
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Wang On Group Limited (宏安集團有限公司)*, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF APPROXIMATELY 20.17%
EQUITY INTEREST IN CAP
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

ALTUS CAPITAL LIMITED

A letter from the Board is set out on pages 5 to 16 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 17 to 18 of this circular. A letter from Altus Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 30 of this circular.

A notice convening the SGM to be held at 19th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong on Tuesday, 17 October 2023 at 11:00 a.m. or any adjournment thereof (as the case may be) is set out on pages SGM-1 to SGM-2 of this circular. A proxy form for use at the SGM is enclosed with this circular.

Whether or not you intend to attend the SGM or any adjournment thereof (as the case may be) in person, you are requested to complete the enclosed proxy form and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not later than 11:00 a.m. (Hong Kong Time) on Sunday, 15 October 2023, or not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the proxy form shall not preclude you from attending and voting in person or any adjournment thereof (as the case may be) should you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

27 September 2023

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise specifies, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the CAP Shares through the sale and purchase of the Sale Share and the Shareholder’s Loan under the Agreement
“Agreement”	the agreement entered into among the Purchaser, the Seller and the Seller’s Guarantor on 6 September 2023 in relation to sale and purchase of the Sale Share and the Shareholder’s Loan in the Target Company
“Announcement”	the announcement dated 6 September 2023 of the Company in relation to the Acquisition
“associates”, “connected persons” and “percentage ratio”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day other than a Saturday, Sunday or public holiday in Hong Kong when banks in Hong Kong are generally open for business and on which no typhoon signal no. 8 or above or the black rainstorm signal is hoisted in Hong Kong at any time after 9:00 a.m.
“CAP”	China Agri-Products Exchange Limited (中國農產品交易有限公司), an exempted company incorporated in Bermuda with limited liability and the shares of which are listed and traded on the main board of the Stock Exchange (Stock Code: 149)
“CAP Group”	CAP and its subsidiaries
“CAP Share(s)”	the ordinary share(s) of CAP held by the Target Company
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Agreement
“Completion Date”	the date of Completion

DEFINITIONS

“Conditions”	the condition(s) precedent to Completion set out in the Agreement
“Consideration”	the consideration for the Acquisition
“Director(s)”	the director(s) of the Company
“Deferred Payment”	the payment to be paid by the Purchaser to the Seller on or before the Deferred Payment Due Date, being the sum of HK\$100,000,000 as the remaining balance of the Consideration
“Deferred Payment Due Date”	the date falling the second anniversary of the Completion Date
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board which comprises all the independent non-executive Directors to advise the Independent Shareholders on the fairness and reasonableness of terms of the Agreement, and to advise the Independent Shareholders how to vote at the SGM
“Independent Financial Adviser”	Altus Capital Limited, a licensed corporation which is licensed to carry out type 4 (Advising on Securities), type 6 (Advising on Corporate Finance) and type 9 (Asset Management) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders who are not required to abstain from voting in the resolution(s) to be proposed at the SGM
“Interest Period”	six months or any other period as agreed among the Parties
“Latest Practicable Date”	21 September 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Long Stop Date”	the long stop date as stated under the paragraph headed “Conditions” in this circular
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers
“Mr. Tang” or “Seller’s Guarantor”	Mr. Tang Ching Ho, the ultimate owner of the entire issued share capital of the Seller and an executive Director and a controlling Shareholder of the Company
“Parties”	collectively, the Purchaser, the Seller and the Seller’s Guarantor
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	Wang On Enterprises (BVI) Limited, a company with limited liability incorporated under the laws of the British Virgin Islands and is directly wholly-owned by the Company
“Sale Share”	the entire issued share capital of the Target Company
“Seller”	Loyal Fame International Limited (忠譽國際有限公司), a company with limited liability incorporated under the laws of the British Virgin Islands and is indirectly wholly-owned by Mr. Tang
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held and convened to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder including, but not limited to, the Acquisition
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Shareholder’s Loan”	all such sum of money due and owing by the Target Company to the Seller as at Completion by way of an interest-free unsecured loan repayable on demand
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

DEFINITIONS

“Target Company” or “Onger Investments”	Onger Investments Limited, a company incorporated in the British Virgin Islands with limited liability wholly-owned by the Seller as at the Latest Practicable Date
“WOP”	Wang On Properties Limited 宏安地產有限公司 , 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: 1243) and a 75.00%-owned listed subsidiary of the Company
“WYT”	Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*), a company incorporated in Bermuda with limited liability indirectly owned as to approximately 69.19% by the Company, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897)
“%”	per cent.

LETTER FROM THE BOARD



WANG ON GROUP LIMITED

(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

Executive Directors:

Mr. Tang Ching Ho, *GBS, JP (Chairman)*

Ms. Yau Yuk Yin (*Deputy Chairman*)

Ms. Stephanie

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent non-executive Directors:

Mr. Wong Chun, *Justein, BBS, MBE, JP*

Mr. Siu Kam Chau

Mr. Chan Yung, *BBS, JP*

Head office and principal place of business

in Hong Kong:

Suite 3202, 32/F., Skyline Tower

39 Wang Kwong Road

Kowloon Bay

Kowloon

Hong Kong

27 September 2023

To the Shareholders

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF APPROXIMATELY 20.17%
EQUITY INTEREST IN CAP
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement issued by the Company dated 6 September 2023 in relation to, *inter alia*, the Agreement and the Acquisition.

As mentioned in the Announcement, on 6 September 2023 (after trading hours of the Stock Exchange), the Seller, the Seller's Guarantor and the Purchaser (a direct wholly-owned subsidiary of the Company) entered into the Agreement, pursuant to which the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase approximately 20.17% of the issued share capital of CAP

LETTER FROM THE BOARD

through the sale and purchase of the Sale Share and the Shareholder's Loan free from all encumbrances and together with all rights thereto including the right attaching to the Sale Share to receive all dividends and distributions declared, made or paid on or after the Completion Date.

The purpose of this circular is to provide you with, among other things, (i) further details of the Agreement and the Acquisition; (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Agreement and the Acquisition; (iii) a letter of advice from the Independent Financial Adviser, to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the Acquisition; (iv) other information as required to be disclosed under the Listing Rules; and (v) a notice of the SGM and a form of proxy.

THE AGREEMENT

Date: 6 September 2023

Purchaser: Wang On Enterprises (BVI) Limited

Seller: Loyal Fame International Limited

Seller's Guarantor: Mr. Tang

Subject Matter

Pursuant to the Agreement, the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Share and the Shareholder's Loan free from all encumbrances and together with all rights thereto including the right attaching to the Sale Share to receive all dividends and distributions declared, made or paid on or after the Completion Date. By virtue of such sale and purchase, the Company will indirectly acquire 2,007,700,062 CAP Shares, being approximately 20.17% of the issued share capital of CAP.

The Sale Share represents the entire issued share capital of the Target Company which, as at the Latest Practicable Date, owns 2,007,700,062 CAP Shares, being approximately 20.17% of the issued share capital of CAP. The Target Company does not have any material assets or any business operations, other than holding the CAP Shares.

Consideration

The Consideration is HK\$200,000,000 (equivalent to approximately HK\$0.0996 per CAP Share). In accordance with the terms and conditions of the Agreement, the Consideration shall be satisfied by the Purchaser in the following manner:

- (a) at Completion, an aggregate of HK\$100,000,000, shall be paid in cash by the Purchaser to the Seller or its nominees by way of wire transfer to the designated account specified in writing by the Seller or by way of delivering a cheque drawn in favor of the Seller or its nominees; and

LETTER FROM THE BOARD

- (b) on or before the Deferred Payment Due Date, a sum of HK\$100,000,000, being the Deferred Payment, shall be paid in cash by the Purchaser to the Seller or its nominees by way of wire transfer to the designated account specified in writing by the Seller or by way of delivering a cheque drawn in favor of the Seller or its nominees.

