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**WANG ON GROUP LIMITED**

**(宏安集團有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1222)**

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF PROPERTY-HOLDING SUBSIDIARY**

**THE DISPOSAL**

The Board announces that on 13 August 2021, the Vendor, an indirect non-wholly owned subsidiary of the Company, and WOP as the Vendor's guarantor, entered into the Agreement with the Purchaser, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell the Sale Share, and assign the benefit of the Sale Loan, to the Purchaser for the consideration of HK\$72.0 million, subject to adjustments. The Target Company holds the Property located at Ma Tau Kok Road, Hong Kong, which is currently leased at a monthly rental of HK\$180,000.

**GENERAL**

As one of the applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but all of them are less than 25%, the transactions contemplated under the Agreement constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction or waiver of the Conditions Precedent. Accordingly, the Disposal may or may not complete. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in any securities of the Company.**

## THE DISPOSAL

On 13 August 2021, the Vendor, an indirect non-wholly owned subsidiary of the Company, and WOP as the Vendor's guarantor, entered into the Agreement with the Purchaser, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell the Sale Share, and assign the benefit of the Sale Loan, to the Purchaser for an initial consideration of HK\$72.0 million (subject to adjustments as described below).

The principal terms of the Agreement are summarized as follows:

<b>Date:</b>	13 August 2021
<b>Vendor:</b>	Spring Avenue Limited, an indirect non-wholly owned subsidiary of the Company.
<b>Vendor's guarantor:</b>	Wang On Properties Limited, an indirect 75%-owned subsidiary of the Company, the shares of which are listed on the main board of the Stock Exchange (stock code: 1243). The Vendor is wholly-owned by WOP.
<b>Purchaser:</b>	Jibsen Capital (Holdings) Limited 集成匯財(集團)有限公司, a company incorporated under the laws of Hong Kong.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

**Subject Matter:**

The subject matters being bought and sold under the Agreement are the Sale Share and the Sale Loan. The Sale Share represents the one and only issued share in the Target Company and the Sale Loan represents all amounts owing by the Target Company to the Vendor at Completion.

The Target Company is a company incorporated in Hong Kong with limited liability and is currently wholly-owned by the Vendor. It holds the Property located at Shop D on Ground Floor, On Ning Building, Nos. 47, 51, 53 & 55, Ma Tau Kok Road, Kowloon. The Property has a saleable area of approximately 2,300 square feet and is currently subject to a lease with a term from 1 February 2021 to 31 January 2024 at a monthly rental of HK\$180,000, exclusive of government rates, government rent and management fees.

Upon Completion, the Vendor, WOP and the Company will cease to hold any equity interest in the Target Company.

The Target Company has an unaudited net liabilities of approximately HK\$17.4 million as at 31 March 2021.

The net loss before and after taxation of the Target Company for the years ended 31 March 2020 and 2021 are set out as follows:—

	<b>Financial year ended</b>	
	<b>31 March 2021</b>	31 March 2020
	<i>Approx.</i>	<i>Approx.</i>
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Net loss before taxation	<b>10.7</b>	6.7
Net loss after taxation	<b>10.7</b>	6.7

**Conditions precedent:** Completion is conditional upon the satisfaction or waiver of the following Condition Precedent:

- (i) the Purchaser being satisfied with the results of due diligence review on the Target Company and the Property;
- (ii) the Vendor having, at its own cost, procured the Target Company to prove that the Target Company has a good title to the Property in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance;
- (iii) no material adverse change having occurred on or before the Completion Date;
- (iv) the representations, warranties and undertakings given by the Vendor under the Agreement remaining true, accurate and not misleading in all respects before and on the Completion Date; and
- (v) the Vendor having, by no later than 1 September 2021, provided to the Purchaser the audited accounts of the Target Company for the period from 1 April 2020 to 31 March 2021 comprising an audited statement of financial position and audited income statement of the Target Company.

If any of the above Conditions Precedent is not satisfied (or waived by the Purchaser) by the Completion Date, the Purchaser may cancel the transactions under the Agreement whereupon the deposit paid by the Purchaser will be returned to the Purchaser, the Agreement will automatically terminate with immediate effect and no party shall have any further claim against any other party whatsoever in connection with the Agreement.

**Completion:** Subject to satisfaction (or waiver, as the case may be) of the Conditions Precedent, Completion is to take place on the Completion Date, being 15 September 2021 or such other business day as the parties may agree.

**Consideration:**

The consideration (before adjustment) of HK\$72.0 million under the Agreement is to be settled as follows:—

- (i) earnest money in the amount of HK\$2.16 million has already been paid to the Vendor's solicitors prior to the signing of the Agreement and will be applied as part payment of the deposit payable by the Purchaser under the Agreement;
- (ii) an amount of HK\$5.04 million (being the amount of the deposit payable by the Purchaser minus the earnest money paid) is payable by the Purchaser upon signing of the Agreement; and
- (iii) the balance of the consideration, being HK\$64.8 million plus the net current assets (or minus the net current liabilities) of the Target Company as at the Completion Date as shown in the pro forma completion accounts to be prepared by the Vendor and deliverable to the Purchaser no later than 5 business days prior to Completion, will be payable by the Purchaser in settlement of the existing mortgage loan to which the Property relates (which has an outstanding principal amount of approximately HK\$31.4 million as of 31 July 2021) and with the remainder to be paid to the Vendor.

