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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 advisor.

**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  
SALE AND PURCHASE OF TARGET COMPANIES  
HOLDING INTEREST IN PROPERTIES  
AND  
(2) NOTICE OF SPECIAL GENERAL MEETING**

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



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A letter from the Board is set out on pages 6 to 17 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 18 to 19 of this circular. A letter from Merdeka Corporate Finance Limited, the Independent Financial Advisor, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 41 of this circular.

A notice convening the SGM to be held at 19th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong on Thursday, 19 October 2023 at 11:30 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

Whether or not you are able to attend and vote in person at the SGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it 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 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case maybe). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM 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.

29 September 2023

\* For identification purpose only

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## DEFINITIONS

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

“associate(s)”, “connected person(s)”, “controlling shareholder(s)”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning as ascribed to it under the Listing Rules
“Board”	the board of the Directors
“BVI”	British Virgin Islands
“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, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 149)
“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)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Wong Chun, Justein, Mr. Siu Kam Chau and Mr. Chan Yung
“Independent Financial Advisor”	Merdeka Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial advisor to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreements and the Transactions
“Independent Shareholders”	the Shareholder(s) who is/are not required to abstain from voting on the resolution(s) to be proposed at the SGM to approve the Sale and Purchase Agreements and the Transactions

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## DEFINITIONS

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“Latest Practicable Date”	25 September 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tang”	Mr. Tang Ching Ho, the chairman of the Company and an executive Director and a controlling Shareholder
“PRC”	the People’s Republic of China, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan Region
“Properties”	Property I and Property II, and “each Property” or the “relevant Property” shall be construed accordingly
“Property I”	Shop No. N77, Ground Floor, Nos. 1-11, 15-17 Mount Sterling Mall and Nos. 10-16 Lai Wan Road, (Phase 7) Mei Foo Sun Chuen, Lai Chi Kok, Kowloon, Hong Kong
“Property II”	Shop F on Ground Floor of Kam Bo Building, No. 2 Tung Lok Street, Yuen Long, New Territories, Hong Kong
“Purchaser”	Guidepost Investments Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of WYT
“Sale and Purchase Agreement I”	the sale and purchase agreement dated 8 September 2023 entered into between Vendor I and the Purchaser in relation to Transaction I
“Sale and Purchase Agreement II”	the sale and purchase agreement dated 8 September 2023 entered into between Vendor II and the Purchaser in relation to Transaction II
“Sale and Purchase Agreements”	the Sale and Purchase Agreement I and the Sale and Purchase Agreement II, and the “relevant Sale and Purchase Agreement” or the “respective Sale and Purchase Agreement” shall be construed accordingly
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“SGM”	the special general meeting of the Company to be convened and held for the purpose of, among others, approving the Sale and Purchase Agreements and the Transactions
“Share(s)”	the ordinary share(s) with a nominal value of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Target Company I and Target Company II, and “each Target Company” or the “relevant Target Company” shall be construed accordingly
“Target Company I”	Success Vision Limited (誠衛有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Vendor I as of the Latest Practicable Date, and the sole legal and beneficial owner of Property I
“Target Company II”	Nice Treasure Limited (利晴有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Vendor II as of the Latest Practicable Date, and the sole legal and beneficial owner of Property II
“Target I Consideration”	an initial sum of HK\$43.8 million, subject to adjustment as set out in the section headed “The Sale and Purchase Agreements – Target I Consideration” in this circular
“Target I NTAV”	the aggregate of all tangible assets of the Target Company I which are readily convertible into cash or cash equivalents (being prepayments, deposits and other receivables, and cash at bank and, for the avoidance of doubt, excluding the Property I, any intangible assets and other fixed assets and deferred tax), less the aggregate of all liabilities (actual, contingent or otherwise but excluding the Target I Shareholder’s Loan and any liability under the existing mortgage on Property I) and provisions of Target Company I as at Transaction I Completion Date
“Target I Sale Share”	one issued ordinary share of Target Company I, representing the entire issued share capital of Target Company I legally and beneficially owned by Vendor I prior to Transaction I Completion

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## DEFINITIONS

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“Target I Shareholder’s Loan”	the shareholder’s loan(s) owing by Target Company I to Vendor I as at the Transaction I Completion Date, being unsecured, interest-free shareholder’s loan(s) repayable on demand, amounting to approximately HK\$20.5 million as at the Latest Practicable Date
“Target II Consideration”	an initial sum of HK\$35.0 million, subject to adjustment as set out in the section headed “The Sale and Purchase Agreements – Target II Consideration” in this circular
“Target II NTAV”	the aggregate of all tangible assets of the Target Company II which are readily convertible into cash or cash equivalents (being prepayments, deposits and other receivables, and cash at bank and, for the avoidance of doubt, excluding the Property II, any intangible assets and other fixed assets and deferred tax), less the aggregate of all liabilities (actual, contingent or otherwise but excluding the Target II Shareholder’s Loan) and provisions of Target Company II as at Transaction II Completion Date
“Target II Sale Share”	one issued ordinary share of Target Company II, representing the entire issued share capital of Target Company II legally and beneficially owned by Vendor II prior to the Transaction II Completion
“Target II Shareholder’s Loan”	the shareholder’s loan(s) owing by Target Company II to Vendor II as at the Transaction II Completion Date, being unsecured, interest-free shareholder’s loan(s) repayable on demand, amounting to approximately HK\$35.7 million as at the Latest Practicable Date
“Transaction I”	the disposal and acquisition of the Target I Sale Share and the assignment of the Target I Shareholder’s Loan between Vendor I and the Purchaser pursuant to Sale and Purchase Agreement I
“Transaction I Completion”	completion of Transaction I pursuant to Sale and Purchase Agreement I
“Transaction I Completion Date”	the date of Transaction I Completion as more particularly disclosed in section headed “The Sale and Purchase Agreements – Completion of Transactions” in this circular
“Transaction II”	the disposal and acquisition of the Target II Sale Share and the assignment of the Target II Shareholder’s Loan between Vendor II and the Purchaser pursuant to Sale and Purchase Agreement II

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## DEFINITIONS

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“Transaction II Completion”	completion of Transaction II pursuant to Sale and Purchase Agreement II
“Transaction II Completion Date”	the date of Transaction II Completion as more particularly disclosed in section headed “The Sale and Purchase Agreements – Completion of Transactions” in this circular
“Transactions”	Transaction I and Transaction II, and “each Transaction”, the “relevant Transaction” or the “respective Transaction” shall be construed accordingly
“Vendor I”	Viva Action Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of WOP
“Vendor II”	Shining Sun Developments Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of WOP
“Vendors”	Vendor I and Vendor II, and the “relevant Vendor” shall be construed accordingly
“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), a 75%-owned listed subsidiary of the Company
“WOP Group”	WOP and its subsidiaries
“WOP Valuer”	Asset Appraisal Limited, an independent professional valuer
“WYT”	Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*), 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: 897) and an approximately 69.19%-owned listed subsidiary of the Company
“WYT Group”	WYT and its subsidiaries
“%”	per cent

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LETTER FROM THE BOARD

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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)**

*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

29 September 2023

*To the Shareholders*

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION  
SALE AND PURCHASE OF TARGET COMPANIES  
HOLDING INTEREST IN PROPERTIES  
AND  
(2) NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement dated 8 September 2023 jointly issued by the Company, WYT and WOP in relation to, among others, the sale and purchase of the Target Companies and hence the Properties.



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## LETTER FROM THE BOARD

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As disclosed in the joint announcement, on 8 September 2023, (i) Vendor I (an indirect wholly-owned subsidiary of WOP) and the Purchaser (an indirect wholly-owned subsidiary of WYT) and (ii) Vendor II (an indirect wholly-owned subsidiary of WOP) and the Purchaser respectively entered into the Sale and Purchase Agreements in relation to the sale and purchase of the Target Companies, pursuant to which:

- (i) Vendor I conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, (a) the Target I Sale Share (representing the entire issued share capital of Target Company I); and (b) the Target I Shareholder's Loan (being the shareholder's loan owing by Target Company I to Vendor I as at the Transaction I Completion Date), at a consideration of HK\$43.8 million (subject to adjustment); and
- (ii) Vendor II conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, (a) the Target II Sale Share (representing the entire issued share capital of Target Company II); and (b) the Target II Shareholder's Loan (being the shareholder's loan owing by Target Company II to Vendor II as at the Transaction II Completion Date), at a consideration of HK\$35.0 million (subject to adjustment),

on the terms and subject to the conditions of the respective Sale and Purchase Agreements.

As of the Latest Practicable Date, Target Company I holds 100% legal and beneficial ownership of Property I and Target Company II holds 100% legal and beneficial ownership of Property II.

The purpose of this circular is to provide you with, among other things, (a) further particulars of the Sale and Purchase Agreements and the Transactions; (b) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Sale and Purchase Agreements and the Transactions; (c) a letter of advice of the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders; (d) a notice convening the SGM; and (e) other information as required by the Listing Rules.

### THE SALE AND PURCHASE AGREEMENTS

The principal terms of the Sale and Purchase Agreements are summarized as follows:

<b>Date:</b>	8 September 2023		
<b>Parties to the Sale and Purchase Agreement I:</b>	(1) Vendor I, an indirect wholly-owned subsidiary of WOP, as vendor	<b>Parties to the Sale and Purchase Agreement II:</b>	(1) Vendor II, an indirect wholly-owned subsidiary of WOP, as vendor
	(2) The Purchaser, an indirect wholly-owned subsidiary of WYT, as purchaser		(2) The Purchaser, an indirect wholly-owned subsidiary of WYT, as purchaser

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## LETTER FROM THE BOARD

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**Subject Matters:** *Sale and Purchase Agreement I*

Pursuant to the Sale and Purchase Agreement I, Vendor I has agreed to sell, and the Purchaser has agreed to purchase, the Target I Sale Share, representing the entire issued share capital of Target Company I, and the Target I Shareholder's Loan owing by Target Company I to Vendor I, both free from encumbrances.