The Purchaser shall pay interest accruing on any outstanding balance of the Deferred Payment, commencing from the Completion Date, at a rate of 2% per annum on the last day of each Interest Period. Such interest shall be calculated on the basis of simple interest and of the actual number of days elapsed and a year of 365 days.

The Purchaser may, at its discretion, repay the Deferred Payment and all accrued interest thereon, in whole or in part, prior to the Deferred Payment Due Date. There will not be any premium over or discount to the payment obligations under the Agreement for any early repayment.

The Purchaser intends to fund the Consideration by internal resources of the Group.

The Consideration was determined after arm's length negotiations with reference to, among others:

- (a) the prevailing value of the underlying 2,007,700,062 CAP Shares with reference to the historical price movement as quoted on the Stock Exchange;
- (b) the total equity attributable to the underlying 2,007,700,062 CAP Shares with reference to the final results of CAP for the year ended 31 March 2023;
- (c) the unaudited net asset value of the Target Company and the Shareholder's Loan as at 31 July 2023 in an amount of approximately HK\$27,723,000 and approximately HK\$177,099,000, respectively; and
- (d) the reasons for and benefits of the entering into of the Agreement as stated under the section headed "Reasons for and benefits of the entering into of the Agreement" below.

The Consideration of HK\$0.0996 per CAP Share represents:

- (a) a discount of approximately 5.14% to the closing price of HK\$0.1050 per CAP Share as quoted on the Stock Exchange on the last trading day before the date of the Agreement;
- (b) a discount of approximately 2.54% to the average closing price of approximately HK\$0.1022 per CAP Share as quoted on the Stock Exchange over the last 30 trading days up to and including the last trading day before the date of the Agreement;
- (c) a discount of approximately 4.23% to the closing price of approximately HK\$0.1040 per CAP Share as quoted on the Stock Exchange on the Latest Practicable Date; and

LETTER FROM THE BOARD

- (d) a discount of approximately 42.96% to the audited consolidated total equity attributable to owners of CAP per ordinary share of CAP of approximately HK\$0.1746 as at 31 March 2023, calculated based on the audited total equity attributable to owners of CAP of approximately HK\$1,738,026,000 as at 31 March 2023 divided by 9,953,067,822 ordinary shares of CAP, being the total number of ordinary shares of CAP in issue as at the date of the Announcement.

Conditions

Completion is subject to and conditional upon, including but not limited to, the following Conditions being satisfied or (in respect of paragraph (d) below only) waived (whether in full or in part, and with or without conditions) by the Purchaser:

- (a) the transactions contemplated under the Agreement and the performance of the Seller's, the Seller's Guarantor's and the Purchaser's obligations under the Agreement being in compliance with the Listing Rules and all other applicable laws and regulations;
- (b) the passing of the resolutions by the Independent Shareholders at the SGM to be convened and held to approve the Agreement and the transactions contemplated thereunder, including but not limited to the Acquisition, in accordance with the Listing Rules and other applicable laws and regulations;
- (c) all other necessary corporate and regulatory consents and approvals required to be obtained on the part of the Company, the Seller, the Purchaser, the Target Company and/or CAP in respect of the Agreement and the transactions contemplated thereunder having been obtained and such consents and approvals not having been revoked; and
- (d) each of the warranties given by the Seller and the Seller's Guarantor under the Agreement being true and correct in all respects upon Completion as if it is repeated at all times from the date of the Agreement to the Completion.

The Long Stop Date is 31 January 2024 or such other date as may be agreed in writing by the Parties. If all the Conditions are not satisfied or waived in accordance with the Agreement by the Long Stop Date, the Agreement shall terminate and cease to have effect on the Long Stop Date except for certain provisions which will survive termination and any rights, or liabilities of the Parties that have accrued up to the date of termination.

Completion

Completion shall take place on or before the fifth Business Day after fulfilment and/or waiver (where applicable) of all the Conditions or such other date as the Seller and the Purchaser shall agree in writing.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial information of the Target Company will be consolidated into the financial statements of the Group. As at the Latest Practicable Date, the Company indirectly held approximately

LETTER FROM THE BOARD

53.37% interest in CAP through a subsidiary of WYT and CAP is accounted for as a non-wholly owned subsidiary of the Company. The Company's equity interest in CAP will increase from approximately 53.37% to approximately 73.54% upon Completion.

Guarantee of Seller's Guarantor

In consideration of the Purchaser's entry into the Agreement with the Seller and subject to the terms of the Agreement, the Seller's Guarantor irrevocably and unconditionally guarantees to the Purchaser the Seller's due and punctual performance of and compliance with all the obligations, undertakings, warranties, indemnities, covenants, terms and conditions which the Seller shall perform and comply with under the Agreement. The Seller's Guarantor further undertakes that if the Seller fails to perform in a timely manner all or any of its obligations under the Agreement, he shall forthwith upon written demand of the Purchaser perform or procure the performance of all of the obligations of the Seller under the Agreement.

INFORMATION OF THE PURCHASER, THE COMPANY AND THE GROUP

The Purchaser is a company with limited liability incorporated under the laws of the British Virgin Islands and is a direct wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

The Company is a company incorporated in Bermuda with limited liability and is an investment holding company. The Company is ultimately owned by Mr. Tang (together with his associates) as to approximately 50.67% based on the disclosure of interest notice filed by Mr. Tang pursuant to the SFO.

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, property development and asset management in Hong Kong through WOP, a 75.00%-owned listed subsidiary of the Company; (iii) manufacturing and retailing of pharmaceutical and health food products through WYT, an approximately 69.19%-owned listed subsidiary of the Company; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP, an approximately 53.37%-owned listed subsidiary of WYT.

INFORMATION OF THE SELLER AND THE SELLER'S GUARANTOR

The Seller is a company with limited liability incorporated on 13 December 2006 under the laws of the British Virgin Islands and is indirectly wholly-owned by Mr. Tang. It is principally engaged in investment holding.

The Seller's Guarantor (i.e. Mr. Tang) is the ultimate beneficial owner of the entire issued share capital of the Seller. He is also our executive Director and our ultimate controlling Shareholder.

LETTER FROM THE BOARD

INFORMATION OF THE TARGET COMPANY AND CAP

The Target Company is a company with limited liability incorporated on 9 August 2007 under the laws of the British Virgin Islands. It is principally engaged in investment holding. The Target Company does not have any material assets or any business operations, other than holding approximately 20.17% of the issued share capital of CAP. As at the Latest Practicable Date, the entire issued share capital of the Target Company is held by the Seller, which is ultimately owned by Mr. Tang.

The CAP Group is principally engaged in the business of management and sale of properties in agricultural produce exchange markets in the PRC. As at the Latest Practicable Date, CAP is (i) indirectly held by WYT as to approximately 53.37%, for which CAP is accounted for as a non-wholly owned subsidiary of the Company, and (ii) directly held by the Target Company as to approximately 20.17%.

FINANCIAL INFORMATION OF THE TARGET COMPANY AND CAP

Set out below is the audited financial information of the Target Company for the two years ended 31 March 2022 and 2023, as extracted from the audited financial statements of the Target Company, and the unaudited financial information for the four months ended 31 July 2023:

	For the year ended 31 March		For the four months ended
	2022	2023	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Turnover	Nil	Nil	Nil
(Loss)/Profit before taxation	(70,393)	(38,280)	34,089
(Loss)/Profit after taxation	(70,393)	(38,280)	34,089

As at 31 July 2023, the unaudited net assets of the Target Company amounted to approximately HK\$27,723,000.

