRUCTURE

Upon full conversion of the Note into Conversion Shares, assuming there would not be any adjustments to the Conversion Price and there would be not be any allotment or issue of new Shares or share repurchase by the Company, the shareholding structure of the Company would be altered as follows:

Shareholders	As at the date of this announcement		Immediately after the full exercise of conversion rights attached to the Note	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Mr. Ng Tat Leung, George (<i>Note 1</i>)	4,917,369	9.06	4,917,369	7.64
Mr. Lui Siu Yee, Samuel	30,600	0.06	30,600	0.05
Mr. Wong Teck Ming (<i>Note 1</i>)	30,000	0.06	30,000	0.05
Total Success Worldwide Limited (<i>Note 1</i>)	10,772,700	19.84	10,772,700	16.75
Grand Legend Limited (<i>Note 2</i>)	10,775,081	19.84	10,775,081	16.76
the Subscriber	–	–	10,000,000	15.55
Public Shareholders				
Complete Success Limited (<i>Note 3</i>)	3,587,550	6.60	3,587,550	5.58
Other public Shareholders	24,186,700	44.54	24,186,700	37.62
Total public Shareholders	<u>27,774,250</u>	<u>51.14</u>	<u>27,774,250</u>	<u>43.20</u>
Total:	<u><u>54,300,000</u></u>	<u><u>100.00</u></u>	<u><u>64,300,000</u></u>	<u><u>100.00</u></u>

Notes:

1. These 10,772,700 Shares were registered in the name of Total Success Worldwide Limited. The issued share capital of Total Success Worldwide Limited is owned as to approximately 46.46% by Mr. Chan Mo Yan, deceased, as to approximately 46.46% by Mr. Ng, the chairman of the Company and the managing Director, and as to approximately 7.08% by Mr. Wong Teck Ming, an executive Director.
2. The entire issued share capital of Grand Legend Limited is owned by Mr. Lo Chun Yang. Ms. Loh Siu Yin, Lulu is the spouse of Mr. Lo Chun Yang.
3. The entire issued share capital of Complete Success Limited is owned by Li Dan Dan. Complete Success Limited currently holds 5,681,818 warrants of the Company upon exercise of which 5,681,818 Shares are to be issued.

FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

The following table summaries the fund raising activities of the Group for the 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
29 March 2006	Rights issue of 18,100,000 rights Share in the proportion of one rights Share for every two Shares	Approximately HK\$17,000,000	(i) As to approximately HK\$9,300,000 for financing its capital commitment in relation to the various property projects currently undertaken by the Group; (ii) As to approximately HK\$4,300,000 for repayment of bank loans; and (iii) As to approximately HK\$3,400,000 towards the general working capital of the Group	As intended

Save as disclosed, no other fund raising activity has been carried out by the Group in the twelve months immediately prior to the date of this announcement.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 8 May 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 9 May 2007.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Company”	Wing Hing International (Holdings) Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Conversion Price”	HK\$1.50 per Conversion Share subject to adjustments pursuant to the terms and conditions of the Note Subscription Agreement

“Conversion Shares”	the Shares to be issued by the Company upon exercise of the conversion rights attached to the Note
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	Liu Chi Wah, Jimmy, the guarantor under the Note Subscription 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
“Maturity Date”	the date falling on the second anniversary from the date of issue of the Note, being the date on which the Note matures
“Note”	the convertible note with an aggregate principal amount of HK\$15,000,000 due in 2009, to be issued by the Company to the Subscriber pursuant to the Note Subscription Agreement
“Note Subscription Agreement”	the conditional subscription agreement dated 7 May 2007 and entered into among the Company, the Subscriber and the Guarantor in respect of the subscription of the Note with an aggregate principal amount of HK\$15,000,000 by the Subscriber
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Best Time International Limited, the subscriber under the Note Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 8 May 2007

As at the date of this announcement, the Board comprises eight Directors. The executive Directors are Mr. Ng Tat Leung, George, Mr. Wong Teck Ming, 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.