Target Company I holds 100% legal and beneficial ownership of Property I.

Each Property is sold on an "as-is" basis free from encumbrances at completion to the relevant Transaction. Each Property is currently subject to an existing mortgage, respectively. Pursuant to the relevant Sale and Purchase Agreement, the relevant Vendor shall procure repayment of all outstanding amounts and the full release or discharge of the relevant existing mortgage on or before the date of completion of the relevant Transaction.

**Target I  
Consideration:**

The consideration for Transaction I (including the sale and purchase of the Target I Sale Share and the assignment of the Target I Shareholder's Loan) shall be HK\$43.8 million which shall be satisfied by the Purchaser in the following manner:

- (a) HK\$17.52 million shall be paid by the Purchaser as deposit to Vendor I (or a nominee as Vendor I may direct) upon the signing of the Sale and Purchase Agreement I; and
- (b) HK\$26.28 million being the remaining balance of the consideration shall be paid by the Purchaser to Vendor I (or a nominee as Vendor I may direct) on Transaction I Completion.

*Sale and Purchase Agreement II*

Pursuant to the Sale and Purchase Agreement II, Vendor II has agreed to sell, and the Purchaser has agreed to purchase, the Target II Sale Share, representing the entire issued share capital of Target Company II, and the Target II Shareholder's Loan owing by Target Company II to Vendor II, both free from encumbrances.

Target Company II holds 100% legal and beneficial ownership of Property II.

**Target II  
Consideration:**

The consideration for Transaction II (including the sale and purchase of the Target II Sale Share and the assignment of the Target II Shareholder's Loan) shall be HK\$35.0 million which shall be satisfied by the Purchaser in the following manner:

- (a) HK\$14.0 million shall be paid by the Purchaser as deposit to Vendor II (or a nominee as Vendor II may direct) upon the signing of the Sale and Purchase Agreement II; and
- (b) HK\$21.0 million being the remaining balance of the consideration shall be paid by the Purchaser to Vendor II (or a nominee as Vendor II may direct) on Transaction II Completion.

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## LETTER FROM THE BOARD

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The Target I Consideration was determined based on arm's length negotiations between the parties with reference to various factors including but not limited to the WOP Group's investment cost in respect of Property I, the rental income of Property I as well as the market value of Property I in the amounts of HK\$43.8 million and HK\$43.9 million based on the valuations of Property I as at 31 August 2023 arranged by WOP and WYT, respectively.

The Target II Consideration was determined based on arm's length negotiations between the parties with reference to various factors including but not limited to the WOP Group's investment cost in respect of Property II, the rental income of Property II as well as the market value of Property II in the amounts of HK\$35.0 million and HK\$35.3 million based on the valuations of Property II as at 31 August 2023 arranged by WOP and WYT, respectively.

**Consideration  
Adjustment:**

Pursuant to the relevant Sale and Purchase Agreement, the relevant Vendor undertakes to deliver to the Purchaser within 30 days from the date of completion of the relevant Transaction the financial statements of the relevant Target Company for the period from the beginning of the current financial year to the date of completion. If the Target I NTAV or the Target II NTAV as shown in such relevant accounts is not zero, the following provisions shall apply:

- (a) if the Target I NTAV or the Target II NTAV as shown in such accounts is more than zero, the Purchaser shall pay such amount equal to the Target I NTAV or the Target II NTAV to the relevant Vendor within five business days from the date of receipt of such relevant accounts; or
- (b) if the Target I NTAV or the Target II NTAV as shown in such accounts is less than zero, the relevant Vendor shall pay the amount equal to the absolute amount of the Target I NTAV or the Target II NTAV to the Purchaser within five business days from the date of delivery of such relevant accounts.

**Conditions  
Precedent to  
Completions:**

Completion of the relevant Transaction is conditional upon the following conditions precedent being fulfilled or waived (if applicable):

- (a) the approval of the independent shareholders of each of the Company, WYT and WOP, and all other necessary corporate and regulatory consents and approvals required to be obtained on the part of the Company, WYT, WOP, the Vendors, the Purchaser and the Target Companies in respect of the relevant Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;
- (b) any other requirements required to be fulfilled by each of the Company, WYT and WOP in respect of the transactions contemplated under the relevant Sale and Purchase Agreement under the Listing Rules having been fulfilled and complied with;

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## LETTER FROM THE BOARD

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- (c) the Purchaser having completed its due diligence review on the business, financial, legal and other aspects of the relevant Target Company and having been satisfied with the results thereof;
- (d) the relevant Vendor shall and/or procure the relevant Target Company to give good title to and show and provide title to the relevant Property in accordance with Sections 13A and 13 of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong) respectively; and
- (e) each of the warranties given by the relevant Vendor being true and correct in all respects upon completion of the relevant Transaction.

Conditions (c) and (d) may be waived by the Purchaser at its absolute discretion. No other conditions may be waived by any party to the relevant Sale and Purchase Agreement.

If the conditions precedent set out in the relevant Sale and Purchase Agreement have not been fulfilled (or waived by the Purchaser) on or before 31 December 2023 or such other date as has been agreed in writing between the parties, the Purchaser shall be entitled to terminate the relevant Sale and Purchase Agreement. Upon such termination, the relevant Vendor shall return to the Purchaser all the deposits paid under the relevant Sale and Purchase Agreement in full within seven days from the date of such termination without compensation cost or interest.

For the avoidance of doubt, completion of any Transaction is not conditional upon completion of the other Transaction.

**Completion of Transactions:**

Completion to the relevant Transaction shall take place within five business days following the date on which all of the conditions precedent shall have been fulfilled or waived (as applicable) pursuant to the relevant Sale and Purchase Agreement.

Immediately upon completion to the relevant Transaction, each Target Company will (i) cease to be a subsidiary of WOP, (ii) become a subsidiary of WYT, and (iii) continue to be a subsidiary of the Company.

**Fees, Costs and Expenses:**

Each party shall bear its own legal and professional fees, costs and expenses, stamp duty and all other taxes in connection with or arising from the relevant Sale and Purchase Agreement and transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE TARGET COMPANIES AND THE PROPERTIES

Each Target Company is incorporated in Hong Kong with limited liability for property holding purpose with no other major assets beside its direct interests in the relevant Property. Each Target Company is an indirect wholly-owned subsidiary of WOP as of the Latest Practicable Date and prior to completion of the respective Transactions.

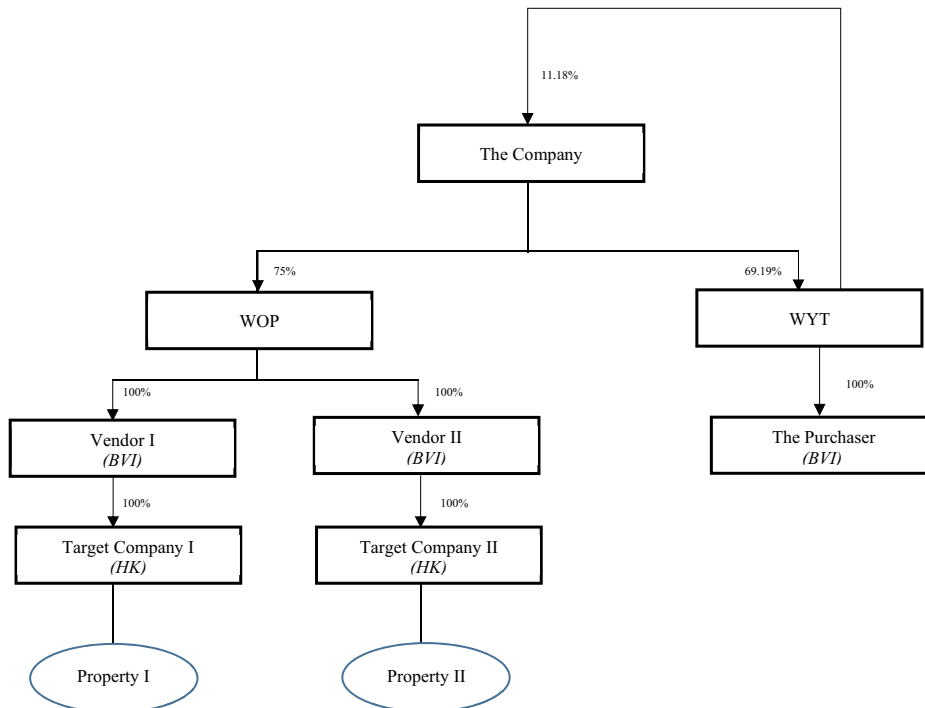
The Properties comprises (i) Property I, being a shop at the addresses of Shop No. N77, Ground Floor, Nos. 1-11, 15-17 Mount Sterling Mall and Nos. 10-16 Lai Wan Road, (Phase 7) Mei Foo Sun Chuen, Lai Chi Kok, Kowloon, Hong Kong; and (ii) Property II, being Shop F on Ground Floor of Kam Bo Building, No. 2 Tung Lok Street, Yuen Long, New Territories, Hong Kong.

Property I has a saleable area of 909 square feet, out of which the area of 778 square feet is currently under a lease with another subsidiary of WYT and is operated as a shop under the brand name of “Wai Yuen Tong”. The remaining area of 131 square feet is currently leased to a third party independent of each of the Company, WYT and WOP and is operating business unrelated to the businesses of the Group, the WYT Group and the WOP Group.

Property II has a saleable area of 470 square feet and is currently under a lease with a third party independent of each of the Company, WYT and WOP. Property II is operated as a franchise shop also under the brand name of “Wai Yuen Tong”.