Set out below is the audited financial information of CAP for the two years ended 31 March 2022 and 2023 as extracted from the audited financial statements of CAP:

	For the year ended 31 March	
	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Turnover	868,685	596,400
Profit before taxation	105,793	27,903
Profit after taxation	37,036	18,501

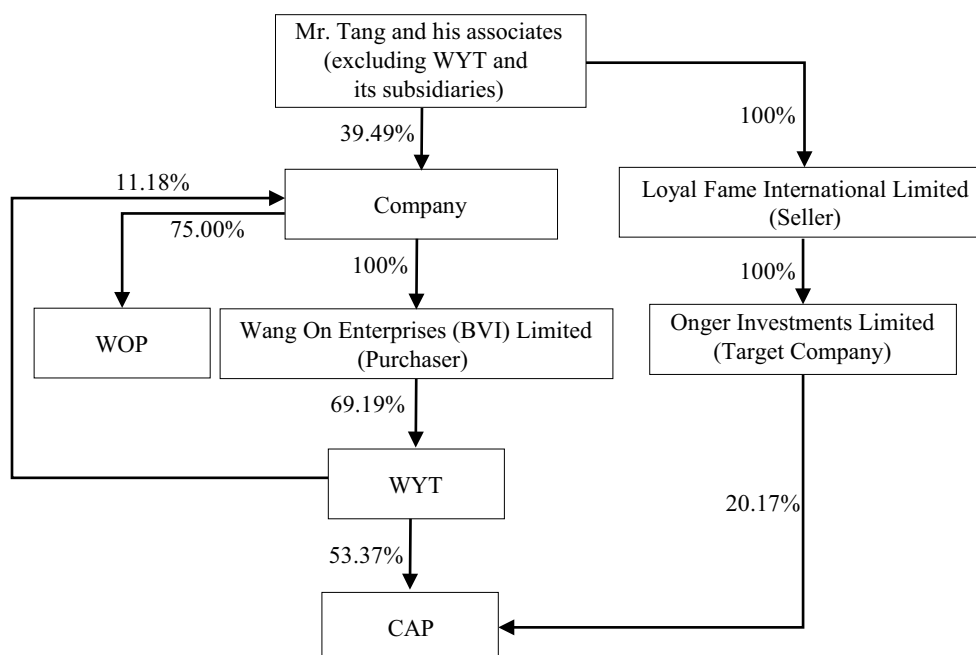
As at 31 March 2023, the audited net assets of CAP amounted to approximately HK\$2,127,412,000.

LETTER FROM THE BOARD

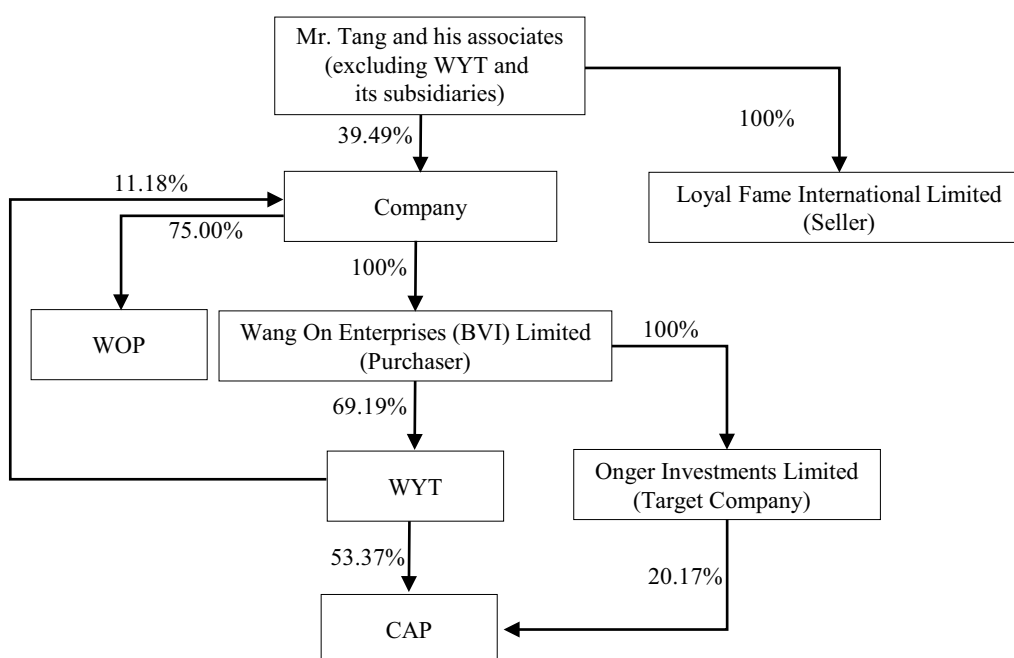
TRANSACTION STRUCTURE

We set out below a simplified chart of the Company, CAP, WOP and WYT illustrating their shareholding structure before and after the Acquisition.

Before the Acquisition



After the Acquisition



LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE AGREEMENT

The agricultural sector has historically played an important role in the PRC economy and has been a key focus of the Twelfth Five-Year Plan of the PRC. In addition, agricultural development is one of the policy priorities of the PRC government for the forthcoming years. In 2023, the Central Committee of the Communist Party of China and the State Council of China released the “No. 1 Central Document of 2023” (2023年中央一號文件), pursuant to which the PRC government states that it aims to promote investment in the agricultural produce markets, expand the agricultural produce network, build logistic infrastructure and storage facilities for agriculture products and improve regional cold storage infrastructure. Furthermore, it is expected that the “Belt and Road Initiative” policy will drive the overall growth of the PRC economy and establish sustainable conditions for the continuing development in the PRC.

In particular, the PRC government aims to promote the agricultural industry in accordance with a modernized national agricultural development plan. Pursuant to the plan, the PRC government will (i) establish a mechanism to ensure steady increase in agricultural investment to improve agricultural production, rural development and social welfare and financial services for the rural community; (ii) strengthen support and protection for the industry by improving agricultural subsidy policy, adopting and improving the reward and subsidy scheme for agricultural production and improving the regulatory framework in the agricultural market; and (iii) promote the agricultural industry by encouraging international cooperation and enhancing international agricultural trade. The Directors believe that the CAP Group will benefit from the favorable government policy in respect of the agricultural industry and the expected growth in the PRC agricultural sector and the overall PRC economy.

In addition, the CAP Group has proactively undertaken measures to expand its presence and business operations in the PRC by adopting an “asset light” strategy through fostering collaborations with different industry players, and exploring the development of online trading platforms to harness the opportunities arising from the PRC government’s promotion of the data economy. The Directors consider that the CAP Group will be able to strengthen its nationwide agricultural produce exchange network by leveraging its leading position in the industry, replicable business model, sophisticated management system, robust information technology infrastructure and quality customer service. The Directors hold positive views towards the financial performance and future prospect of CAP, and believe that the Acquisition can enhance the Company’s control over the CAP Group as well as the Company’s long-term development in agricultural produce exchange markets.

Having considered the above, the Directors (excluding the independent non-executive Directors whose views were set out in the letter from the Independent Board Committee on pages 17 to 18 of this circular) are of the view that the Acquisition is in the interests of the Group, and the terms of the Agreement (including but not limited to the Consideration) are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Discloseable transaction

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Connected transaction

Mr. Tang is our executive Director and our ultimate controlling Shareholder and is therefore a connected person of the Company. As at the Latest Practicable Date, the entire issued share capital in the Seller is ultimately owned by Mr. Tang. Accordingly, the Seller is an associate of Mr. Tang and a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The entering into of the Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The entering into of the Agreement and the transactions contemplated thereunder, including but not limited to the Acquisition are therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, as Mr. Tang is considered to have material interests in the Agreement and the transactions contemplated thereunder, Mr. Tang, Ms. Yau Yuk Yin (being Mr. Tang's spouse) and Ms. Stephanie (being Mr. Tang's daughter-in-law) had abstained from voting on the Board resolutions of the Company to approve the Agreement and the transactions contemplated thereunder. Save for the aforementioned, no other Director has a material interest in the Agreement and the transactions contemplated thereunder and therefore is required to abstain from voting on the Board resolutions of the Company to approve any of the same.

