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139 HOLDINGS LIMITED

139 控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 139)

**DISCLOSEABLE TRANSACTION
FORMATION OF JOINT VENTURE
AND
RESUMPTION OF TRADING**

On 13 November 2007, GR Vietnam, a wholly-owned subsidiary of the Company, entered into the JV Agreement with Food Company pursuant to which GR Vietnam and Food Company agreed to establish the JV Company in Vietnam.

JV Agreement

On 13 November 2007, GR Vietnam, a wholly-owned subsidiary of the Company, entered into the JV Agreement with Food Company pursuant to which GR Vietnam and Food Company agreed to establish the JV Company in Vietnam. The JV Company will be engaged in the operation of convenience retail store(s), other retail and commercial businesses, together with other activities as may be approved by the board of directors of the JV Company.

The total invested capital of the JV Company will be US\$22,000,000 (approximately HK\$171,600,000) and the total legal capital of the JV Company will be US\$11,000,000 (approximately HK\$85,800,000). The total equity interest in the JV Company will be held as to 49% by GR Vietnam and as to 51% by Food Company.

GR Vietnam agreed to contribute to the JV Company US\$5,390,000 (approximately HK\$42,042,000) by way of cash, representing 49% total equity interests of the JV Company. The contribution of Food Company to the JV Company will be in the form of (1) the Assets and (b) cash so that the total contribution made by Food Company will amount to US\$5,610,000 (approximately HK\$43,758,000), representing 51% total equity interests of the JV Company. The JV Company will be jointly controlled by GR Vietnam and Food Company.

Food Company further agreed to grant to GR Vietnam an option to require Food Company to sell its interests in the JV Company to GR Vietnam such that the aggregate amount of equity interest in the JV Company held by GR Vietnam will represent 75% of the entire equity interest in the JV Company as may be permitted by the then prevailing laws and regulations of Vietnam.

Upon the established of the JV Company, Food Company will procure the JV Company to enter into an option agreement with GR Vietnam whereby the JV Company will grant to GR Vietnam an option to require the JV Company to create or accept GR Vietnam to obtain such percentage of equity interest in the JV Company such that the aggregate amount of equity interest held by GR Vietnam in the JV Company shall represent 75% of the entire equity interest in the JV Company (as enlarged by the acquisition of the new equity interests in the JV Company).

As the JV Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, a circular containing, among other things, detailed information of the transaction contemplated under the JV Agreement will be dispatched to the Shareholders as soon as possible.

Resumption of trading

Trading in the securities of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:30a.m. on 14 November 2007, pending release of this announcement. Application has been made for the resumption of trading in the securities of the Company with effect from 9:30a.m. on 15 November 2007.

On 13 November 2007, GR Vietnam, a wholly-owned subsidiary of the Company, entered into the JV Agreement with Food Company pursuant to which GR Vietnam and Food Company agreed to establish the JV Company in Vietnam.

JV AGREEMENT

Date

13 November 2007

Parties

1. GR Vietnam, a wholly-owned subsidiary of the Company; and
2. Food Company, a company incorporated in Vietnam. Food Company is a wholly-owned member of Vietnam Southern Food Corporation as at the date of this announcement. To the Directors' best knowledge, information and belief having made all reasonable enquiry, each of Food Company and its ultimate beneficial owners of Food Company is an Independent Third Party.

Co-operation

Pursuant to the JV Agreement, GR Vietnam and Food Company agreed to establish the JV Company in Vietnam to engage in the operation of convenience retail store(s), other retail and commercial businesses together with other activities as may be approved by the board of directors of the JV Company.

The JV Company has a term of fifty (50) years commencing from the date of establishment of the JV Company. Upon formation, the JV Company will become a jointly controlled entity of the Group.

Conditions Precedent

Completion of the JV Agreement is subject to, inter alia, the following conditions:–

- (a) the JV Company having duly established under the laws of Vietnam;
- (b) a legal opinion given by lawyers practicing in Vietnam on the issues arising from or in connection with the JV Agreement and the transactions contemplated hereby;
- (c) the Shareholders having approved the formation of the JV Company and the transactions (or any of them) contemplated herein;
- (d) Food Company having obtained all necessary approval(s) or permit(s) from the relevant government authority(ies) in Vietnam to approve the transaction contemplated herein; and
- (e) if necessary, all approvals from government and regulatory authorities in Hong Kong, Vietnam or any where else, corporate approvals and consents and Third Party consents for the transactions contemplated under the JV Agreement.