According to the Agreement, the only current assets and current liabilities that are recognized for the purpose of adjustments to the initial consideration as referred to in paragraph (iii) above are as follows:—

**Current assets**

- (a) All receivables arising from the Property calculated up to and including the Completion Date;
- (b) All refundable utility and other deposits placed with relevant authorities or suppliers in connection with the Property; and
- (c) All prepaid operating expenses by the Target Company calculated up to and including the Completion Date.

### **Current liabilities**

- (a) All security deposits received by the Target Company;
- (b) All rental/license fees received in advance by the Target Company attributable to or on account of any period after the Completion Date;
- (c) Payments due to creditors and accruals of certain Property-related expense items; and
- (d) Certain tax provisions of the Target Company.

The Consideration underlying the Agreement has been negotiated between the Vendor and the Purchaser on an arm's length basis taking into account, among other things, the prevailing market price of similar properties in nearby locations and the prevailing rental yield of the Property.

**Security:** The Vendor's obligations under the Agreement are guaranteed by WOP.

### **FURTHER INFORMATION ON THE PURCHASER, THE VENDOR AND WOP**

The Purchaser is a company incorporated in Hong Kong and based on information available to the Company, it is principally engaged in property holding.

The Vendor is principally engaged in the holding and leasing of the Property.

WOP is an investment holding company and, together with its subsidiaries, is principally engaged in the businesses of developing residential and commercial properties for sale and investing in commercial and industrial properties for capital appreciation.

## **FINANCIAL EFFECT OF THE DISPOSAL**

Subject to review by auditors, the Group estimates that upon Completion, it will record a gain on the Disposal in the amount of approximately HK\$16.0 million, which is based on (i) the initial consideration underlying the Agreement of HK\$72 million; (ii) the estimated adjustment amount to the consideration under the Agreement based on the Target Company's management accounts as at 31 July 2021 and in light of the adjustment mechanism in the Agreement as referred to above in the section headed "Consideration"; (iii) the estimated amount of the Sale Loan to be assigned to the Purchaser at Completion and the estimated redemption payment amount in respect of the mortgage loan to which the Property relates; and (iv) other related expenses in respect of the Disposal.

The net proceeds from the Disposal are estimated to be HK\$71.0 million, of which approximately HK\$31.4 million will be applied towards repayment of the existing mortgage loan to which the Property relates, and the remaining amount is expected to be applied as general working capital of WOP and its subsidiaries.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Group is principally engaged in (i) management and sub-licensing of fresh markets and treasury management in Hong Kong and the PRC; (ii) property investment and property development in Hong Kong through WOP; (iii) manufacturing and/or retailing of pharmaceutical and health food products through Wai Yuen Tong Medicine Holdings Limited (Stock Code: 897), its 65.79%-owned listed subsidiary; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through China Agri-Products Exchange Limited (Stock Code: 149), a 53.37%-owned listed subsidiary of Wai Yuen Tong Medicine Holdings Limited.

The Disposal represents part of WOP's continual efforts in reviewing and optimizing its investment property portfolio in its ordinary course of business. In light of the gain that is expected to be recorded, and the improvement to the Group's liquidity positions upon completion of the Disposal, the Directors consider the terms of the Agreement to be fair and reasonable, and that the Disposal is in the interest of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but all of them are less than 25%, the transactions contemplated under the Agreement constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction or waiver of the Conditions Precedent. Accordingly, the Disposal may or may not complete. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in any securities of the Company.**

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Agreement”	the conditional agreement for sale and purchase dated 13 August 2021 entered into between the Purchaser, the Vendor and WOP in relation to the Disposal
“Board”	the board of Directors
“Company”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)
“Completion”	completion of the Disposal
“Completion Date”	date of Completion, which shall be on or before 15 September 2021 (or such other business day as the parties to the Agreement may agree in writing)
“Conditions Precedent”	the conditions precedent to Completion as set out in the Agreement and described in the announcement above
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share, and assignment of the Sale Loan owing by the Target Company to the Vendor, to the Purchaser pursuant to the terms and conditions of the Agreement
“Group”	the Company and its subsidiaries



“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party who is independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement (unless otherwise stated), excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property”	Shop D on Ground Floor, On Ning Building, Nos. 47, 51, 53 & 55, Ma Tau Kok Road, Kowloon, with a saleable area of approximately 2,300 square feet
“Purchaser”	Jibsen Capital (Holdings) Limited 集成匯財(集團)有限公司, a company incorporated under the laws of Hong Kong, the ultimate beneficial owner of which is Ng Wai Sun (an investor)
“Sale Share”	one issued ordinary share of the Target Company, representing the entire issued share capital of the Target Company beneficially held by the Vendor
“Sale Loan”	loan owing by the Target Company to the Vendor on the Completion Date which is to be assigned in favour of the Purchaser at Completion
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Full Loyal Limited 富絡有限公司, a company incorporated under the laws of Hong Kong and is wholly-owned by the Vendor as of the date of this announcement

“Vendor”	Spring Avenue Limited, a BVI business company incorporated under the laws of the British Virgin Islands and an indirect non-wholly owned subsidiary of the Company
“WOP”	Wang On Properties Limited, a 75%-owned subsidiary of the Company, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1243)
“%”	per cent.

By Order of the Board  
**WANG ON GROUP LIMITED**  
(宏安集團有限公司)\*  
**Tang Ching Ho**  
*Chairman and Executive Director*

Hong Kong, 13 August 2021

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Tang Ching Ho, Ms. Yau Yuk Yin and Ms. Stephanie; and three independent non-executive Directors, namely Mr. Wong Chun, Justein, Mr. Siu Kam Chau and Mr. Chan Yung.*

*\* For identification purpose only*