Any Shareholder that has a material interest in the Agreement and the transactions contemplated thereunder shall abstain from voting on the resolution approving the Agreement and the transactions contemplated thereunder at the SGM. As Mr. Tang is considered to have material interests in the Agreement and the transactions contemplated thereunder, he and his close associates shall be required to abstain from voting on the resolution of the Company in approving the Agreement and the transactions contemplated thereunder at the SGM. Save for the aforementioned and to the best knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Agreement and the transactions contemplated thereunder and is required to abstain from voting on the resolution of the Company in approving the Agreement and the transactions contemplated thereunder at the SGM.

DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, (i) Mr. Tang held 28,026,339 Shares, (ii) Ms. Yau Yuk Yin, being Mr. Tang's spouse and hence an associate of Mr. Tang, held 28,026,300 Shares, (iii) Caister Limited, Billion Trader Investments Limited, Suntech Investments Limited and Hearty Limited, each being an associate of Mr. Tang, held 486,915,306 Shares, 531,000,000 Shares, 432,475,200 Shares and 1,284,273,800 Shares, respectively, and (iv) Accord Power Limited held 4,989,928,827 Shares for the Tang's Family Trust.

LETTER FROM THE BOARD

Accordingly, Mr. Tang, Ms. Yau Yuk Yin, Caister Limited, Billion Trader Investments Limited, Suntech Investments Limited, Hearty Limited, and Accord Power Limited will abstain from voting at the SGM in respect of 7,780,645,772 Shares, representing approximately 50.67% of the total issued Shares.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Wong Chun, Justein, Mr. Siu Kam Chau and Mr. Chan Yung, has been formed to advise the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder including, but not limited to, the Acquisition. None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Agreement. Altus Capital Limited has been appointed as the Independent Financial Adviser with the approval of the Board to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder and as to voting.

THE SGM

The SGM will be convened and held on Tuesday, 17 October 2023 at 11:00 a.m. or any adjournment thereof (as the case may be) at 19th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong for the purpose of considering and, if thought fit, approving the entering into of the Agreement and the transactions contemplated thereunder by the Independent Shareholders by way of a poll.

A notice convening the SGM is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you intend to attend the SGM in person, you are requested to complete the enclosed proxy form and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not later than 11:00 a.m. (Hong Kong Time) on Sunday, 15 October 2023, or not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the proxy form shall not preclude you from attending and voting in person or any adjournment thereof (as the case may be) should you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

The record date for the determination of the entitlement to attend and vote at the SGM will be on Tuesday, 17 October 2023. In order to qualify for attending the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than Wednesday, 11 October 2023 at 4:30 p.m. (Hong Kong Time).

In accordance with Rule 13.39(4) of the Listing Rules and the bye-laws of the Company, the voting of the Shareholders at the SGM will be taken by poll. The results of the poll will be published on the websites of the Company and the Stock Exchange.

LETTER FROM THE BOARD

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it/he/she has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its/his/her Shares to a third party, either generally or on a case-by-case basis.

RECOMMENDATION

Your attention is also drawn to:

- (a) the letter from the Independent Board Committee, the text of which is set out on pages 17 to 18 of this circular; and
- (b) the letter from the Independent Financial Adviser, the text of which is set out on pages 19 to 30 of this circular.

The Independent Shareholders are advised to read the aforesaid letters before deciding how to vote at the SGM.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Agreement and the transactions contemplated thereunder including, but not limited to, the Acquisition, though not in the ordinary and usual course of business of the Group, are on normal commercial terms and fair and reasonable so far as the Company and the Shareholders are concerned, and thus the entering into of the Agreement and the transactions contemplated thereunder including, but not limited to, the Acquisition are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the entering into of the Agreement and the transactions contemplated thereunder including, but not limited to, the Acquisition.

For the reasons set out above, the Directors (including the independent non-executive Directors) consider that the terms of the Agreement and the transactions contemplated thereunder including, but not limited to, the Acquisition, though not in the ordinary and usual course of business of the Group, are on normal commercial terms and fair and reasonable so far as each of the Company and the Shareholders are concerned, and thus the entering into of the Agreement and the transactions contemplated thereunder including, but not limited to, the Acquisition are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolution at the SGM for the approval of the Agreement and the transactions contemplated thereunder including, but not limited to, the Acquisition.

GENERAL

Completion is subject to the fulfillment of the Conditions and the Acquisition may or may not proceed to Completion. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular and the notice of the SGM.

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

* *For identification purpose only*



WANG ON GROUP LIMITED

(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

27 September 2023

To the Independent Shareholders

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF APPROXIMATELY 20.17%
EQUITY INTEREST IN CAP
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

We refer to the circular of the Company dated 27 September 2023 (the “**Circular**”) of which this letter forms part. Unless specified otherwise, capitalized terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board to form the Independent Board Committee to consider, and advise you on, the terms of the Agreement and the transactions contemplated thereunder including, but not limited to, the Acquisition. Altus Capital Limited has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving their advice, are set out on pages 19 to 30 of the Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendix thereto and the notice of the SGM.

Having considered the terms of the Agreement and the transactions contemplated thereunder including, but not limited to, the Acquisition and taking into account the independent advice of the Independent Financial Adviser set out in its letter on pages 19 to 30 of the Circular and the relevant information contained in the letter from the Board, we consider that the entering into of the Agreement and the transactions contemplated thereunder including, but not limited to, the Acquisition, though not in the ordinary and usual course of business of the Group, are on normal commercial terms and fair and reasonable so far as the Company and the Shareholders are concerned, and thus the entering into of the Agreement and the transactions contemplated thereunder including, but not limited to, the Acquisition are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we, representing the Independent Board Committee, recommend that you vote in favour of the ordinary resolution to be proposed at the SGM in relation to the entering into of the Agreement and the transactions contemplated thereunder including, but not limited to, the Acquisition.

Yours faithfully,
Independent Board Committee
Wong Chun, Justein
Siu Kam Chau
Chan Yung
Independent non-executive Directors

* *For identification purpose only*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of incorporation in this circular.

ALTUS.

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

27 September 2023

To the Independent Board Committee and the Independent Shareholders

Wang On Group Limited
Suite 3202, 32/F., Skyline Tower
39 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF APPROXIMATELY 20.17% EQUITY INTEREST IN CAP

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition. Details of the Acquisition and the terms of the Agreement are set out in the “Letter from the Board” contained in the circular of the Company dated 27 September 2023 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 6 September 2023, the Seller, the Seller’s Guarantor and the Purchaser entered into the Agreement, pursuant to which the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Share and the Shareholder’s Loan free from all encumbrances and together with all rights thereto including the right attaching to the Sale Share to receive all dividends and distributions declared, made or paid on or after the Completion Date. By virtue of such sale and purchase, the Company will indirectly acquire 2,007,700,062 CAP Shares, being approximately 20.17% of issued share capital of CAP.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

LISTING RULES IMPLICATIONS

Mr. Tang is the executive Director and the ultimate controlling Shareholder and is therefore a connected person of the Company. As at the Latest Practicable Date, the entire issued share capital of the Seller is ultimately owned by Mr. Tang. Accordingly, the Seller is an associate of Mr. Tang and a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The entering into of the Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The entering into of the Agreement and the transactions contemplated thereunder, including but not limited to the Acquisition are therefore subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Wong Chun, Justein, Mr. Siu Kam Chau and Mr. Chan Yung, has been established to advise the independent Shareholders as to (i) whether the terms of the Agreement are fair and reasonable; (ii) whether the entering into of the Agreement is on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole; and (iii) how the independent Shareholders should vote in respect of the ordinary resolution to be proposed at the SGM, taking into account the recommendation of the Independent Financial Adviser.

