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WLS Holdings Limited

滙隆控股有限公司*

Favourite Number Limited

*(Incorporated in the British Virgin Islands
with limited liability)*

*(Incorporated in the Cayman Islands and
continued in Bermuda with limited liability)*

(Stock Code: 8021)

**JOINT ANNOUNCEMENT
UPDATE ON PROGRESS OF THE OFFER
AND
DELAY IN DESPATCH OF CIRCULAR AND OFFER DOCUMENT**

INTRODUCTION

References are made to (a) the joint announcement (the “**Offer Announcement**”) of WLS Holdings Limited and Favourite Number Limited dated 18 August 2016 in relation to, among other things, (i) the pre-conditional voluntary conditional securities exchange and cash offer by VBG Capital Limited on behalf of Favourite Number to acquire all the issued shares of L&A (other than those already owned by Favourite Number and parties acting in concert with it); (ii) discloseable and major transactions of WLS; and (iii) a specific mandate to issue new WLS Shares; and (b) the announcement of WLS Holdings Limited dated 1 September 2016. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Offer Announcement.

UPDATE ON PROGRESS OF THE OFFER

Subsequent to the publication of the Offer Announcement, as disclosed in L&A’s announcement dated 22 August 2016, 1,800,000,000 options were granted by L&A and accepted on 22 July 2016 (the “**Options Grant**”). Furthermore, as disclosed in the Next Day Disclosure Return published by L&A on 24 August 2016, 1,600,000,000 new additional L&A Shares (the “**New L&A Shares**”) were allotted and issued on 22 August 2016.

Prior to the date of the Offer Announcement, according to public documents of L&A, there were only 24,000,000,000 L&A Shares in issue (and no outstanding options had been disclosed or announced in L&A's public documents, including its Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 July 2016). The failure to disclose the Options Grant within the time as required by the GEM Listing Rules not only prejudiced Favourite Number's position as the offeror of the Offer, but in the opinion of Favourite Number was also in breach of provisions such as General Principle 6 of the Takeovers Code and Rule 23.06A of the GEM Listing Rules. Favourite Number did not take into account the Options Grant and the New L&A Shares at the time of the Offer Announcement because it did not then know the Options Grant as a result of the fault of L&A. It was not until the morning of 23 August 2016, being five days after the Offer Announcement, that L&A announced the Options Grant and only on 24 August 2016, being six days after the Offer Announcement, did L&A announce that the New L&A Shares had been issued pursuant to the Options Grant on the same date as the date of the Options Grant announcement. Since the New L&A Shares are in existence and there are 200,000,000 options of L&A outstanding as at the date of this announcement, Favourite Number will extend the share Offer (the "**Share Offer**") to all shareholders of L&A (including the holders of the New L&A Shares) and further make an option offer for cancellation of all outstanding options of L&A (the "**Option Offer**", together with the Share Offer, the "**Offers**") in compliant with General Principle 1 and Rule 13.1 of the Takeovers Code respectively.

In addition, Favourite Number has filed complaints to the Stock Exchange and the SFC, complaining about the breaches of the Takeovers Code and the GEM Listing Rules with respect to the Options Grant and the New L&A Shares and possible breaches of the Securities and Futures Ordinance.

As Favourite Number will extend the Share Offer to include holders of the New L&A Shares and further make the Option Offer for cancellation of all outstanding options of L&A, additional financial resources are required from Favourite Number to satisfy the cash portion of the Share Offer as well as the Option Offer. In this regard, Favourite Number has requested additional time by no later than 14 September 2016 to arrange financial resources to satisfy full acceptance of the Offers by all L&A Shareholders (including holders of the New L&A Shares) and all holders of the outstanding L&A options (the "**Request**").

On 2 September 2016, the Executive issued a letter to Favourite Number in respect of the Request which rules that:

"In all the circumstances the Executive considers it appropriate to rule that pursuant to section 7 of the Introduction to the Takeovers Code, that you must by 5:00 p.m. on Wednesday, 14 September 2016 (the "2nd Deadline") either:

- (i) announce the continuance of your firm intention to proceed with the Offer by way of an updated announcement in full compliance with Rule 3.5 (and in particular Note 3 thereto concerning confirmation of resources), Rule 3.8 and Rule 13 of the Takeovers Code; or*
- (ii) announce your intention not to proceed with the Offer. In these circumstances, the Executive consents to the withdrawal of the Offer under Rule 5 of the Takeovers Code.*

No extension to the 2nd Deadline will be granted, except with the consent of the Executive.

If on or before the 2nd Deadline, you do not make an announcement under (i) above, you and any person(s) acting in concert with you will, except with the consent of the Executive, be bound by the restrictions contained in Rule 31.1(a) of the Takeovers Code for twelve months from 14 September 2016."

It is expected that Favourite Number and WLS will issue a further joint announcement regarding the Offers on or before 14 September 2016.

DELAY IN DESPATCH OF CIRCULAR AND OFFER DOCUMENT

As stated in the Offer Announcement, a circular (the “**Circular**”) was to be despatched to the WLS Shareholders on or before 1 September 2016. In view of the Option Grant and issue of the New L&A Shares and the development relating to the Offers as mentioned above, the date of despatch of the Circular (containing further details of the Offers) will be postponed from 1 September 2016 to no later than 29 September 2016.

As also stated in the Offer Announcement, the Offer Document will be despatched within seven days after the satisfaction of the Pre-Condition, which was originally expected to be on or before 26 September 2016. Given the delay in despatch of the Circular for the purpose of convening the WLS SGM, the Offer Document (containing further details of the Offers) will not be despatched within the timeframe as stated in the Offer Announcement. Favourite Number has applied for, and the Executive is minded to grant, consent for the delay in despatch of the Offer Document subject to the satisfaction of the Pre-condition in accordance with Note 2 to Rule 8.2 of the Takeovers Code. The new despatch date of the Offer Document should be within seven days after the satisfaction of the Pre-condition, which is expected to be on or before 24 October 2016.

WARNING

Shareholders and potential investors of WLS and/or L&A should be aware that the Offers will be made only if the Pre-condition is satisfied and if made will be subject to the satisfaction or waiver (where applicable) of the conditions of the Offers. Accordingly, the Offers may or may not be made and if made may or may not become unconditional. WLS Shareholders, L&A Shareholders and/or potential investors of WLS or L&A should therefore exercise caution when dealing in WLS Shares and/or L&A Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

By order of the board of directors of
Favourite Number Limited
So Wang Chun, Edmond
Director

By order of the board of directors of
WLS Holdings Limited
So Yu Shing
Chairman and Executive Director

Hong Kong, 2 September 2016

The directors of Favourite Number jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than that relating to WLS and the WLS Group, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by WLS and the WLS Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

The directors of WLS jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

This announcement, for which the directors of WLS 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 WLS. The directors of WLS, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

As at the date of this announcement, the board of directors of Favourite Number comprises Mr. So Wang Chun, Edmond and Mr. Hue Kwok Chu Raymond.

As at the date of this announcement, the board of directors of WLS comprises 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. Ng Tang (Executive Director), Mr. Yuen Chun Fai (Executive Director), Mr. Law Man Sang (Independent Non-executive Director), Mr. Chan Ngai Sang, Kenny (Independent Non-executive Director) and Mr. Ong Chi King (Independent Non-executive Director).

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of WLS at www.wls.com.hk.

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