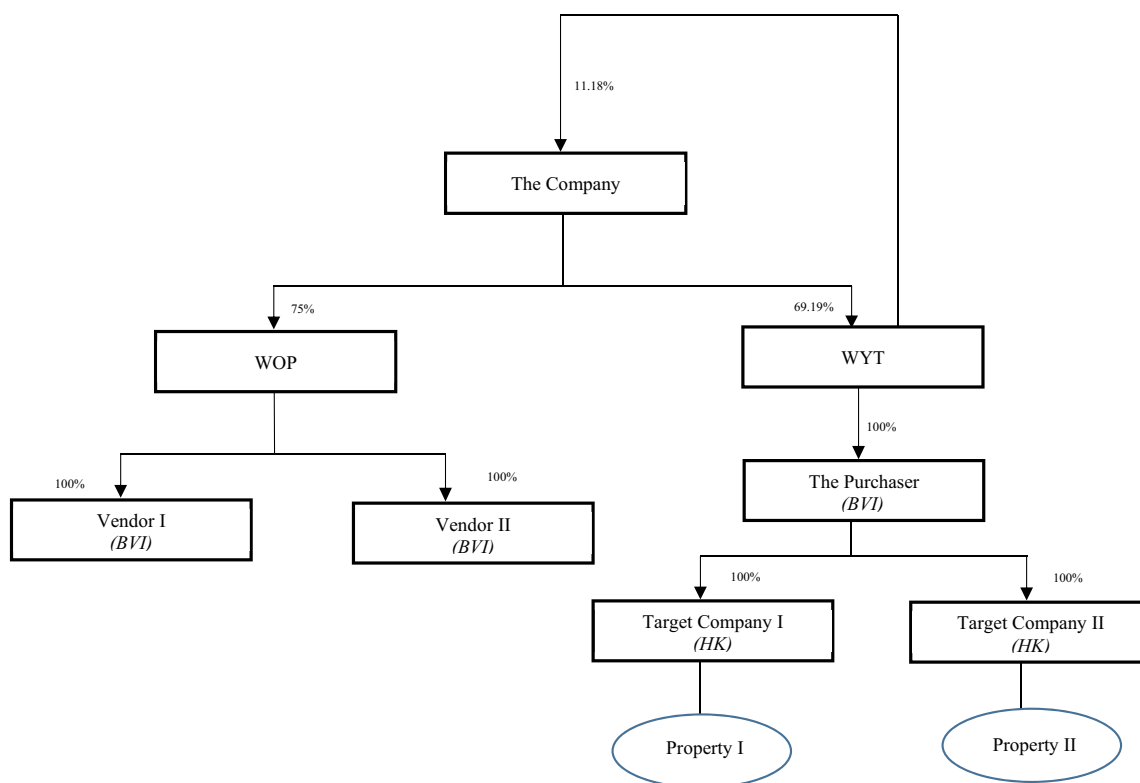
The Properties will be delivered at completion of the respective Transactions subject to the relevant tenancy conditions.

The following diagram illustrates the simplified shareholding and ownership structure of the Company, WYT, WOP and the Target Companies as of the Latest Practicable Date:



## LETTER FROM THE BOARD

The following diagram illustrates the simplified shareholding and ownership structure of the Company, WYT, WOP and the Target Companies immediately upon the Transaction I Completion and Transaction II Completion:



### Financial information of the Target Companies

Set out below is a summary of the financial information of Target Company I for the two years ended 31 March 2022 and 2023 and for the four months ended 31 July 2023:

#### Target Company I

	Year ended 31 March 2022 <i>HK\$('000)</i> (audited)	Year ended 31 March 2023 <i>HK\$('000)</i> (audited)	Four months ended 31 July 2023 <i>HK\$('000)</i> (unaudited)
Revenue	1,224	1,680	538
Net profit/(loss) before taxation	1,659	(305)	142
Net profit/(loss) after taxation	1,659	(305)	142

The unaudited net assets value of the Target Company I as at 31 July 2023 was approximately HK\$1,492,000.

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## LETTER FROM THE BOARD

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The acquisition cost to Vendor I of Property I was HK\$38.0 million.

Set out below is a summary of the financial information of the Target Company II for the period from 3 November 2021 (date of incorporation) to 31 March 2022 and the year ended 31 March 2023 and for the four months ended 31 July 2023:

### Target Company II

	<b>Period from 3 November 2021 (date of incorporation) to 31 March 2022</b>	<b>Year ended 31 March 2023</b>	<b>Four months ended 31 July 2023</b>
	<i>HK\$('000)</i>	<i>HK\$('000)</i>	<i>HK\$('000)</i>
	(audited)	(audited)	(unaudited)
Revenue	–	900	400
Net profit/(loss) before taxation	(2,419)	49	393
Net profit/(loss) after taxation	(2,419)	49	393

The unaudited net liabilities of Target Company II as at 31 July 2023 was approximately HK\$1,977,000.

The acquisition cost to Vendor II of Property II was HK\$33.8 million.

### FINANCIAL IMPACT OF THE TRANSACTIONS TO THE COMPANY

The estimated related expenses of the Transactions for the Group is approximately HK\$1.9 million. In addition, having considered the considerations of the Transactions and the unaudited net asset value or liabilities of each of the Target Companies as at 31 July 2023, it is estimated that upon completion of the Transactions, the total assets of the Group will decrease by approximately HK\$41.5 million, the total liabilities of the Group will decrease by approximately HK\$39.6 million, the equity attributable to owners of the parent of the Group will decrease by approximately HK\$1.1 million and the non-controlling interests of the Group will decrease by approximately HK\$0.8 million. Save as disclosed above, it is expected that there is no other material financial impact to the Group of the Transactions. The actual financial impact will be subject to review by the auditor of the Company.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF ENTERING INTO OF THE SALE AND PURCHASE AGREEMENTS

The vast majority of Property I and the entire Property II are operated as shops under the brand name of “Wai Yuen Tong”. The Directors take the view that the acquisition of the Properties is consistent with the long-term business needs of the WYT Group and presents an opportunity for the WYT Group to further entrench and expand its business presence at desirable retail locations.

The Directors undertake strategic review of the assets of the Group (including the WOP Group) from time to time with a view to maximise returns to the Shareholders. The Directors consider that the current market presents a good opportunity for the Group to realise its investment in the Properties. Accordingly, the Directors believe that the disposal of the Target Companies will enable the Group to reallocate its resources into future investment opportunities and pursue other growth opportunities.

The Board (including the independent non-executive Directors) is of the view that the terms of the Sale and Purchase Agreements and the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as the Company and its Shareholders are concerned, and thus the entering into of the Sale and Purchase Agreements is in the interests of each of the Group and its Shareholders as a whole.

### INFORMATION ON THE GROUP, THE PURCHASER, THE WYT GROUP, THE VENDORS AND THE WOP GROUP

#### The Group

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, its 75.00%-owned listed subsidiary; (iii) manufacturing and retailing of pharmaceutical and health food products through WYT, its approximately 69.19%-owned listed subsidiary; 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. The Company is ultimately owned by Mr. Tang (the chairman of the Company, an executive Director and controlling Shareholder) (together with his associates) as to approximately 50.67%.

#### The Purchaser and the WYT Group

The Purchaser is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of WYT principally engaged in investment holding.



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## LETTER FROM THE BOARD

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The WYT Group is principally engaged in (i) the manufacturing and retailing of traditional Chinese pharmaceutical and health food products, including Chinese medicinal products sold under the brand name of “Wai Yuen Tong”, mainly in the PRC and Hong Kong; (ii) the manufacturing and sale of Western pharmaceutical and health food and personal care products under the brand names of “Madame Pearls” and “Pearls”; (iii) property investment; 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. WYT is owned by the Company as to approximately 69.19%, which is in turn ultimately owned by Mr. Tang (together with his associates) as to approximately 50.67%.

### **The Vendors and the WOP Group**

Each of the Vendors is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of WOP principally engaged in investment holding.

The WOP Group is principally engaged in the businesses of developing residential and commercial properties for sale and investing in commercial and industrial properties for investment return and capital appreciation and asset management. WOP is owned by the Company as to 75.00%, which is in turn ultimately owned by Mr. Tang (together with his associates) as to approximately 50.67%.

### **LISTING RULES IMPLICATIONS**

The Purchaser is a subsidiary of WYT and each of the Vendors is a subsidiary of WOP. Each of WYT and WOP is a subsidiary of the Company. WYT is also interested in approximately 11.18% of the issued share capital of the Company. Therefore the Purchaser is a connected person of the Company and the disposal of the Target Companies by the Vendors under the Transactions constitute a connected transaction of the Company.

As the highest applicable percentage ratio in respect of the Transactions (on an aggregated basis) exceeds 5% but is less than 25%, the Transactions constitute a discloseable and connected transaction and are therefore subject to the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under the Listing Rules.

In view of the factors that Mr. Tang is also a director of WYT and WOP is a subsidiary of the Company, (i) Mr. Tang, (ii) Ms. Yau Yuk Yin, an executive Director and Mr. Tang's spouse and hence an associate of Mr. Tang, and (iii) Ms. Stephanie, an executive Director and the daughter-in-law of Mr. Tang and hence an associate of Mr. Tang, are considered to have material interest in the Sale and Purchase Agreements and the Transactions, and have abstained from voting on the Board resolution(s) approving the Sale and Purchase Agreements and the Transactions.

The Shareholders who have a material interest in the Sale and Purchase Agreements and the Transactions and their respective close associates (as defined in the Listing Rules) are required to abstain from voting on the relevant resolution(s) at the SGM. Mr. Tang (being the chairman of WYT), WYT and their close associates will abstain from voting on the relevant resolution(s) in relation to the Sale and Purchase Agreements and the Transactions.

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## LETTER FROM THE BOARD

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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. 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.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, save as disclosed above, no other Shareholder has a material interest in relation to the Sale and Purchase Agreements and the Transactions and is required to abstain from voting at the SGM.

### **SPECIAL GENERAL MEETING**

The SGM will be held for the purpose of considering and, if thought fit, approving, among other things, the Sale and Purchase Agreements and the Transactions.

