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## WAH YUEN HOLDINGS LIMITED

### 華園控股有限公司

*(incorporated in the Cayman Islands with limited liability)*

(stock code: 2349)

## ANNOUNCEMENT and RESUMPTION OF TRADING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board has noted the increase in the price and the trading volume of the Shares in the morning on 24 July 2007 and wish to state that save as disclosed in this announcement, it is not aware of any reason for such increase.

At the request of the Company, trading in the Shares was suspended with effect from 10:47 a.m. on 24 July 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 27 July, 2007.

This announcement is made by the Company pursuant to Rule 13.09 of the Rules Governing the Listing of Securities in the Stock Exchange (the “**Listing Rules**”).

The board (the “**Board**”) of directors (each a “**Director**”) of Wah Yuen Holdings Limited (the “**Company**”) has noted the increase in the price and the trading volume of the shares of the Company (the “**Shares**”) in the morning on 24 July 2007 and wish to state that it is not aware of any reason for such increase save and except that the Company has been informed by National Chain International Limited (“**National Chain**”), a substantial shareholder, which is wholly and beneficially owned by Mr. But Chai Tong, the vice chairman of the Company and an executive Director, that it had disposed of 87,000,000 Shares (representing approximately 15.71% of the existing issued share capital of the Company) through an one off placing arrangement to several independent third parties not connected with the Company, any directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates (as defined under the Listing Rules) at a price of about HK\$1.33 per Share in the stock market on 24 July 2007 (the “**Disposal**”).

Immediately before the Disposal, National Chain was interested in 142,500,000 Shares or approximately 25.74% of the entire issued share capital of the Company. Immediately after the Disposal, National Chain was interested in 55,500,000 Shares or approximately 10.03% of the entire issued share capital of the Company.

Save as mentioned above, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, and neither is the Board aware of any matter discloseable under the general obligation of disclosure imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

The Board confirms from National Chain that the Disposal is unrelated to the very substantial acquisition (the “VSA”) which was announced on 12 July 2007 (the “VSA Announcement”). The Disposal was contemplated after publication of the Announcement and was a personal investment decision of Mr. But Chai Tong. The Board further confirms that Mr. But Chai Tong, after the Disposal, will remain as the vice chairman of the Company and the executive Directors and other members of the Board will not change as a result of the Disposal.

## **SHAREHOLDING STRUCTURE OF THE COMPANY AFTER DISPOSAL AND THE VSA**

Set out below is a summary of the shareholding in the Company (i) immediately before the date of this announcement; (ii) as at the date of this announcement; (iii) after completion of the VSA, allotment and issue of the consideration shares under the VSA; (iv) after completion of the VSA, allotment and issue of the consideration shares under the VSA upon full conversion of the conversion bonds under the VSA; and (v) after completion of the VSA and upon partial conversion of the convertible bonds under the VSA, each prepared on the basis that there would be no changes in the issued share capital of the Company after the date of this announcement other than as stated in each scenario. Shareholders should take note that the analysis under scenario (iv) is shown for illustration purpose only and will not materialize, for the reason that the Vendor would otherwise hold approximately 70.66% of the enlarged issued share capital of the Company in that scenario, thus exceeding the threshold of 30% triggering a mandatory general offer obligation under the present provisions of the **Takeovers Code**. Reference is made to the section headed “Shareholding Structure of the Company” in the VSA Announcement.

	Immediately before the date of this announcement		As at the date of this announcement		After completion of the VSA, issue of the consideration shares in the VSA		After completion of the VSA, issue of the consideration shares in the VSA and upon full conversion of the convertible bonds under the VSA		After completion of the VSA and upon partial conversion of the convertible bonds under the VSA	
	<i>Number of (approx.)</i>		<i>Number of (approx.)</i>		<i>Number of (approx.)</i>		<i>Number of (approx.)</i>		<i>Number of (approx.)</i>	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Able Success Group Limited (Note 1&3)	151,250,000	27.32	151,250,000	27.32	151,250,000	22.03	151,250,000	8.02	151,250,000	19.15
National Chain International Limited (Note 2&3)	142,500,000	25.74	55,500,000	10.03	55,500,000	8.08	55,500,000	2.94	55,500,000	7.03
	293,750,000	53.06	206,750,000	37.35	206,750,000	30.11	206,750,000	10.96	206,750,000	26.18
The vendor in the VSA	-	-	-	-	133,000,000	19.37	1,333,333,333 (Note 4)	70.66	236,139,620 (Note 5)	29.90
Public	259,875,000	46.94	346,875,000	62.65	346,875,000	50.52	346,875,000	18.38	346,875,000	43.92
Total	<u>553,625,000</u>	<u>100.00</u>	<u>553,625,000</u>	<u>100.00</u>	<u>686,625,000</u>	<u>100.00</u>	<u>1,886,958,333</u>	<u>100.00</u>	<u>789,764,620</u>	<u>100.00</u>

*Notes:*

- (1) Mr. But Ka Wai, the chairman of the Company and an executive Director, wholly and beneficially owns the entire issued share capital of Able Success Group Limited. Mr. But Ka Wai is the younger brother of Mr. But Chai Tong.
- (2) Mr. But Chai Tong, the vice chairman of the Company and an executive Director, wholly and beneficially owns the entire issued share capital of National Chain International Limited. Mr. But Chai Tong, is the elder brother of Mr. But Ka Wai.
- (3) Able Success Group Limited and National Chain International Limited are parties deemed to be acting in concert with each other under the Takeover Codes upon completion of the VSA and conversion of the convertible bonds under the VSA.

- (4) Pursuant to the terms and conditions of the Convertible Bonds, holder(s) of the Convertible Bond may exercise all or part of the Convertible Bonds provided that the issue of the relevant Conversion Shares to it/them shall not trigger any general offer obligation on the part of the relevant Convertible Bonds holder who exercises the Convertible Bonds. For further details, see the paragraph headed “Convertible Bonds” in the VSA Announcement. Accordingly, this column is shown for illustration only and this scenario will not materialize.
- (5) For illustration purpose only, a holder of the Convertible Bonds may exercise conversion rights attaching to Convertible Bonds up to a principal amount of approximately HK\$15,470,943, such that a total of 103,139,620 Conversion Shares shall be issued at the initial Conversion Price of HK\$0.15 each (which together with the Consideration Shares shall amount to 236,139,620 Shares and represent 29.90% of the then enlarged issued share capital of the Company) without triggering any general offer obligation on the part of the relevant Convertible Bonds holder under the existing provisions of the Takeovers Code, subject to the then shareholding structure of the Company and the relevant rulings by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director in accordance with the Takeover Codes at the time of exercise of the conversion rights.

As at the date of this announcement, the Company has outstanding options which are exercisable into 18,312,500 new Shares. Save as disclosed above, the Company has no other outstanding convertible securities or options.

Made by the order of the Board, the Directors collectively and individually accept responsibility for the accuracy of this announcement.

At the request of the Company, trading in the Shares was suspended with effect from 10:47 a.m. on 24 July 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 27 July, 2007.

By Order of the Board  
**But Ka Wai**  
*Chairman*

Hong Kong, 26 July 2007

*As at the date of this announcement, Mr. But Ching Pui, Mr. But Ka Wai and Mr. But Chai Tong are executive Directors; Ms. Leung Wai Ling and Mr. Ngai Chun Kong, Stephen are non-executive Directors; and Mr. Cheung Yu Yan, Tommy, Mr. Ip Shing Tong, Francis and Mr. Ku Siu Fung, Stephen are the independent non-executive Directors.*