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# **WING HING INTERNATIONAL (HOLDINGS) LIMITED**



*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 621)**

## **SUPPLEMENTAL AGREEMENT FOR THE DISCLOSEABLE TRANSACTION REGARDING ACQUISITION OF THE ENTIRE EQUITY INTERESTS IN BESTKIN INTERNATIONAL LIMITED**

Reference is made to the Announcement in relation to, among other things, the entering into of the Acquisition Agreement among the Purchaser, the Vendor and the Company in respect of the Acquisition.

Upon further negotiations among the parties to the Acquisition Agreement, the Purchaser, the Vendor and the Company entered into the Supplemental Agreement to amend certain terms of the Acquisition Agreement on 14 May 2010.

Details of the amendments to the terms of the Acquisition Agreement as set out in the section headed “The Supplemental Agreement” below.

As the relevant percentage ratios under the Listing Rules in respect of the Revised Acquisition exceed 5% but are less than 25%, the Revised Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Reference is made to the Announcement in relation to, among other things, the entering into of the Acquisition Agreement among the Purchaser and the Vendor in respect of the Acquisition. Definitions and terms used in this announcement, unless the context requires otherwise, shall bear the same meanings as defined in the Announcement.

### **INTRODUCTION**

On 8 February 2010 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor, pursuant to which, the Purchaser has conditionally agreed to, among other things, purchase and the Vendor has conditionally agreed to sell the Sale Share, which represents the entire issued share capital of Bestkin and the Shareholder’s Loan for an aggregate consideration of HK\$288,000,000.

The Vendor is currently the sole legal and beneficial owner of Bestkin, which is an investment holding company. Pursuant to the Acquisition Agreement, Bestkin will, through its subsidiary, complete its acquisition of the PRC Company before the completion of the Acquisition

Agreement. As a result of which, Bestkin will indirectly own 100% equity interest in the PRC Company and the Project Company, which owns and holds San Dao Ying Exploration Licence, San Dao Ying Exploitation Licence and Long Men Sou Exploration Licence.

On 10 May 2010, the Company was informed by the Vendor that:

- (i) the PRC Company, the Project Company entered into the Termination Agreement with Mr. Wan on 8 May 2010, pursuant to which the San Dao Ying Agreement was terminated with immediate effect upon signing of the Termination Agreement as certain circumstantial changes which are not expected on the time entering into the San Dao Ying Agreement; and
- (ii) the PRC Company, the Project Company entered into the 2nd Supplemental Long Men Sou Agreement with Mr. Wang on 8 May 2010, pursuant to which the PRC Company shall (i) acquire the entire Long Men Sou Mining License (instead of the Long Men Sou Exploration License) at a cash consideration of RMB7.2 million ; and (ii) lease the existing plant, office, equipment and quarters at the Long Men Sou Mine for a term of 5 years at a total rental of RMB1,000.

Taking into account of the above changes, upon further negotiations among the parties to the Acquisition Agreement, the Purchaser, the Company and the Vendor entered into the Supplemental Agreement to amend certain terms of the Acquisition Agreement on 14 May 2010.

## **THE SUPPLEMENTAL AGREEMENT**

**Date:** 14 May 2010

**Parties:**

**Purchaser:** Longold Win Limited, a wholly-owned subsidiary of the Company

**Vendor:** Ms. Wong Kei Yan. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Vendor is (i) an Independent Third Party and (ii) not a party acting in concert (as defined under the Takeovers Code) with any substantial shareholders of the Company.

The Company

### **(1) Assets to be acquired**

Pursuant to the Supplemental Agreement, the Purchaser has conditionally agreed to, among other things, purchase and the Vendor has conditionally agreed to sell the Sale Share, which represents the entire issued share capital of Bestkin, and the Shareholder's Loan.

Before completion of the Supplemental Agreement, Bestkin will complete its acquisition of the PRC Company. As a result of which, Bestkin will indirectly own 100% equity interest in the PRC Company and the Project Company, which owns and holds the Long Men Sou Mining License.

## **(2) Revised Consideration**

Pursuant to the Supplementary Agreement, the Revised Consideration is HK\$88 million and shall be satisfied in the following manner:

- (i) HK\$25,000,000 in cash which was paid by the Group on 8 February 2010 as the first refundable deposit;
- (ii) HK\$10,000,000 in cash upon signing the Supplemental Agreement as the second refundable deposit;
- (iii) HK\$23,000,000 in cash upon Completion; and
- (iv) the balance of HK\$30,000,000 by way of procuring the Company to issue the Revised Promissory Note to the Vendor (or its nominee) upon Completion.