If any of the above conditions has not been satisfied within six months from the date of the JV Agreement, the JV Agreement will lapse and have no further effect.

As Shareholders' approval for the formation of the JV Company is not required, GR Vietnam and Food Company have agreed to waive condition (c) above.

Capital contribution

The total invested capital of the JV Company will be US\$22,000,000 (approximately HK\$171,600,000) and the total legal capital of the JV Company will be US\$11,000,000 (approximately HK\$85,800,000). The total equity interest in the JV Company will be held as to 49% by GR Vietnam and as to 51% by Food Company.

GR Vietnam agreed to contribute to the JV Company US\$5,390,000 (approximately HK\$42,042,500) by way of cash, representing 49% total equity interests of the JV Company. The contribution of Food Company to the JV Company will be in the form of (a) the Assets and (b) cash so that the total contribution made by Food Company will amount to US\$5,610,000 (approximately HK\$43,758,000), representing 51% total equity interests of the JV Company. The JV Company will be jointly controlled by GR Vietnam and Food Company.

At the request of the JV Company, GR Vietnam and Food Company agreed to contribute by way of Interested Party's Loan in proportion to their respective interest in the JV Company up to US\$11,000,000 (approximately HK\$85,800,000), in aggregate, to the JV Company.

Option of acquisition

Food Company further agreed to grant to GR Vietnam an option to require Food Company to sell its equity interests in the JV Company to GR Vietnam such that the aggregate amount of equity interest in the JV Company held by GR Vietnam will represent 75% of the entire equity interest in the JV Company as may be permitted by the then prevailing laws and regulations of Vietnam. The price for the exercise of the option granted by Food Company will be calculated at US\$110,000 (approximately HK\$858,000) for each 1% of the entire interest of the JV Company.

Upon the established of the JV Company, Food Company will procure the JV Company to enter into an option agreement with GR Vietnam whereby the JV Company will grant to GR Vietnam an option, which is exercisable at the discretion of GR Vietnam, to require the JV Company to create or accept GR Vietnam to obtain such percentage of equity interest in the JV Company such that the aggregate amount of equity interest held by GR Vietnam in the JV Company shall represent 75% of the entire equity interests in the JV Company (as enlarged by the acquisition of the new equity interests in the JV Company). The price for the exercise of the option granted by the JV Company will be calculated at US\$110,000 (approximately HK\$858,000) for each 1% of the entire interest of the JV Company.

A further announcement will be made by the Company in compliance with Chapter 14 of the Listing Rules upon exercise of the option by GR Vietnam to acquire up to 75% interest in the JV Company.

Restriction on the sale and right of first refusal

Each of the parties to the JV Agreement may not sell, assign, pledge, encumber or dispose of any of their interests in the JV Company unless, inter alia, (a) the transferee has agreed in writing to be bound by the terms and conditions of the JV Agreement pursuant to a deed of adherence, (b) a proportionate amount of the loan(s) made by the transferor to the JV Company or its subsidiaries shall also be transferred at the same time, and (c) such transfer complies in all respects with applicable securities laws and regulations.

In the event that either GR Vietnam or Food Company intends to sell any of their interest in the JV Company, the other party will be entitled to a right of first refusal to purchase such interest and a tag-along right to sell its interest at the same price of that party.

Board of directors

The board of JV Company shall be composed of 5 directors, of which 3 will be appointed by Food Company and 2 will be appointed by GR Vietnam. Food Company shall have the right to nominate one of its appointees as the chairman of the board of the JV Company and GR Vietnam shall have the right to nominate one of its appointees as the chief executive director of the JV Company.

In the event that GR Vietnam holds 50% or more of the entire interest in the JV Company, after either the option granted by Food Company or the JV Company is exercised, GR Vietnam shall have the right to appoint three (3) directors to the board of the JV Company and Food Company shall have the right to appoint two (2) directors. GR Vietnam shall have the right to nominate one of its appointees as the chairman of the board of the JV Company.