INDEPENDENT FINANCIAL ADVISER

As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give recommendations to the Independent Board Committee and the Independent Shareholders (i) whether the terms of the Agreement are fair and reasonable; (ii) whether the entering into of the Agreement is on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole; and (iii) how the independent Shareholders should vote in respect of the ordinary resolution to be proposed at the SGM.

We have not acted as independent financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the Acquisition and the Agreement is at market level and not conditional upon successful passing of the resolution to be proposed at the SGM, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling shareholder(s) or connected person(s).

BASIS OF OUR OPINON

In formulating our opinion, we have reviewed, amongst others, (i) the Agreement; (ii) annual report of the Company for the year ended 31 March 2023 ("**2023 Annual Report**"); (iii) annual report of CAP for the year ended 31 March 2023 ("**CAP 2023 Annual Report**"); and (iv) other information contained or referred to in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular are accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us to be untrue, inaccurate or misleading.

We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Management have been reasonably made after due and careful enquiry. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background information of the Purchaser and the Group

The Purchaser is a direct wholly-owned subsidiary of the Company and is principally engaged in investment holding.

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, property development and asset management in Hong Kong through Wang On Properties Limited (Stock Code: 1243), a 75.0%-owned listed subsidiary of the Company; (iii) manufacturing and retailing of pharmaceutical and health food products through Wai Yuen Tong Medicine Holdings Limited (“**WYT**”) (Stock Code: 897), an approximately 69.19%-owned listed subsidiary of the Company; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP, an approximately 53.37%-owned listed subsidiary of WYT.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.1 Financial information of the Group

Set out below a summary of financial information of the Group extracted from the 2023 Annual Report.

Extract of statement of profit or loss

	For the year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(audited)	(audited)
Revenue	3,603,458	1,856,041
– Revenue from contracts with customers	3,165,341	1,267,302
– Sale of properties (<i>Note 1</i>)	2,140,165	418,564
– Sale of goods (<i>Note 2</i>)	815,674	621,663
– Commission income from agricultural product exchange markets (<i>Note 3</i>)	94,915	94,909
– Agricultural produce exchange market ancillary services (<i>Note 3</i>)	97,576	101,389
– Asset management fee	17,011	30,777
– Interest income from treasury operation	81,039	143,788
– Revenue from other sources (<i>Note 4</i>)	357,078	444,951
Gross profit	<u>1,059,615</u>	<u>805,732</u>
Profit/(loss) for the year	<u>98,754</u>	<u>(252,763)</u>

Notes:

1. *Approximately HK\$169.0 million and HK\$418.6 million was attributable to revenue generated by the CAP Group in FY2023 and FY2022 respectively.*
2. *Approximately HK\$14.7 million and HK\$11.4 million was attributable to revenue generated by the CAP Group in FY2023 and FY2022 respectively.*
3. *This segment of revenue is generated from the CAP Group.*
4. *Approximately HK\$186.6 million and HK\$204.2 million was attributable to revenue generated by the CAP Group in FY2023 and FY2022 respectively.*
5. *For details of the CAP Group's financial information, please refer to the paragraph headed "2.2 Financial information of the CAP Group" of this letter below.*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Year ended 31 March 2023 (FY2023) compared with year ended 31 March 2022 (FY2022)

The Group's revenue for the FY2023 increased by approximately 94.1% to approximately HK\$3,603.5 million, from approximately HK\$1,856.0 million in FY2022. Such increase was mainly due to the increase in sales contributed from the delivery of the Group's property development projects in which the Group has controlling stakes during FY2023; revenue from sale of properties amounted to approximately HK\$2,140.2 million and HK\$418.6 million in FY2023 and FY2022 respectively.

The change from loss of the year of approximately HK\$252.8 million in FY2022 to a profit for the year of approximately HK\$98.8 million in FY2023 was primarily due to (i) decrease in impairment losses of debt investments, decrease in realised losses on disposal of debt investments, and decrease in fair value losses on financial assets at fair value through profit and loss; (ii) increase in gross profit resulting from delivery of property projects owned by the Group; and (iii) decrease in net fair value losses on investment properties, as partially offset by (a) decrease in share of profits from delivery of completed residential projects from joint ventures, (b) new additions of write down of properties held for sales and properties under development, (c) reduction in revenue from treasury operation, as well as (d) increase in finance costs arising from interest rates increment.

1.2 Outlook of the Group

The Management expects 2023 to be a challenging year because of ongoing global economic uncertainties. The Group is taking a proactive approach to monitoring changes, risks and assets closely, and is committed to capturing every opportunity for its development. The overall financial position of the Group and the expected continued growth through its diversified business enables the Group to have a high degree of flexibility. The Group is confident that with its strategic investments, it will continue to achieve sustained growth and deliver long-term value to its stakeholders.

In particular, in relation to the CAP Group, agricultural development is the PRC central government's first priority policy for the next consecutive years. It is clearly stated in the "No. 1 Central Document of 2023" released by the Central Committee of Communist Party of China and the State Council of China about the aim to promote investments in agricultural produce markets, expand agricultural produce network, build logistic infrastructure and storage facilities for agricultural products and improve regional cold storage infrastructure. Furthermore, the "Belt and Road Initiative" policy will be the main factor for the PRC economy's overall growth and offer a sustainable way for the PRC on-going development.

The CAP Group is focusing on adopting an "asset light" strategy and exploring electronic trading platform development to capture new business opportunities and take advantage of technology advancement promoted by the PRC government's data economy initiatives. The CAP Group is confident that it will deliver long-term benefits to itself and its shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Background information of the Seller and the Target Company

The Seller is indirectly wholly-owned by Mr. Tang and is principally engaged in investment holding. Mr. Tang is the Seller's Guarantor and also the Company's executive Director and controlling Shareholder.

The Target Company is principally engaged in investment holding and the entire issued share capital of the Target Company is held by the Seller. As at the Latest Practicable Date, the Target Company owns 2,007,700,062 CAP Shares, being approximately 20.17% of the issued share capital of CAP. The Target Company does not have any material assets or any business operations, other than holding such CAP Shares.

2.1 Financial information of the Target Company

Extract of statement of profit or loss

	For the year ended 31 March		For the four months ended 31 July
	2022	2023	2023
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(unaudited)
Turnover	Nil	Nil	Nil
(Loss)/Profit before taxation	(70,393)	(38,280)	34,089
(Loss)/Profit after taxation	(70,393)	(38,280)	34,089

The recorded profit or losses of the Target Company was mainly due to fair value changes of the CAP Shares as at the year/period end dates.

As at 31 July 2023, the unaudited net assets of the Target Company amounted to approximately HK\$27.7 million.

As mentioned above, the main asset of the Target Company is the CAP Shares. With reference to the closing share price of HK\$0.102 per CAP share as at 31 July 2023, the value of such CAP Shares amount to approximately HK\$204.8 million on the books of the Target Company as at 31 July 2023. As such, taking into account of the Shareholder's Loan of approximately HK\$177.1 million, the Target Company's net asset value approximate to HK\$27.7 million as at 31 July 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2.2 *Financial information of CAP Group*

The CAP Group is principally engaged in the business of management and sale of properties in agricultural produce exchange markets in the PRC.