The register of members of the Company will be closed from Thursday, 12 October 2023 to Thursday, 19 October 2023 (both dates inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM. No transfer of Shares will be registered during the book closure periods.

A notice convening the SGM at which ordinary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve, among other things, the provision of the Sale and Purchase Agreements and the Transactions, is contained on pages SGM-1 to SGM-3 of this circular.

A form of proxy for the use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the SGM (i.e. at or before 11:30 a.m. on Tuesday, 17 October 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

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.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

Your attention is drawn to:

(a) the letter from the Independent Board Committee, the text of which is set out on pages 18 to 19 of this circular; and (b) the letter from Merdeka Corporate Finance Limited, being the Independent Financial Advisor, to advise the Independent Shareholders and the Independent Board Committee with respect to the provision of the Sale and Purchase Agreements and the Transactions, the text of which is set out on pages 20 to 41 of this circular.

We also draw your attention to the letter and valuation certificates of LCH (Asia-Pacific) Surveyors Limited (an independent valuer appointed by WYT in connection to the Transaction) with respect to their valuations of the Properties as at 31 August 2023, which is set out in Appendix I to WYT's circular dated 29 September 2023 regarding the Transactions. The market values of Property I and Property II as set out therein are HK\$43.9 million and HK\$35.3 million respectively.

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 Advisor, considers that the Sale and Purchase Agreements and the Transactions (particularly the disposal of the Target Companies by the Vendors thereunder) are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as the Company and the Shareholders are concerned, and thus the entering into of the Sale and Purchase Agreements and the Transactions 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 resolutions to be proposed at the SGM to approve the Sale and Purchase Agreements and the Transactions.

For the reasons set out above, the Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreements and the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as each of the Company and the Shareholders are concerned, and thus the Sale and Purchase Agreements and the Transactions 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(s) at the SGM for the Sale and Purchase Agreements and the Transactions.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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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)**

29 September 2023

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
SALE AND PURCHASE OF TARGET COMPANIES  
HOLDING INTEREST IN PROPERTIES**

We refer to the circular of the Company dated 29 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 Sale and Purchase Agreements and the Transactions. Merdeka Corporate Finance Limited has been appointed as the Independent Financial Advisor 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 20 to 41 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 appendices thereto.

Having considered the terms of the Sale and Purchase Agreements and the Transactions and taking into account the independent advice of the Independent Financial Advisor set out in its letter on pages 20 to 41 of the Circular and the relevant information contained in the letter from the Board, we consider that the terms of the Sale and Purchase Agreements and the Transactions (particularly the disposal of the Target Companies by the Vendors thereunder) are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as the Company and the Shareholders are concerned, and thus the Sale and Purchase Agreements and the Transactions are in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Accordingly, we, representing the Independent Board Committee, recommend that you vote in favour of the ordinary resolutions to be proposed at the SGM in relation to the Sale and Purchase Agreements and the Transactions.

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

*\* For identification purpose only*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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*The following is the full text of the letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders for the purpose of inclusion in this Circular.*



Room 1108-1110, 11/F  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

29 September 2023

*To: The Independent Board Committee and the Independent Shareholders of  
Wang On Group Limited*

Dear Sirs/Madams,

### **DISCLOSEABLE AND CONNECTED TRANSACTION SALE AND PURCHASE OF TARGET COMPANIES HOLDING INTEREST IN PROPERTIES**

#### **INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the disposal of the Target I Sale Share and the assignment of the Target I Shareholder's Loan by WOP Group to WYT Group pursuant to the Sale and Purchase Agreement I (the "**Transaction I**"); and (ii) the disposal of the Target II Sale Share and the assignment of the Target II Shareholder's Loan by WOP Group to WYT Group pursuant to the Sale and Purchase Agreement II (the "**Transaction II**", together with the Transaction I as the "**Transactions**"), details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular of Wang On Group Limited (the "**Company**" or "**WOG**", together with its subsidiaries as the "**Group**") dated 29 September 2023 (the "**Circular**") to the Shareholders, of which this letter forms part. Terms used herein have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the joint announcement dated 8 September 2023 published by the Company, WOP and WYT (the "**Joint Announcement**"). On 8 September 2023, (i) Vendor I (an indirect wholly-owned subsidiary of WOP) and the Purchaser (an indirect wholly-owned subsidiary of WYT) and (ii) Vendor II (an indirect wholly-owned subsidiary of WOP) and Purchaser respectively entered into the Sale and Purchase Agreements in relation to the sale and purchase of the Target Companies, pursuant to which, (i) Vendor I conditionally agreed to sell, and Purchaser conditionally agreed to purchase the Target I Sale Share and the Target I Shareholder's Loan at Target I Consideration of approximately HK\$43.8 million (subject to adjustment), and (ii) Vendor II conditionally agreed to sell, and Purchaser conditionally agreed to purchase the Target II Sale Share and the Target II Shareholder's Loan at Target II Consideration of approximately HK\$35.0 million (subject to adjustment), on the terms and subject to the conditions of the respective Sale and Purchase Agreements. As set out in the Board Letter, as of the Latest Practicable Date, Target Company I holds 100% legal and beneficial ownership of Property I and Target Company II holds 100% legal and beneficial ownership of Property II.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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### LISTING RULES IMPLICATIONS

The Purchaser is a subsidiary of WYT and the Vendors are the subsidiaries of WOP. Each of WYT and WOP is a subsidiary of the Company. WYT is also interested in approximately 11.18% of the issued share capital of the Company. Therefore the Purchaser is a connected person of the Company and the disposal of the Target Companies by the Vendors under the Transactions constitute a connected transaction of the Company.

As the highest applicable percentage ratio in respect of the Transactions (on an aggregated basis) exceeds 5% but is less than 25%, the Transactions constitute a discloseable and connected transaction and are therefore subject to the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under the Listing Rules.

In view of the factors that Mr. Tang is also a director of WYT and WOP is a subsidiary of the Company, (i) Mr. Tang, (ii) Ms. Yau Yuk Yin, an executive Director and Mr. Tang's spouse and hence an associate of Mr. Tang, and (iii) Ms. Stephanie, an executive Director and the daughter-in-law of Mr. Tang and hence an associate of Mr. Tang, are considered to have material interest in the Sale and Purchase Agreements and the Transactions, and have abstained from voting on the Board resolution(s) approving the Sale and Purchase Agreements and the Transactions.

The Shareholders who have a material interest in the Sale and Purchase Agreements and the Transactions and their respective close associates (as defined in the Listing Rules) are required to abstain from voting on the relevant resolution(s) at the SGM. Mr. Tang (being the chairman of WYT), WYT and their close associates will abstain from voting on the relevant resolution(s) in relation to the Sale and Purchase Agreements and the Transactions.

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. 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.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, save as disclosed in the Board Letter, no other Shareholder has a material interest in relation to the Sale and Purchase Agreements and the Transactions and is required to abstain from voting at the SGM.

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 and provide recommendations to the Independent Shareholders on the terms and conditions of the Sale and Purchase Agreements and the Transactions (particularly the disposal of the Target Companies by the Vendors thereunder) and to advise the Independent Shareholders on how to vote. We, Merdeka Corporate Finance Limited, have been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders as to whether the terms and conditions of the Sale and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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Purchase Agreements and the Transactions (particularly the disposal of the Target Companies by the Vendors thereunder) are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

### OUR INDEPENDENCE

During the past two years, we were engaged as an independent financial advisor to the Company in respect of connected transaction in relation to the provision of financial assistance, details of which are set out in the circular of the Company dated 7 June 2022 (the “**Previous Engagement**”). Apart from normal professional fees payable to us by the Company in connection with the Previous Engagement and the engagement to act as the Independent Financial Advisor, no arrangement exists whereby we will receive any fees and/or benefits from the Group. As at the Latest Practicable Date, we did not have any relationship with or interest in the Group and any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we are independent under Rule 13.84 of the Listing Rules to act as the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders in connection with the Transactions.

### BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have considered, among other things, (i) the Sale and Purchase Agreements; (ii) the financial information of each of the Company and WOP for the years ended 31 March 2022 and 2023, respectively; (iii) the financial information of WYT for the years ended 31 March 2022 and 2023, respectively; (iv) the valuation report (the “**WOP Valuation Report**”) in respect of market value of the Properties as at 31 August 2023 (the “**Valuation Date**”) prepared by Asset Appraisal Limited engaged by WOP (the “**WOP Valuer**”); (v) other relevant information as set out in the Circular; and (vi) other relevant public information. We have also relied on all relevant information, opinions and facts supplied and represented by the Company and the management of the Company (the “**Management**”). We have assumed that all such information, opinions, facts and representations contained or referred to in the Circular, for which the Company is fully responsible, were true and accurate in all material respects as at the date hereof and may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, and the Company has confirmed that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out independent verification of the information provided by the Directors, the Management and the representatives of the Company, nor have we conducted any form of in-depth investigation into the businesses, affairs, operations, financial position or future prospects of the Company or any of its subsidiaries.

This letter is issued to provide the information for the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the Sale and Purchase Agreements and the Transactions. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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whole or in part, nor shall this letter be used for any other purpose without our prior written consent. Our opinion is based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Sale and Purchase Agreements and the Transactions, we have taken into account the following principal factors and reasons:

#### 1. Background information of the parties involved

##### 1.1 The Group

###### *Information on the Company and the Group*

As set out in the Board Letter, 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, its 75.00%-owned listed subsidiary; (iii) manufacturing and retailing of pharmaceutical and health food products through WYT, its approximately 69.19%-owned listed subsidiary; 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. The Company is ultimately owned by Mr. Tang (the chairman of the Company, an executive Director and controlling Shareholder) (together with his associates) as to approximately 50.67%.

###### *Historical financial performance of the Group*

We have set out the key financial information of the Group for the years ended 31 March 2023 (“FY2023”) and 2022 (“FY2022”) as extracted from the annual report of the Company for the year ended 31 March 2023 (the “WOG Annual Report”).