The Revised Consideration was determined after arm's length negotiation between the Purchaser and the Vendor with reference to the preliminary valuation of the Long Men Sou Mine provided by an independent valuer on 14 May 2010. As advised by the independent valuer, and to the best knowledge, information and belief of the Directors, the market approach was adopted in valuing the Long Men Sou Mine, and it does not contain a profit forecast on the Long Men Sou Mine under the Listing Rules.

The Directors (including the independent non-executive Directors) are of the opinion that the Revised Consideration is fair and reasonable and on normal commercial terms and that the entering into the Supplemental Agreement is in the interests of the Company and the Shareholders as a whole.

## **(3) Revised Promissory Note**

The terms of the Revised Promissory Note are determined based on commercial negotiations between the Purchaser and the Vendor and the principal terms of which are summarised below:

Issuer:	the Company
Principal amount:	HK\$30,000,000
Interest rate:	3.5% per annum
Maturity date:	A fixed term of 2 years from the date of issue of the Revised Promissory Note
Early redemption:	the Company could, at its option, repay all or any part of the outstanding principal amount of the Revised Promissory Note by giving not less than 10 Business Day's prior written notice to the noteholder, commencing from the date of the Revised Promissory Note up to the date immediately prior to the maturity date
Assignment:	the Revised Promissory Note may be transferred or assigned by the holder of the Revised Promissory Note to any party other than a connected person of the Company in multiples of HK\$10,000,000

#### **(4) Revised Conditions precedent of the acquisition of the Sale Share**

The Completion is conditional upon fulfilment of the following revised conditions having been fulfilled or waived (as the case may be):

- (i) the parties having obtained all necessary approvals for the Acquisition Agreement and the relevant transactions contemplated thereunder. Such approvals shall include any necessary approvals or consents from relevant government or regulatory bodies, authorities or organizations or any relevant third parties (including banks);
- (ii) the completion of due diligence and the notification of the same to the Vendor by the Purchaser, and the due diligence results shall be in full or in all material aspects satisfying to the Purchaser but such notification of the same shall not in any form or substance affect the right of the Purchaser to claim against the Vendor regarding any warranties given by the Vendor under the Acquisition Agreement;
- (iii) the Vendor having delivered both the Certificate of Incumbency and the Certificate of Good Standing in respect of the Bestkin to the Purchaser and such certificates should not be dated earlier than 7 days before the Completion Date;
- (iv) the Purchaser having obtained a written legal opinion issued by a PRC legal adviser approved by the Purchaser confirming (i) the respective legal status and scopes of business of each of the PRC Company and the Project Company; and (ii) the fact that the Project Company beneficially owned Long Men Sou Mining Licence and the form, contents and substance of which shall be satisfied the Purchaser at its absolute discretion;
- (v) any transactions contemplated under the Acquisition Agreement and supplemental agreement(s) thereto shall comply with and conform to all relevant regulatory requirements (including, but not limited to, the Listing Rules and any regulatory requirements in Hong Kong);
- (vi) the respective warranties given by the Vendor and the Purchaser being true and accurate in all material respects;
- (vii) all agreements, obligations and conditions required to be executed or complied with under the Acquisition Agreement and supplemental agreement(s) thereto having been so executed or complied with by each of the Purchaser, the Vendor and every member of the Target Group respectively on or before Completion;
- (viii) the Purchaser having received a Valuation Report in form and substance satisfactory to the Purchaser stating that the value of Long Men Sou Mine being not less than HK\$130,000,000; and
- (ix) the completion of the Reorganization by the Target Group.

## (5) Revised Long Stop Date

The long stop date for the Completion has also been changed from 31 December 2010 to 31 August 2010.

Save as disclosed above, all other terms of the Acquisition Agreement shall remain unchanged.

## INFORMATION ON LONG MEN SOU MINE AND THE LONG MEN SOU MINING LICENSE

The following are brief particulars of Long Men Sou Mine prepared based on the information and material provided by the Vendor to the Company.