REASONS FOR ENTERING INTO THE JV AGREEMENT

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company comprise the trading and distribution of electronic products and other merchandise and securities investment and trading. The Directors view that electronic products market remains highly competitive in terms of rising raw material costs and the competing price pressures. On the other hand, the economy of Vietnam is growing rapidly in particular after Vietnam has joined as one of the members of the World Trade Organisation on 11 January 2007. It is anticipated that the positive global economic environment and rapid economic growth in Vietnam will bring various investment opportunities throughout the region.

The Directors believe that the entry into different industry sectors in different countries will effectively diversify the existing business and revenue streams. It is also a suitable timing to develop its business in Vietnam to keep in line with the rapid economic growth of Vietnam. Food Company is a wholly-owned member of Vietnam Southern Food Corporation, which is the largest rice exporter in Vietnam. Vietnam Southern Food Corporation is a state owned enterprise organized by the Government of Vietnam. Aside from being Vietnam's largest rice exporter, it also carries out exports of various agricultural and aquatic products, imports of fertilizer and farming machinery and processing of certain consumer food products. The Group therefore views that to have a strategic partner like Food Company will enhance the Group's position in exploration of business opportunities in Vietnam, and thus the earnings growth of the Group. Accordingly, the Directors considered the establishment of the JV Company as an attractive alternative investment from a long term perspective for the Company to boost its revenue sources and diversify its business risks.

Proportionate consolidation will be adopted by the Company in relation to the JV Company.

The Directors (including the independent non-executive Directors) are of the view that the terms of the JV Agreement are fair and reasonable and in the interest of Shareholders as a whole.

GENERAL

As the JV Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, a circular containing, among other things, detailed information of the transaction contemplated under the JV Agreement will be dispatched to the Shareholders as soon as possible.

RESUMPTION OF TRADING

Trading in the securities of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:30a.m. on 14 November 2007, pending release of this announcement. Application has been made for the resumption of trading in the securities of the Company with effect from 9:30a.m. on 15 November 2007.

DEFINITIONS

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

“Assets”	land use right and the structure erected thereon to be transferred to the JV Company by Food Company and valued by an independent property valuer to be agreed by GR Vietnam and Food company jointly
“Board”	the board of Directors
“Company”	139 Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Food Company”	Food Company of Ho Chi Minh City, a company incorporated in Vietnam and a wholly-owned member of Vietnam Southern Food Corporation, which is the largest rice exporter in Vietnam
“Group”	the Company and its subsidiaries
“GR Vietnam”	GR Vietnam Retail Limited, a wholly-owned subsidiary of the Company
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party/ Parties”	a party who is not a connected person (as defined in the Listing Rules) of the Company and who together with its ultimate beneficial owner are independent third parties of the Company and of connected persons (as defined in the Listing Rules) of the Company
“Interested Party’s Loan”	the aggregate amounts of all loan(s) made by GR Vietnam, Food Company or any other person who becomes a member of the JV Company to the JV Company and all interests (if any) accrued thereon for the time being and all rights and claims in connection therewith
“JV Company”	an equity joint venture established by GR Vietnam and Food Company under the laws of Vietnam
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“JV Agreement”	the joint venture agreement dated 13 November 2007 entered into between GR Vietnam and Food Company in relation to the establishment of the JV Company
“Share(s)”	the ordinary share(s) of the Company of HK\$0.01 each
“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Party”	any other individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity
“US\$”	United States dollars, the lawful currency of United States of America for the time being
“Vietnam”	Socialist Republic of Vietnam
“%”	per cent

Unless otherwise specified, the US\$ amounts shown in this announcement have been translated into the HK\$ amount at an exchange rate of US\$1.00 = HK\$7.8 for reference purpose only.

By Order of the Board
139 Holdings Limited
Wong Howard
Chairman

Hong Kong, 14 November 2007

As at the date hereof, the executive Directors are Mr. Wong Howard, Mr. Wong Yat Fai and Mr. Wu Qing and the independent non-executive Directors are Mr. Li Chi Ming, Mr. Tung Tat Chiu, Michael and Mr. Wan Ngar Yin David.

* *For identification purposes only*