###### *Consolidated statement of profit or loss*

	For the year ended 31 March	
	2023	2022
	<i>Audited</i>	<i>Audited</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total Revenue	3,603,458	1,856,041
Gross profit	1,059,615	805,732
Profit/(Loss) before tax	98,228	(194,299)
Profit/(Loss) for the year	98,754	(252,763)
Profit/(Loss) attributable to owners of the parent	<u>12,784</u>	<u>(305,226)</u>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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*Consolidated statement of financial position*

	<b>As at 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<i>Audited</i>	<i>Audited</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	11,414,567	10,859,436
Current assets	6,972,503	9,197,011
Non-current liabilities	4,320,977	5,005,273
Current liabilities	4,686,727	5,451,380
Net assets	9,379,366	9,599,794
Equity attributable to owners of the parent	<u>5,916,307</u>	<u>5,991,811</u>

As illustrated above, the Group's revenue for FY2023 increased by approximately 94.1% to approximately HK\$3,603.5 million from approximately HK\$1,856.0 million for FY2022. As mentioned in the WOG Annual Report, such increase in revenue was mainly due to the increase in sales contributed from the delivery of the Group's property development projects in which the Group has a controlling stake during FY2023.

The Group recorded gross profit and gross profit margin of approximately HK\$1,059.6 million and 29.4% respectively for the FY2023 in comparison to approximately HK\$805.7 million and 43.4% respectively for FY2022. Such decline in gross profit margin was mainly due to a higher proportion of revenue recognised from the sale of properties during FY2023 which gross profit margin was lower.

Profit attributable to owners of the parent for FY2023 was approximately HK\$12.8 million as compared to the loss attributable to owners of the parent for FY2022 of approximately HK\$305.2 million. As mentioned in the WOG Annual Report, this was primarily attributable to, among other things, (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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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The Group recorded total assets of approximately HK\$18,387.1 million as at 31 March 2023, representing a decrease of approximately 8.3% as compared to approximately HK\$20,056.4 million as at 31 March 2022. On the other hand, the Group recorded total liabilities of approximately HK\$9,007.7 million as at 31 March 2023, representing a decrease of 13.9% as compared to approximately HK\$10,456.7 million as at 31 March 2022. As such, net assets of the Group slightly decreased to approximately HK\$9,379.4 million as at 31 March 2023 from approximately HK\$9,599.8 million as at 31 March 2022. The overall gearing ratio of the Group remained healthy at approximately 49.4% for FY2023 (FY2022: approximately 55.9%).

### 1.2 *The Vendors and WOP Group*

#### *Information on the Vendors and WOP Group*

As set out in the Board Letter, each of the Vendors is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of WOP principally engaged in investment holding.

WOP Group is principally engaged in the businesses of developing residential and commercial properties for sale and investing in commercial and industrial properties for investment return and capital appreciation and asset management. WOP is owned by the Company as to 75.00%, which is in turn ultimately owned by Mr. Tang (together with his associates) as to approximately 50.67%.

#### *Historical financial performance of WOP Group*

We have set out the key financial information of WOP Group for FY2023 and FY2022 as extracted from the annual report of WOP for the year ended 31 March 2023 (the “**WOP Annual Report**”).

#### *Consolidated statement of profit or loss*

	<b>For the year ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<i>Audited</i>	<i>Audited</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	1,991,840	38,857
Gross profit	329,607	15,538
Profit before tax	217,886	277,751
Profit for the year	210,854	284,912
Profit attributable to owners of the parent	<u>211,066</u>	<u>285,079</u>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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*Consolidated statement of financial position*

	<b>As at 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<i>Audited</i>	<i>Audited</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	6,109,196	4,940,337
Current assets	3,636,828	5,665,309
Non-current liabilities	2,044,590	2,646,066
Current liabilities	2,418,746	2,775,704
Net assets	5,282,688	5,183,876
Equity attributable to owners of the parent	5,271,788	5,172,764

As shown in above, WOP Group's revenue substantially increased from approximately HK\$38.9 million for FY2022 to approximately HK\$1,991.8 million for FY2023. According to the WOP Annual Report, the revenue recognised in property development business segment, which was nil for FY2022, amounted to approximately HK\$1,971.1 million for FY2023, mainly due to the delivery of "The Met. Azure" project.

The selling and distribution expenses amounted to approximately HK\$179.5 million for FY2023 whereas there was approximately HK\$25.6 million for FY2022. The material increment was mainly due to the recognition of sales commission of the Met. Azure, which was delivered during FY2023.

The profit attributable to owners of the parent of WOP amounted to approximately HK\$285.1 million and approximately HK\$211.1 million for FY2022 and FY2023, respectively. As mentioned in the WOP Annual Report, the profit for FY2023 was mainly attributable to the completion of "The Met. Azure" project and share of profits recognised from joint ventures.

WOP Group recorded total assets of approximately HK\$9,746.0 million as at 31 March 2023, representing a decrease of approximately 8.1% as compared to approximately HK\$10,605.6 million as at 31 March 2022. On the other hand, WOP Group recorded total liabilities of approximately HK\$4,463.3 million, representing a decrease of approximately 17.7% as compared to approximately HK\$5,421.8 million as at 31 March 2022. As such, the net assets of WOP Group amounted to approximately HK\$5,282.7 million as at 31 March 2023, representing a slight increase of approximately 1.9% in comparison to approximately HK\$5,183.9 million as at 31 March 2022. The gearing ratio of WOP Group was approximately 59.4% for FY2023 (2022: approximately 68.2%), calculated by reference to WOP Group's total bank borrowings net of cash and bank balances and the equity attributable to owners of the parent.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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### 1.3 *The Purchaser and WYT Group*

#### *Information on WYT Group*

The Purchaser is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of WYT principally engaged in investment holding.

WYT Group is principally engaged in (i) the manufacturing and retailing of traditional Chinese pharmaceutical and health food products, including Chinese medicinal products sold under the brand name of “Wai Yuen Tong”, mainly in the PRC and Hong Kong; (ii) the manufacturing and sale of Western pharmaceutical and health food and personal care products under the brand names of “Madame Pearls” and “Pearls”; (iii) property investment; 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. WYT is owned by the Company as to approximately 69.19%, which is in turn ultimately owned by Mr. Tang (together with his associates) as to approximately 50.67%.

#### *Historical financial performance of WYT Group*

We have set out the key financial information of WYT Group for FY2023 and FY2022 as extracted from the annual report of WYT for the year ended 31 March 2023 (the “**WYT Annual Report**”).

#### *Consolidated statement of profit or loss*

	<b>For the year ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<i>Audited</i>	<i>Audited</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	1,286,428	1,391,411
Gross profit	611,777	570,390
(Loss) before tax	(11,936)	(47,304)
Profit/(Loss) for the year	3,347	(87,823)
(Loss) attributable to owners of the parent	<u>(20,515)</u>	<u>(108,912)</u>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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### *Consolidated statement of financial position*

	<b>As at 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<i>Audited</i>	<i>Audited</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	4,311,445	4,709,007
Current assets	2,702,370	2,888,706
Non-current liabilities	1,668,243	1,755,788
Current liabilities	1,657,188	1,881,314
Net assets	3,688,384	3,960,611
Equity attributable to owners of the parent	<u>2,349,191</u>	<u>2,515,798</u>

As illustrated above, total revenue of WYT Group decreased by approximately 7.5% from approximately HK\$1,391.4 million for FY2022 to approximately HK\$1,286.4 million for FY2023, which was mainly attributable to the decrease in sale of properties in agricultural produce exchange markets.

During FY2023, WYT Group recorded a loss attributable to owners of the parent of approximately HK\$20.5 million in comparison to loss attributable to owners of the parent for FY2022 of approximately HK\$108.9 million. Such reduction in loss was mainly attributable to the combined effect of (i) increase in gross profit generated from the production and sale of pharmaceutical and health food products; (ii) decrease in fair value losses on owned investment properties; (iii) decrease in fair value losses on financial assets; and (iv) decrease in loss on disposal/redemption of debt investments, as partially offset by the absence of compensation income from litigation judgement for FY2023.

As at 31 March 2023, WYT Group had total assets of approximately HK\$7,013.8 million, representing a decrease of approximately 7.7% as compared to approximately HK\$7,597.7 million as at 31 March 2022. On the other hand, WYT Group recorded total liabilities of approximately HK\$3,325.4 million, representing a decrease of approximately 8.6% as compared to approximately HK\$3,637.1 million as at 31 March 2022. As such, the net assets of WYT Group amounted to approximately HK\$3,688.4 million as at 31 March 2023, representing a decrease of approximately 6.9% in comparison to approximately HK\$3,960.6 million as at 31 March 2022. The gearing ratio of WYT Group remained stable at approximately 46.3% as at 31 March 2023 compared to approximately 45.3% as at 31 March 2022.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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### 1.4 *The Target Companies and the Properties*

#### *Information on the Target Companies*

As set out in the Board Letter, each Target Company is incorporated in Hong Kong with limited liability for property holding purpose with no other major assets beside its direct interests in the relevant Property. Each Target Company is an indirect wholly-owned subsidiary of WOP as of the Latest Practicable Date and prior to completion of the respective Transactions.

The Properties comprises (i) Property I, being a shop at the addresses of Shop No. N77, Ground Floor, Nos. 1-11, 15-17 Mount Sterling Mall and Nos. 10-16 Lai Wan Road, (Phase 7) Mei Foo Sun Chuen, Lai Chi Kok, Kowloon, Hong Kong; and (ii) Property II, being Shop F on Ground Floor of Kam Bo Building, No. 2 Tung Lok Street, Yuen Long, New Territories, Hong Kong.

Property I has a saleable area of 909 square feet (“sq. ft.”), out of which the area of 778 sq. ft. is currently under a lease with another subsidiary of WYT and is operated as a shop under the brand name of “Wai Yuen Tong”. The remaining area of 131 sq. ft. is currently leased to a third party independent of each of the Company, WYT and WOP and is operating business unrelated to the businesses of WYT Group, the Group and WOP Group.