Extract of profit or loss

	For the year ended 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Revenue	596,400	868,685
Profit before taxation	27,903	105,793
Profit after taxation	18,501	37,036

CAP Group's overall decrease in revenue and profit for the year was mainly due to decrease in property sales during the year ended 31 March 2023. As at the Latest Practicable Date, the Group is indirectly interested in approximately 53.37% of equity interest of CAP. As such, CAP is a subsidiary of the Company prior to the Acquisition and its results are consolidated to that of the Group's. Please refer to the paragraph headed "1.1 Financial information of the Group" of this letter for extract of the Group's financial information.

3. **Reasons for and benefits of entering into of the Agreement**

The agricultural sector has historically been an important component of China's economy and for the China's Twelfth Five Year Plan. As mentioned under the paragraph headed "1.2 Outlook of the Group" of this letter, the PRC government aims to enhance the agricultural industry based on the national modern agriculture development plan.

The PRC government plans to (i) increase agricultural investment; (ii) strengthen support and protection for the agricultural industry; and (iii) promoting and enhancing international agricultural trade. Taking into account the favourable government policy in respect of the agricultural industry as well as the CAP Group's proactive measures to expand its presence and business operations in the PRC, the Directors are confident on the future prospect of CAP and believe the Acquisition can enhance the Company's control over the CAP Group as well as the Company's long-term development in agricultural produce exchange markets. Given the positive PRC government plans in boosting the overall agricultural industry, we are of the view that the entering into of the Agreement would enable the Group to increase its stake in the future returns of CAP to be fair and reasonable and that the Acquisition is in the interests of the Company and Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Principal terms of the Agreement

Pursuant to the Agreement, the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Share and the Shareholder's Loan free from all encumbrances and together with all rights thereto including the right attaching to the Sale Share to receive all dividends and distributions declared, made or paid on or after the Completion Date. By virtue of such sale and purchase, the Company will indirectly acquire 2,007,700,062 CAP Shares, being approximately 20.17% of issued share capital of CAP.

When assessing the fairness and reasonableness of the terms of the Agreement, we have considered the principal terms of the Agreement summarised below. Please refer to the paragraphs headed "The Agreement" in the "Letter from the Board" set out in the Circular for further details.

4.1 Consideration

The Consideration is HK\$200 million (equivalent to approximately HK\$0.0996 per CAP Share). The Consideration was determined after arm's length negotiations with reference to, among others, (i) the unaudited net asset value of the Target Company and the Shareholder's Loan as at 31 July 2023 in an amount of approximately HK\$27.7 million and approximately HK\$177.1 million respectively; (ii) the prevailing value of the underlying 2,007,700,062 CAP Shares with reference to the historical price movement as quoted on the Stock Exchange; and (iii) the total equity attributable to the underlying 2,007,700,062 CAP Shares with reference to the final results of CAP for the year ended 31 March 2023.

In assessing the fair and reasonableness of the Consideration, we have conducted the following analyses:

4.1.1 Net asset value of the Target Company

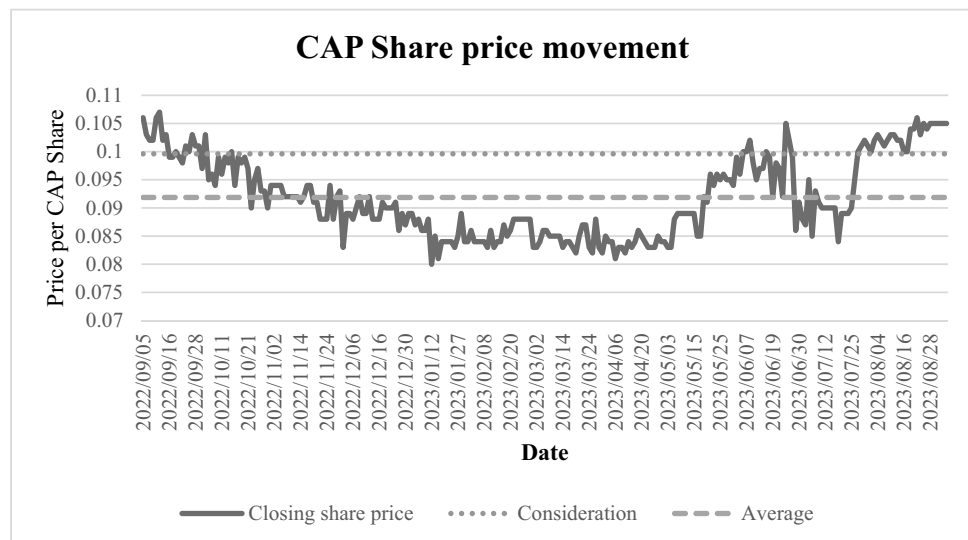
As disclosed in the paragraph headed "2.1 Financial information of the Target Company" of this letter, the net asset value of the Target Company is approximately HK\$27.7 million as at 31 July 2023. As the Shareholder's Loan amounting to approximately HK\$177.1 million will be purchased by the Group, the value of the Target Company will then be primarily based on its major asset, being the CAP Shares, which amounted to approximately HK\$204.8 million as at 31 July 2023 based on the closing share price of HK\$0.1020 per CAP Share of even date. As such, taking into consideration that (i) the Consideration of HK\$200 million (equivalent to approximately HK\$0.0996 per CAP Share) is at a discount of approximately 2.3% of the aforementioned value of the CAP Shares of approximately HK\$204.8 million (equivalent to approximately HK\$0.1020 per CAP Share); and (ii) the closing price per CAP share of HK\$0.1040 on 6 September 2023, being the date of entering into the Agreement, implies a discount of approximately 4.23%, we are of the view that the Consideration is fair and reasonable and is in the interests of the Company and Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4.1.2 Prevailing value of the CAP Shares

The Consideration of HK\$0.0996 per CAP Share represents (i) a discount of approximately 5.14% to the closing price of HK\$0.1050 per CAP Share as quoted on the Stock Exchange on the last trading day before the date of the Agreement; (ii) a discount of approximately 2.54% to the average closing price of approximately HK\$0.1022 per CAP Share as quoted on the Stock Exchange over the last 30 trading days up to and including the last trading day before the date of the Agreement; and (iii) a discount of approximately 4.23% to the closing price of approximately HK\$0.1040 per CAP Share as quoted on the Stock Exchange on the Latest Practicable Date.

In assessing the fairness and reasonableness of HK\$0.0996 per CAP Share (i.e. Consideration of HK\$200 million), we have also conducted an analysis on the share price movement of CAP shares. Set out below is the chart illustrating the historical closing price of the CAP Shares during the period from 5 September 2022, being 12 months immediately preceding the last trading day before the date of the Agreement, to the date of the Agreement (the “**Review Period**”). We consider that a period of 12 months, which reflects the prevailing market sentiment, is adequate to illustrate the recent price movement of the CAP Shares for the purpose of conducting our analysis.



LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

During the Review Period, the CAP Shares recorded a highest closing price of HK\$0.1070 and a lowest closing price of HK\$0.0800. The average daily closing price per CAP Share was approximately HK\$0.0919 during the said period. The Consideration of HK\$0.0996 per CAP Share is approximately 8.4% higher than the average closing price of approximately HK\$0.0919 per CAP Share and within the range of the highest and lowest price of the CAP Shares during the Review Period

Notwithstanding that the Consideration of HK\$0.0996 per CAP Share is approximately 8.4% higher than the average daily closing price during the Review Period, taking in account that such Consideration (i) is well within the range of the highest and lowest price per CAP Share during the Review Period; and (ii) is at a discount to the most recent share prices of CAP Shares (i.e. (a) discount of approximately 5.14% to the closing price of HK\$0.1050 per CAP Share on the last trading day before the date of the Agreement and (b) discount of approximately 2.54% to the average closing price of approximately HK\$0.1022 per CAP Share over the last 30 trading days up to and including the last trading day before the date of the Agreement), we are of the view that the Consideration of HK\$0.0996 per CAP Share is fair and reasonable.