### Long Men Sou Mine

The Long Men Sou Mine is located at Long Men District of the Chicheng County, Hebei Province, the PRC (赤城縣龍門所鎮金礦). The Long Men Sou Mine is currently with a mining area of approximately 0.3611 sq. km and can be accessed by highway.

Details of the Long Men Sou Mining License are summarised as follows:

License Number	Description	Mining Area	First date of grant	Expiry date
C1300002009044120033275	Mining	0.3611 sq. km	16 April 2009	16 April 2014

According to the representation of the Vendor, the mining activities in Long Men Sou Mine commenced in April 2009.

According to a report issued by Land Resource Department of Hebei Province (河北省國土資源廳) in March 2003, it was estimated that the resources of Long Men Sou Mine are as follows:

	Category	Tonnage (t)	Gold contained (kg)
Long Men Sou Mine	Grade C	745,976	4,209.70
	Grade D	653,479	3,210.40

As the relevant percentage ratios under the Listing Rules in respect of the Revised Acquisition exceed 5% but are less than 25%, the Revised Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 17 February 2010 in relation to the Acquisition
“Long Men Sou Mine”	the gold mine located at Long Men District of the Chicheng County, Hebei Province, the PRC (赤城縣龍門所鎮金礦) which are subject to the Long Men Sou Mining Licence
“Long Men Sou Mining Licence”	the mining licence for conducting mining activity at Long Men Sou Mine with a term of five years from April 2009

“Reorganization”	the reorganization of the Target Group which involve (i) the acquisition of the entire registered capital of the PRC Company by New Famous; (ii) the completion of all formalities, including but not limited to obtaining consents from all PRC government approvals relating to the acquisition of the PRC Company and business registration of the PRC Company as a WFOE at the relevant PRC authorities; (iii) the completion of the transactions contemplated in the Revised Long Men Sou Agreement; and (iv) the completion of transfer of the Long Men Sou Mining Licence to the Project Company
“Revised Acquisition”	the acquisition of the Sale Share and the Shareholder’s Loan by the Purchaser from the Vendor pursuant to the Acquisition Agreement (as supplemented by the Supplemental Agreement)
“Revised Consideration”	the consideration of HK\$88,000,000 for the Sale Share and the Shareholder’s Loan payable by the Purchaser to the Vendor for the Acquisition pursuant to the Acquisition Agreement (as supplemented by the Supplemental Agreement)
“Revised Long Men Sou Agreement”	the acquisition agreement entered into between the PRC Company as buyer and Mr. Wang as seller dated 28 May 2009 and supplemental agreement entered into among the PRC Company, Mr. Wang and the Project Company dated 8 February 2010 (as supplemented by the Second Supplemental Long Men Sou Agreement) pursuant to which, the PRC Company shall (i) acquire the entire Long Men Sou Mining Licence at a consideration of RMB7,200,000 and (ii) lease the existing plant, office, equipment and quarters at the Long Men Sou Mine for a term of 5 years at a total rental of RMB1,000
“Revised Promissory Note”	the promissory note with a principal sum of HK\$30,000,000 to be executed by the Company in favour of the Vendor for the purpose of settling partially the Consideration
“Second Supplemental Long Men Sou Agreement”	the supplemental agreement dated 8 May 2010 entered into among the PRC Company, Mr. Wang and the Project Company to supplement or amend certain terms and conditions of the Long Men Sou Agreement
“Supplemental Agreement”	the supplemental agreement dated 14 May 2010 entered into among the Purchaser, the Vendor and the Company to supplement or amend certain terms and conditions of the Acquisition Agreement
“Termination Agreement”	a termination agreement dated 8 May 2010 entered into among the PRC Company, Mr. Wan and the Project Company pursuant to which the parties agreed to terminate the San Dao Ying Agreement
“Valuation Report”	a valuation report on the Long Men Sou Mine to be prepared by an independent valuer

By order of the Board  
**Wing Hing International (Holdings) Limited**  
**Leung Pui Kwan**  
*Chairman*

Hong Kong, 14 May 2010

*As at the date of this announcement, the Board comprises eight directors. The executive directors are Ms. Leung Pui Kwan, Mr. Shen Junchen, Mr. Li Hok Yin and Ms. Cheung Pak Sum. The non-executive director is Ms. Yuen Sau Ying, Christine. The independent non-executive directors are Mr. Hui Wah Tat, Anthony, Mr. Li Kam Chung and Mr. Chui Man Lung, Everett.*