Property II has a saleable area of 470 sq. ft. and is currently under a lease with a third party independent of each of the Company, WYT and WOP. Property II is operated as a franchise shop also under the brand name of “Wai Yuen Tong”.

The Properties will be delivered at completion of the respective Transactions subject to the relevant tenancy conditions.

Please refer to the Board Letter for more details on the Target Companies and the Properties.

#### *Financial information of the Target Company I*

Set out below is a summary of the financial information of the Target Company I for the two years ended 31 March 2022 and 2023 and for the four months ended 31 July 2023 as extracted from the Board Letter:

	For the year ended 31 March 2022	For the year ended 31 March 2023	For the four months ended 31 July 2023
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(unaudited)
Revenue	1,224	1,680	538
Net profit/(loss) before taxation	1,659	(305)	142
Net profit/(loss) after taxation	<u>1,659</u>	<u>(305)</u>	<u>142</u>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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The unaudited net assets value of the Target Company I as at 31 July 2023 was approximately HK\$1,492,000. The acquisition cost to Vendor I of Property I was HK\$38.0 million.

### *Financial information of the Target Company II*

Set out below is a summary of the financial information of the Target Company II for the period from 3 November 2021 (date of incorporation) to 31 March 2022 and the year ended 31 March 2023 and for the four months ended 31 July 2023:

	Period from 3 November 2021 (date of incorporation) to 31 March 2022 HK\$'000 (audited)	For the year ended 31 March 2023 HK\$'000 (audited)	For the four months ended 31 July 2023 HK\$'000 (unaudited)
Revenue	–	900	400
Net profit/(loss) before taxation	(2,419)	49	393
Net profit/(loss) after taxation	<u>(2,419)</u>	<u>49</u>	<u>393</u>

The unaudited net liabilities of the Target Company II as at 31 July 2023 was approximately HK\$1,977,000. The acquisition cost to Vendor II of Property II was HK\$33.8 million.

## 2. Reasons for and benefits of the Transactions

As stated in the Board Letter, the vast majority of Property I and the entire Property II are operated as shops under the brand name of “Wai Yuen Tong”. The Directors take the view that the acquisition of the Properties by WYT Group is consistent with the long-term business needs of WYT Group and presents an opportunity for WYT Group to further entrench and expand its business presence at desirable retail locations.

The Directors undertake strategic review of the assets of the Group (including WOP Group) from time to time with a view to maximise returns to the Shareholders. The Directors consider that the current market presents a good opportunity for the Group to realise its investment in the Properties. Accordingly, the Directors believe that the disposal of the Target Companies will enable the Group to reallocate its resources into future investment opportunities and pursue other growth opportunities.

As set out in the WOG Annual Report, with the resumption of traffic between Hong Kong and Mainland China and the rest of the world, there is a noticeable uplift in overall economic sentiment, and local economic activities are gradually regaining momentum. The property market in Hong Kong during the first quarter of 2023 has revealed a simultaneous increase in both property prices and transaction volume, with nearly 3,400 first-hand residential transactions were recorded, which is approximately 3 times more than that in the fourth quarter of last year.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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Additionally, we also made reference to the recent statistics released by the official website of The Land Registry of Hong Kong as of 13 September 2023, the total number of property registrations, encompassing both first-hand and second-hand property transactions, recorded at approximately 34,822 for the first half of 2023, representing an increase of approximately 6.1% as compared to the similar period in 2022. Moreover, when comparing the total property registrations number for the first half of 2023 to the second half of 2022, which recorded approximately 26,791, we understood the increase reached to approximately 30.0%. Having considered the aforesaid, we concur with the Company's optimistic and prudent view on local property market in future.

Furthermore, according to the WOG Annual Report and the WOP Annual Report, we understood that WOP has been actively achieving an asset-light operation model in recent years to effectively expand its source of funds, reduce financial pressure and lower gearing ratio. Through collaborative relationship between WOP Group and various developers as well as enterprises, the Group has jointly developed a number of property projects, which enable the Group to reduce own capital investment in an individual project, while simultaneously facilitating the accelerating expansion of its property portfolio. Consequently, the Company is of the view that the Transactions align with WOP's asset-light operation model and will allow WOP Group to further reduce its gearing ratio, which is expected to bring benefits for the Shareholders of the Company.

As further advised by the Management, after taking into account that (i) the return on investment of the Properties of approximately 9.7% derived at based on the total considerations for the Transactions and WOP's original acquisition cost of the Properties, and (ii) the net proceeds from the disposal of the Properties in the amount of approximately HK\$38.1 million to be used as general working capital of WOP Group, the Company believes that the Transactions allow WOP Group to reallocate its resources efficiently and strategically by capitalising WOP's investment in the Properties to capture other growth opportunities and open up new avenues for expansion, which will eventually optimise returns to the Shareholders of the Company.

Taking into account that (i) the Transactions are in line with WOP Group's strategic plan and represent a good opportunity for WOP Group as well as the Group to realise the appreciated value of the Properties; (ii) the net proceeds from the disposal of the Properties can allow WOP Group to pursue other growth opportunities, which will eventually optimise returns to both the shareholders of WOP and the Shareholders of the Company; and (iii) the Transactions would not have an adverse impact on the Group as confirmed by the Management, we concur with the Directors that the Sale and Purchase Agreements and the Transactions are fair and reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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### 3. The Sale and Purchase Agreements

Summarised below are the principal terms of the Sale and Purchase Agreements as extracted from the Board Letter for reference. For more details, please refer to the Board Letter.

#### 3.1 *The Sale and Purchase Agreement I*

- Date: 8 September 2023
- Parties: (i) Vendor I, an indirect wholly-owned subsidiary of WOP;  
and  
(ii) the Purchaser, an indirect wholly-owned subsidiary of WYT
- Subject matter: Pursuant to the Sale and Purchase Agreement I, Vendor I has agreed to sell, and the Purchaser has agreed to purchase, the Target I Sale Share, representing the entire issued share capital of Target Company I, and the Target I Shareholder's Loan owing by Target Company I to Vendor I, both free from encumbrances.
- Target Company I holds 100% legal and beneficial ownership of Property I.
- Property I Shop No. N77, Ground Floor, Nos. 1-11, 15-17 Mount Sterling Mall and Nos. 10-16 Lai Wan Road, (Phase 7) Mei Foo Sun Chuen, Lai Chi Kok, Kowloon, Hong Kong
- Target I Consideration: The Target I Consideration (including the sale and purchase of the Target I Sale Share and the assignment of the Target I Shareholder's Loan) shall be HK\$43.8 million, which shall be satisfied by the Purchaser in the following manner:
- (a) HK\$17.52 million shall be paid by the Purchaser as deposit to Vendor I (or a nominee as Vendor I may direct) upon the signing of the Sale and Purchase Agreement I; and
- (b) HK\$26.28 million being the remaining balance of the Target I Consideration shall be paid by Purchaser to Vendor I (or a nominee as Vendor I may direct) on Transaction I Completion.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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Basis for Target I Consideration: The Target I Consideration was determined based on arm's length negotiations between the parties with reference to various factors including but not limited to WOP Group's investment cost in respect of Property I, the rental income of Property I as well as the market value of Property I in the amounts of HK\$43.8 million and HK\$43.9 million based on a WOP Valuation Report of Property I and the valuation of Property I arranged by WYT as at the Valuation Date (i.e. 31 August 2023), respectively.

Adjustment on Target I Consideration: Pursuant to the Sale and Purchase Agreement I, Vendor I undertakes to deliver to the Purchaser within 30 days from the date of completion of the relevant Transaction the financial statements of the Target Company I for the period from the beginning of the current financial year to the date of completion. If the Target I NTAV as shown in such accounts is not zero, the following provisions shall apply:

- (a) if the Target I NTAV as shown in such accounts is more than zero, the Purchaser shall pay such amount equal to the Target I NTAV to Vendor I within five business days from the date of receipt of such accounts; or
- (b) if the Target I NTAV as shown in such accounts is less than zero, Vendor I shall pay the amount equal to the absolute amount of Target I NTAV to the Purchaser within five business days from the date of delivery of such accounts.

### ***3.2 The Sale and Purchase Agreement II***

Date: 8 September 2023

Parties: (i) Vendor II, an indirect wholly-owned subsidiary of WOP; and  
(ii) the Purchaser, an indirect wholly-owned subsidiary of WYT

Subject matter: Pursuant to the Sale and Purchase Agreement II, Vendor II has agreed to sell, and the Purchaser has agreed to purchase, the Target II Sale Share, representing the entire issued share capital of Target Company II, and the Target II Shareholder's Loan owing by Target Company II to Vendor II, both free from encumbrances.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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Target Company II holds 100% legal and beneficial ownership of Property II.

Property II: Shop F on Ground Floor of Kam Bo Building, No. 2 Tung Lok Street, Yuen Long, New Territories, Hong Kong

Target II Consideration: Target II Consideration (including the sale and purchase of the Target II Sale Share and the assignment of the Target II Shareholder's Loan) shall be HK\$35.0 million, which shall be satisfied by Purchaser in the following manner:

- (a) HK\$14.0 million shall be paid by the Purchaser as deposit to Vendor II (or a nominee as Vendor II may direct) upon the signing of the Sale and Purchase Agreement II; and
- (b) HK\$21.0 million being the remaining balance of the Target II Consideration shall be paid by Purchaser to Vendor II (or a nominee as Vendor II may direct) on Transaction II Completion.

Basis for consideration: The Target II Consideration was determined based on arm's length negotiations between the parties with reference to various factors including but not limited to WOP Group's investment cost in respect of Property II, the rental income of Property II as well as the market value of Property II in the amounts of HK\$35.0 million and HK\$35.3 million based on the WOP Valuation Report of Property II and the valuation of Property II arranged by WYT as at the Valuation Date, respectively.