4.1.3 Equity attributable to the CAP Shares

With reference to the total equity attributable to owners of CAP of approximately HK\$1,738.03 million as at 31 March 2023 and the total number of ordinary shares of CAP in issue as at the Latest Practicable Date, total equity attributable to owners of each ordinary share of CAP amounts to approximately HK\$0.1746. As the Consideration of HK\$0.0996 per CAP Share is at a significant discount of approximately 42.96% to the equity attributable to each share of CAP, we are of the view that the Consideration is fair and reasonable.

4.2 Deferred Payment

Of the Consideration of HK\$200 million, HK\$100 million, being the Deferred Payment, shall be settled on or before the Deferred Payment Due Date, which is the date falling the second anniversary of the Completion Date.

As the payment structure in relation to the Acquisition allows the Group to settle 50% of the Consideration two years subsequent to the Completion Date, such arrangement allows the Group to maintain excess cash in case of working capital needs.

4.2.1 Interest rate on the Deferred Payment

The Purchaser shall pay interest accruing on any outstanding balance of the Deferred Payment, commencing from the Completion Date, at a rate of 2% per annum on the last day of each interest period. We understand from the Management that the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Group average cost of capital is approximately 6.6%. As the interest rate on the Deferred Payment is lower than the Group average borrowing rate, we are of the view that the interest rate of 2% per annum is on normal commercial terms or better.

4.2.2 Early repayment of Deferred Payment

The Purchaser may, at its discretion, repay the Deferred Payment and all accrued interest thereon, in whole or in part, prior to the Deferred Payment Due Date. There will not be any premium over or discount to the payment obligations under the Agreement for any early repayment.

The fact that the Group has the absolute discretion to decide on whether to repay the Deferred Payment, in whole or in part, provides flexibility to the Group in managing its cash flows or working capital needs. Therefore, the mechanism of allowing for early repayment of the Agreement is in the interests of the Company and Shareholders as a whole.

4.2.3 Section summary

Taking into account that (i) the Deferred Payment is subject to an interest rate which is on normal commercial terms or better; and (ii) the Group has the sole discretion in deciding whether to make early repayment (in whole or in part), we are of the view that the Deferred Payment mechanism of the payment structure is in the interests of the Company and Shareholders as a whole as it allows the Group a greater extent of flexibility in managing its cash flow and working capital needs.

5. Financial effect

As at the Latest Practicable Date, the Company indirectly held approximately 53.37% interest in CAP through a subsidiary of WYT and CAP is accounted for as a non-wholly owned subsidiary of the Company. As such, upon Completion, through the acquisition of the Target Company, the Group's shareholding interest in CAP will increase to approximately 73.54%, and CAP will continue to be a non-wholly owned subsidiary of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors, we are of the view that (i) the terms of the Agreement are fair and reasonable; (ii) the entering into of the Agreement, though not in the ordinary and usual course of business of the Group, is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution to be proposed at the SGM to approve the Agreement.

Yours faithfully,
For and on behalf of
Altus Capital Limited

Jeanny Leung
Responsible Officer

Leo Tam
Responsible Officer

*Ms. Jeanny Leung (“**Ms. Leung**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.*

*Mr. Leo Tam (“**Mr. Tam**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over eight years of experience in corporate finance and advisory in Hong Kong, in particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions. Mr. Tam is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company and/or any of their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code under the Listing Rules, were as follows:

Long positions in the Shares:

Name of Director	Number of Shares held, capacity and nature of interest				Total	Approximate percentage of the Company's Total issued share capital (Note f) %
	Personal interest	Family interest	Corporate interest	Other interest		
Mr. Tang Ching Ho ("Mr. Tang")	28,026,339	28,026,300 (Note a)	2,734,664,306 (Note b)	4,989,928,827 (Note c)	7,780,645,772	50.67
Ms. Yau Yuk Yin ("Ms. Yau")	28,026,300	2,762,690,645 (Note d)	—	4,989,928,827 (Note e)	7,780,645,772	50.67

Notes:

- (a) Mr. Tang was taken to be interested in those Shares in which his spouse, Ms. Yau, was interested.
- (b) 486,915,306 Shares were held by Caister Limited (a company wholly-owned by Mr. Tang), 531,000,000 Shares were held by Billion Trader Investments Limited (a direct wholly-owned subsidiary of Loyal Fame International Limited (“**Loyal Fame**”), which is a direct wholly-owned subsidiary of Easy One Financial Group Limited (“**Easy One**”), which is in turn wholly-owned by Mr. Tang), and 432,475,200 and 1,284,273,800 Shares were held by Suntech Investments Limited (“**Suntech Investments**”) and Hearty Limited respectively (both direct wholly-owned subsidiaries of Total Smart Investments Limited (“**Total Smart**”), which is directly wholly-owned by WYT, which is owned as to approximately 69.19% by Rich Time Strategy Limited (“**Rich Time**”), which is in turn wholly-owned by Wang On Enterprises (BVI) Limited (“**WOE**”), a wholly-owned subsidiary of the Company).
- (c) Mr. Tang was taken to be interested in those Shares by virtue of being the founder of a discretionary trust, namely Tang’s Family Trust.
- (d) Ms. Yau was taken to be interested in those Shares in which her spouse, Mr. Tang, was interested.
- (e) Ms. Yau was taken to be interested in those Shares by virtue of being a beneficiary of Tang’s Family Trust.
- (f) The percentages were disclosed pursuant to the relevant disclosure forms filed under the SFO as at the Latest Practicable Date.

Interest in the shares and underlying shares of associated corporations of the Company:

Name of Director	Name of associated corporation	Nature of interest	Total number of shares involved	Approximate percentage of associated corporation’s total issued share capital (Note a) %
Mr. Tang	CAP	Interest of controlled corporation	7,320,095,747 (Note b)	73.54
Ms. Yau	WYT	Interest of controlled corporation	810,322,940 (Note c)	69.19
	WOP	Interest of controlled corporation	11,400,000,000 (Note d)	75.00

Notes:

- (a) The percentages were disclosed pursuant to the relevant disclosure forms filed under the SFO as at the Latest Practicable Date.
- (b) On 6 September 2023, WOE, Loyal Fame and Mr. Tang entered into the Agreement, pursuant to which Loyal Fame has conditionally agreed to sell, and WOE has conditionally agreed to acquire, the entire issued share capital of Onger Investments, subject to the terms and conditions therein. Pursuant to the disclosure of interests form published on the website of the Stock Exchange, among the 7,320,095,747 shares of CAP, 2,007,700,062 shares of CAP were held by Onger Investments and 5,312,395,685 shares of CAP were held by Goal Success Investments Limited (“**Goal Success**”). Goal Success was directly wholly-owned by Biomore Investments Limited, a direct wholly-owned subsidiary of Total Smart, which was directly wholly-owned by WYT. WYT was owned as to approximately 69.19% by Rich Time.
- (c) 810,322,940 shares of WYT were held by Rich Time, which is wholly-owned by WOE, a wholly-owned subsidiary of the Company.
- (d) 11,400,000,000 shares of WOP were held by Earnest Spot Limited, a direct wholly-owned subsidiary of WOE.
- (b) Persons who have interests or short positions in the Shares or underlying Shares which is discloseable under Divisions 2 and 3 of Part XV of the SFO**

Save as disclosed in this appendix, as at the Latest Practicable Date, no person had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in the Shares:

Name of Shareholders <i>(Note a)</i>	Capacity	Number of Shares	Approximate percentage of the Company’s total issued share capital <i>(Note f)</i> %
Accord Power Limited (“ Accord Power ”) <i>(Note b)</i>	Beneficial owner – Tang’s Family Trust	4,989,928,827	32.50
Alpadis Trust (HK) Limited <i>(Note c)</i>	Interest of controlled corporation – Trustee	4,989,928,827	32.50
ESSEIVA, Alain <i>(Note d)</i>	Interest of controlled corporation	4,989,928,827	32.50
TEO, Wei Lee <i>(Note d)</i>	Family Interest	4,989,928,827	32.50
HEER, Dominik Philipp <i>(Note d)</i>	Interest of controlled corporation	4,989,928,827	32.50
HEER, Krinya <i>(Note d)</i>	Family Interest	4,989,928,827	32.50
WYT <i>(Note e)</i>	Interest of controlled corporation	1,716,749,000	11.18

Notes:

- (a) For details of Mr. Tang and Ms. Yau's interests, please refer to the section headed "Disclosure of Interests – Interests of Directors" in this appendix.
- (b) Accord Power is wholly-owned by Alpadis Trust (HK) Limited in its capacity as trustee of Tang's Family Trust. Accordingly, Alpadis Trust (HK) Limited was taken to be interested in those Shares held by Accord Power.
- (c) Alpadis Trust (HK) Limited is the trustee of Tang's Family Trust. Alpadis Trust (HK) Limited is owned as to 20% by each of Eastwest Trading Ltd., Raysor Limited, AGH Invest Ltd., AGH Capital Ltd. and Alpadis Group Holding AG.
- (d) Alpadis Group Holding AG is held by ESSEIVA, Alain as to 53.34% and HEER, Dominik Philipp as to 40.60%. Accordingly, ESSEIVA, Alain and HEER, Dominik Philipp were taken to be interested in those Shares in which Alpadis Group Holding AG was interested. TEO, Wei Lee is the spouse of ESSEIVA, Alain and was therefore taken to be interested in those Shares in which ESSEIVA, Alain was interested. HEER, Krinya is the spouse of HEER, Dominik Philipp and was therefore taken to be interested in those Shares in which HEER, Dominik Philipp was interested.
- (e) WYT is an indirect non-wholly owned listed subsidiary of the Company.
- (f) The percentages were disclosed pursuant to the relevant disclosure forms filed under the SFO as at the Latest Practicable Date.

3. DIRECTORS' INTEREST IN THE GROUP'S ASSETS AND CONTRACTS

(i) Save as disclosed in this circular and (ii) save for a leasing agreement dated 31 July 2023 entered into by a wholly-owned subsidiary of the Company in relation to the leasing of a motor car from a company wholly-owned by Mr. Tang for a term of five years with a quarterly rent of HK\$40,000, as at the Latest Practicable Date, none of the Directors or their respective associates had any interest, direct or indirect, in any assets which have been, since 31 March 2023, being the date on which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

4. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

Mr. Tang, the Chairman and an executive Director, is the sole ultimate beneficial owner of Easy One, which has been principally engaged in, among others, financing business since 2015, was considered to have an interest in business which competes or is likely to compete, either directly or indirectly, with the business of the Group. Ms. Stephanie, an executive Director, is a director of Easy One and the daughter-in-law of Mr. Tang. Ms. Yau, the deputy Chairman and an executive Director, is the spouse of Mr. Tang.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor their respective associates had an interest in a business, apart from the businesses of the Group, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has a service contract with any member of the Group which was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no material adverse change in the financial or trading position of the Group since 31 March 2023, being the date to which the latest published audited consolidated accounts of the Company were made up.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given opinion or advice which is contained in this circular:

Name	Qualification
Altus Capital Limited	A licensed corporation which is licensed to carry out type 4 (Advising on Securities), type 6 (Advising on Corporate Finance) and type 9 (Asset Management) regulated activities under the SFO

Altus Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of their letter and report (as the case may be) and references to their names, in the form and context in which they appear.

As at the Latest Practicable Date, Altus Capital Limited:

- (a) was not beneficially interested in the share capital of any member of the Group;
- (b) did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any interest, either directly or indirectly, in any asset which had been acquired or disposed of by or leased to any member of the Group or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2023 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

8. DOCUMENTS ON DISPLAY

A copy of the Agreement is available for inspection on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.wangon.com from the date of this circular up to and including 17 October 2023.

9. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company in Hong Kong is at Suite 3202, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.
- (b) The company secretary of the Company is Mr. Cheung Chin Wa Angus. He is a fellow member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute.
- (c) The share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The English texts of this circular and the accompanying form of proxy shall prevail over their Chinese texts in case of inconsistencies.

NOTICE OF THE SGM



WANG ON GROUP LIMITED

(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of Wang On Group Limited (the “Company”) will be held at 19th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong on Tuesday, 17 October 2023 at 11:00 a.m. to consider and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

(1) “**THAT**

- (a) the Agreement (as defined in the circular of the Company dated 27 September 2023 of which this notice forms part (the “Circular”)) (a copy of which has been produced in this meeting) and the transactions contemplated thereunder, including, but not limited to, the Acquisition (as defined in the Circular), and the implementation thereof be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company (the “Director”) be and is hereby authorised to do all such acts and things as the Director in his/her sole and absolute discretion deems necessary, desirable or expedient to implement, give effect to and/or complete the Agreement (as defined in the Circular) and the transactions contemplated thereunder, including, but not limited to, the Acquisition (as defined in the Circular).”

By Order of the Board
WANG ON GROUP LIMITED
(宏安集團有限公司)*
Cheung Chin Wa Angus
Company Secretary

Hong Kong, 27 September 2023

NOTICE OF THE SGM

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Suite 3202, 32/F., Skyline Tower
39 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Notes:

1. A form of proxy for use at the SGM is enclosed.
2. The register of members of the Company will be closed from Thursday, 12 October 2023 to Tuesday, 17 October 2023 (both days inclusive) during which period no transfer of share(s) will be effected. In order to determine the eligibility to attend and vote at the SGM or any adjourned meeting thereof (as the case may be), all transfer of share(s), accompanied by the relevant share certificate(s) with the properly completed transfer form(s) either overleaf or separately, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m., on Wednesday, 11 October 2023.
3. A member entitled to attend and vote at the SGM convened by the above notice is entitled to appoint one proxy or, if such member is a holder of more than one share of the Company, more than one proxy to attend and to vote in his stead. A proxy need not be a member of the Company. However, the Company strongly encourages members to exercise their rights to attend and vote at the SGM, if a member wishes to vote on any resolution at the SGM by proxy, he/she/it should complete the proxy form and is strongly encouraged to appoint the chairman of the SGM as his proxy to exercise his/her/its right to vote at the SGM in accordance with his/her/its instructions.
4. In order to be valid, a form of proxy, together with any power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable and in any event no later than 11:00 a.m. (Hong Kong time) on Sunday, 15 October 2023, or not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be).
5. Completion and delivery of the form of proxy will not preclude members from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. Where there are joint holders of any shares of the Company, any one of such holders may vote at the SGM either personally or by proxy in respect of such shares as if he/she/it was solely entitled thereto provided that if more than one of such joint holders be present at the SGM whether personally or by proxy, the person whose name stands first on the register of members of the Company in respect of such shares shall be accepted to the exclusion of the votes of the other joint holder.
7. The above resolution will be voted by way of a poll at the SGM.
8. Shareholders who wish to attend the SGM and exercise their voting rights can do so in one of the following ways:
 - (1) attending the SGM in person; or
 - (2) appointing chairman of the SGM or other persons as your proxy to vote on your behalf. Your proxy's authority and instruction will be revoked if you attend in person at the SGM.

* *For identification purpose only*