Adjustment on consideration: Pursuant to the Sale and Purchase Agreement II, Vendor II undertakes to deliver to the Purchaser within 30 days from the date of completion of the relevant Transaction, the financial statements of the Target Company II for the period from the beginning of the current financial year to the date of completion. If the Target II NTAV as shown in such accounts is not zero, the following provisions shall apply:

- (a) if the Target II NTAV as shown in such accounts is more than zero, the Purchaser shall pay such amount equal to the Target II NTAV to Vendor II within five business days from the date of receipt of such accounts; or
- (b) if the Target II NTAV as shown in such accounts is less than zero, Vendor II shall pay the amount equal to the absolute amount of Target II NTAV to the Purchaser within five business days from the date of delivery of such accounts.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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#### 4. Assessment of the considerations

As understood from the Board Letter, Target I Consideration of HK\$43.8 million and Target II Consideration of HK\$35.0 million were determined after arm's length negotiations between the parties with reference to various factors including but not limited to WOP Group's investment cost in respect of the Properties, the rental income of the Properties as well as the appraised value of each of the Properties as shown in the respective valuation of the Properties arranged by WOP and WYT.

##### *The WOP Valuation Report*

In considering the fairness and reasonableness of each of Target I Consideration and Target II Consideration, we have obtained and reviewed the WOP Valuation Report, which indicates the appraised value of Property I and Property II as at the Valuation Date of HK\$43.8 million and HK\$35.0 million, respectively.

We have performed the works with reference to Note 1(d) to Rule 13.80 of the Listing Rules and paragraph 5.3 of the Corporate Finance Adviser Code of Conduct in respect of the WOP Valuation Report, which included (i) assessment of the WOP Valuer's experiences in valuing properties in Hong Kong similar to the Properties; (ii) obtaining information on the WOP Valuer's track records on other property valuations; (iii) inquiry on the WOP Valuer's current and prior relationship with the Group and other parties to the Sale and Purchase Agreements; (iv) review of the terms of the WOP Valuer's engagement, in particular its scope of work, for the assessment of the WOP Valuation Report; and (v) discussion with the WOP Valuer regarding the basis, methodology and assumptions adopted in the WOP Valuation Report.

##### *(i) The WOP Valuer*

We have obtained and reviewed the WOP Valuer's qualification and the track records in relation to the preparation of the WOP Valuation Report. We noted that the WOP Valuer had acted as the valuer for a wide range of public companies listed in Hong Kong for similar transactions. In addition, we understand that Ms. Sandra Lau, being the director of the WOP Valuer and the signor of the WOP Valuation Report, is a member of the Hong Kong Institute of Surveyors, an Associate of the Australian Property Institute and a Registered Professional Surveyor in General Practice with over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC, and is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum. As such, we are of the view that the WOP Valuer and Ms. Sandra Lau are qualified, experienced and competent in performing the valuation of the Properties.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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We have also enquired with the WOP Valuer as to its independence and were given to understand that the WOP Valuer is an independent third party of the Company, the Purchaser, the Vendors, the Group, WOP Group and WYT Group and their respective connected persons. The WOP Valuer confirmed to us that it was not aware of any relationship or interest between itself and the Company or any other parties that would reasonably be considered to affect its independence to act as an independent valuer for WOP. Apart from normal professional fees payable to it in connection with its engagement for the valuation of the Properties, the WOP Valuer confirmed that no arrangements exist whereby it will receive any fee or benefit from the Company and its associates. Given the above, we are of the view that the WOP Valuer is independent from the Company and the relevant parties to the Sale and Purchase Agreements in respect of the valuation of the Properties.

Furthermore, we have obtained and reviewed the engagement letter entered into between the WOP Valuer and WOP. We noted that the scope of work is appropriate for the WOP Valuer to form the opinion required to be given and there are no limitations on the scope of work which might adversely impact on the degree of assurance given by the WOP Valuer in the WOP Valuation Report.

*(ii) Valuation basis*

As set out in the WOP Valuation Report, the WOP Valuer have complied with all the requirements contained in Chapter 5 to the Rules Governing the Listing of Securities issued by the Stock Exchange and the HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors. As further confirmed by the WOP Valuer, they have not identified any major factors which cause us to doubt the fairness and reasonableness of the principal basis and assumptions used in arriving at the valuation of the Properties. Based on our discussion with the WOP Valuer and our review on the WOP Valuation Report, we understood that the WOP Valuer have carried out inspections the exterior and, where possible, the interior of the buildings and structures of the Properties, and also made relevant enquiries and searches for the purpose of the valuation of the Properties. We have reviewed and discussed with the WOP Valuer the basis and assumptions adopted in arriving at the appraised value of the Properties. Taking into consideration of the nature of each of the Properties and that the valuation is conducted in accordance with the aforesaid requirements, we consider that the basis and assumptions adopted by the WOP Valuer for determining the appraised value of the Properties are appropriate.

*(iii) Valuation methodology*

As disclosed in the WOP Valuation Report and confirmed by the WOP Valuer, the WOP Valuer adopted market approach and rental capitalisation method based on existing contractual rental incomes (for cross-checking purpose) in valuing the Properties.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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According to our discussion with the WOP Valuer, valuations of completed properties are normally conducted in market approach and rental capitalisation method. We understand that given data on comparable premises/properties in the Hong Kong property market are mostly publicly available, the WOP Valuer considered the adoption of the market approach as the most appropriate as it would provide a more objective result. In fact, the market approach is universally considered as the most accepted valuation approach for valuing most forms of properties. Given that Hong Kong has an active and well-publicised property market and that there already exists sufficient samples of comparable premises/properties available for analysis, we are of the view that these comparable premises/properties provide good and objective benchmarks for the valuation of the Properties. Accordingly, we agree with the WOP Valuer that the market approach is appropriate for the valuation of the Properties.

As further understood from WOP Valuer, they have also made reference to rental capitalisation method based on existing contractual rental incomes for cross-checking purpose as the Properties were subject to existing tenancies as at the Valuation Date.

The Properties mainly comprise retail units with a saleable area of 909 sq. ft for Property I and 470 sq. ft. for Property II, respectively.

As the market approach has been adopted by the WOP Valuer, we accordingly obtained a summary list of comparable transactions of a retail unit identified by the WOP Valuer (the “**Summary List**”) principally based on the following criteria that (i) properties consist of retail units; (ii) properties fall within the same location as the relevant Property; (iii) the saleable floor areas of properties are comparable to the relevant Property (i.e. with less than 1,500 sq. ft.); (iv) the transactions were completed within 12 months immediately prior to the Valuation Date; and (v) relevant sale and purchase agreement has been registered in the Land Registry. We noted 4 comparable transactions for Property I (the “**Property I Comparables**”) and 7 comparable transactions for Property II (the “**Property II Comparables**”, together with the Property I Comparables as the “**Comparable Transactions**”) were selected by the WOP Valuer under the abovementioned criteria. As confirmed by the WOP Valuer, the Comparable Transactions represent an exhaustive list of relevant comparables based on their best knowledge and information available. Given the aforesaid, the WOP Valuer is of the view that the selection criteria is fair and reasonable and we concur with the view of the WOP Valuer.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Set out below are the Comparable Transactions as extracted from the Summary List:

*A. List of the Property I Comparables*

No.	Location	Property type	Transaction date	Unit rate (approximate) (HK'000 sq. ft.)	Adjusted unit rate (approximate) (HK'000 sq. ft.) (Note)
1	Mei Foo Sun Chuen – Unit 72, G/F, Ph III	Commercial unit	14 March 2023	75.3	46.4
2	Mei Foo Sun Chuen – Unit 48B, G/F, Ph II	Commercial unit	13 March 2023	56.7	49.1
3	Mei Foo Sun Chuen – Unit 47B2, G/F, Ph II	Commercial unit	28 April 2023	39.3	49.3
4	Mei Foo Sun Chuen – Unit 49A2, G/F, Ph II	Commercial unit	15 May 2023	50.0	47.7
<b>Average</b>					<b>48.2</b>
<b>Fair value of the Property I (909 sq. ft.)</b>					<b>HK\$43.8 million</b>

*Note:* as advised by the WOP Valuer, adjustment factors regarding time, location, frontage and size have been incorporated in the valuation for the Property I. The adjustment ranges of (i) time is +0.42% to +1.65%; (ii) location is -30% to +30%; and (iii) frontage and size is -5% to -10%, respectively.

*B. List of the Property II Comparables*

No.	Location	Property type	Transaction date	Unit rate (approximate) (HK'000 sq. ft.)	Adjusted unit rate (approximate) (HK'000 sq. ft.) (Note)
1	Hong Lok Square – Unit 2, G/F	Commercial unit	23 March 2023	88.4	89.8
2	Fu Loy Garden – Unit 18, G/F	Commercial unit	29 March 2023	45.1	61.6
3	Fu Loy Garden – Unit 17, G/F	Commercial unit	03 April 2023	39.2	53.1
4	Wun Fat Building – Unit 1, G/F	Commercial unit	08 November 2022	59.3	73.4
5	Fu Shing Building – Unit 95 to 100, G/F	Commercial unit	09 April 2023	40.6	51.0
6	Kar Shing Building – Unit G03 & G011, G/F	Commercial unit	31 May 2023	120.6	109.1
7	Kam Lung Mansion – Unit 20D, G/F	Commercial unit	28 September 2022	65.8	80.4
<b>Average</b>					<b>74.1</b>
<b>Fair value of the Property II (470 sq. ft.)</b>					<b>HK\$35.0 million</b>

*Note:* as advised by the WOP Valuer, adjustment factors regarding time, location, frontage and size have been incorporated in the valuation for the Property II. The adjustment ranges of (i) time is 0.28% to +1.65%; and (ii) location is -10% to +35%, respectively. There is no adjustment on frontage and size made to the Valuation for the Property II.

As shown in above, we noted that the Comparable Transactions are located in the similar vicinity as the relevant Property. We were further advised by the WOP Valuer that suitable adjustments were made to the Comparable Transactions where the WOP Valuer considered appropriate, taking into account differences in size, layout, accessibility, location, time, etc.. We



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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consulted the WOP Valuer in relation to the adjustments made in the WOP Valuation Report and were advised that an upward adjustment would be made if the subject property is better than the comparable property, and vice versa. Regarding the rationale of the adjustments behind, we were given to understand that the adjustments were made in respect of (i) time of the underlying properties of the Comparable Transactions to reflect the change in their respective market price based on the Rental and Price Indices as published by Rating and Valuation Department in Hong Kong despite the fact that transaction date of the relevant Comparable Transaction is close to the Valuation Date; (ii) location of the underlying properties of the Comparable Transactions to reflect their intensity of pedestrian flows at the locality, prominence, visibility and exposure of the retail shop to customers; and (iii) the ratio of shop frontage to the size of the shop based on frontage and size factors. As further advised by the WOP Valuer, the shop frontage, especially for retail shops at ground or street level, is a crucial area as it functions as a display zone to draw visual attention towards a business and its products, generally, a retail shop with a larger ratio of shop frontage to size is considered to have a higher value. We discussed with the WOP Valuer and were advised that the relevant adjustment was principally determined based on their experience, which is in line with the market practice.

As shown in the Summary List, the saleable areas of the Property I Comparables range from approximately 140 sq. ft. to approximately 798 sq. ft. and the saleable areas of the Property II Comparables range from approximately 57 sq. ft. to approximately 1,404 sq. ft.. The adjusted unit rates of the Property I Comparables vary from approximately HK\$46,414 per sq. ft. to approximately HK\$49,337 per sq. ft. with an average of approximately HK\$48,151 per sq. ft., and the adjusted unit rates of the Property II Comparables vary from approximately HK\$50,985 per sq. ft. to approximately HK\$109,062 per sq. ft., with an average of approximately HK\$74,056 per sq. ft..

The unit rate adopted in the valuation of the relevant Property is within the respective range of the adjusted unit rates of the relevant Comparable Transactions. The unit rates adopted are HK\$48,200 per sq. ft. for Property I and HK\$74,056 per sq. ft. for Property II, each based on the saleable area. We understood that the WOP Valuer determined the market value of each of the Properties by multiplying the respective analysed unit rate for the Properties with their respective saleable areas. Consequently, the appraised value of each of Property I and Property II is HK\$43.8 million and HK\$35.0 million as at the Valuation Date, respectively.

*(iv) Valuation assumptions*

According to the WOP Valuation Report, the appraised values of the Properties have been derived by market approach on the assumption that the owner sells the Properties on the market in their existing states without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the Properties. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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Further details of the bases and assumptions of the valuation are included in the WOP Valuation Report as contained in the “Appendix I – Valuation Report of the Properties” to the Circular.

(v) *Conclusion*

Having considered that (i) the Target Companies have no other major assets beside their interests in the relevant Property and hence the valuations of the Target Companies are mostly determined by the appraised value of the Properties; (ii) the market approach as adopted by the WOP Valuer in the WOP Valuation Report is a commonly adopted approach for property valuation; and (iii) valuation basis, adjustments and assumptions adopted by the WOP Valuer are customary basis and assumptions adopted are fair and reasonable, we are of the view that the valuations on the Properties were determined on fair and reasonable basis, and therefore, the Target I Consideration and the Target II Consideration, which were determined with reference to the WOP Valuation Report are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

*Adjustment of considerations*

As shown in the Board Letter, pursuant to the relevant Sale and Purchase Agreement, the relevant Vendor undertakes to deliver to the Purchaser within 30 days from the date of completion of the relevant Transaction the financial statements of the relevant Target Company for the period from the beginning of the current financial year to the date of completion. If the Target I NTAV or the Target II NTAV as shown in such relevant accounts is not zero, the following provisions shall apply: (a) if the Target I NTAV or the Target II NTAV as shown in such accounts is more than zero, the Purchaser shall pay such amount equal to the Target I NTAV or the Target II NTAV to the relevant Vendor within five business days from the date of receipt of such relevant accounts; or (b) if the Target I NTAV or the Target II NTAV as shown in such accounts is less than zero, the relevant Vendor shall pay the amount equal to the absolute amount of the Target I NTAV or the Target II NTAV to the Purchaser within five business days from the date of delivery of such relevant accounts (collectively, the “**Completion Adjustments**”).

Given the aforesaid, we consider the Completion Adjustments by reference to the financial statements of the relevant Target Company for the period from the beginning of the current financial year to the date of completion shall reflect the changes of the net asset value of the Target Companies (excluding the relevant Property, any intangible assets and other fixed assets and deferred tax). Therefore, we are of the view that the Completion Adjustments are fair and reasonable.

*Our view*

Taking into account (i) return on investment of the Properties of approximately 9.7% derived at based on the total considerations for the Transactions and the WOP’s original acquisition cost of the Properties; (ii) the net proceeds from the Transactions allowing WOP Group to pursue other growth opportunities, which will eventually optimise returns to both the shareholders of WOP and the Shareholders of the Company; and (iii) the fairness and reasonableness of the WOP Valuation Report

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and the Completion Adjustments as mentioned above, we are of the view that the terms of the Sale and Purchase Agreements (including the Target I Consideration and the Target II Consideration) are fair and reasonable.

### 5. Financial impact of the Transactions to the Company

As set out the Board Letter, the estimated related expenses of the Transactions for the Group is approximately HK\$1.9 million. In addition, having considered the considerations of the Transactions and the unaudited net asset value or liabilities of each of the Target Companies as at 31 July 2023, it is estimated that upon completion of the Transactions, the total assets of the Group will decrease by approximately HK\$41.5 million, the total liabilities of the Group will decrease by approximately HK\$39.6 million, the equity attributable to owners of the parent of the Group will decrease by approximately HK\$1.1 million and the non-controlling interests of the WOG Group will decrease by approximately HK\$0.8 million. Save as disclosed above, it is expected that there is no other material financial impact to the Group of the Transactions. The actual financial impact will be subject to review by the auditor of the Group.

### RECOMMENDATION

Based on the above, we consider that the terms of the Sale and Purchase Agreements and the Transactions (particularly the disposal of the Target Companies by the Vendors thereunder) are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as the Company and the Shareholders are concerned, and thus the entering into of the Sale and Purchase Agreements and the Transactions are in the interests of the Company and the Shareholders as a whole.

We therefore advise the Independent Board Committee to recommend, and ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Sale and Purchase Agreements and the Transactions.

Yours faithfully,  
For and on behalf of  
**Merdeka Corporate Finance Limited**  
**Wallace So**  
*Managing Director*

*Mr. Wallace So is a Responsible Officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 10 years of experience in corporate finance.*

*The following is the text of a letter and valuation certificates prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with their valuations of the Properties as at 31 August 2023.*



**Asset Appraisal Limited**  
**中誠達資產評值顧問有限公司**

Rm 901, 9/F., On Hong Commercial Building  
145 Hennessy Road, Wanchai, HK  
香港灣仔軒尼詩道145號安康商業大廈9字樓901室  
Tel : (852) 2529 9448 Fax : (852) 3521 9591

29 September 2023

**The Board of Directors**

**Wang On Properties Limited**

Suite 3201 32/F

Skyline Tower

No. 39 Wang Kwong Road

Kowloon Bay Kowloon

Dear Sirs,

**Re: Valuation of Two Properties situated in Hong Kong**

In accordance with the instructions from **Wang On Properties Limited** (the “**Company**”) to value certain property development sites (the “**Properties**”) held by the Company or its subsidiaries (altogether referred to as the “**Group**”), we confirm that we have carried out inspection of the Properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the Properties as at 31 August 2023 (the “**Valuation Date**”).

**BASIS OF VALUATION**

Our valuation of the Properties represents their market values which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion”.

**TITLESHIP**

We have caused searches to be made at the appropriate Land Registry for the Properties. However, we have not verified ownerships of the Properties or to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

**VALUATION METHODOLOGY**

In valuing the Properties we have adopted the Market Approach assuming sale of each of the Properties in its existing state by making reference to comparable sales transactions of similar properties as identified on the market. Comparable properties of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

As the Properties were subject to existing tenancies as at the Valuation Date, we have also valued them by the Rental Capitalization Method by which the market value of a property represents the summation of the term interest value and the reversionary interest value. Term interest is arrived at by capitalizing the contractual rental incomes of the property over the remaining lease term of the existing tenancy whilst reversionary interest is the market value of the property on vacant possession basis (as determined by the Market Approach mentioned above) discounted to present value with discounting tenure matching with the remaining lease term of the existing tenancy.

**ASSUMPTIONS**

Our valuation has been made on the assumption that the owner sells the Properties on the market in their existing states without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the Properties.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

**LIMITING CONDITIONS**

No allowance has been made in our report for any charges, mortgages or amounts owing on the Properties nor for any expenses or taxation which may be incurred in holding them. It is assumed that the Properties are free from encumbrances, restrictions, outgoings of an onerous nature and any third party rights, which could affect their values.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the floor areas in respect of the Properties but have assumed that the site areas and the floor areas shown on the documents and official plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

The Properties were last inspected on between 7 September 2023 by the undersigned. She has inspected the exterior and, where possible, the interior of the buildings and structures of the Properties. However, no structural survey has been made for them. We are not, however, able to report whether the buildings and structures inspected by us are free of rot, infestation or any structural defect. No test was carried out on any of the building services and equipment. During the site inspection, she has ascertained the following matters of the Properties as at the date of site inspection:

- the general environment and development conditions of the area in which the Properties are situated;
- the existing uses of the Properties;
- the occupancy of the Properties;
- the facilities provided by the Properties; and
- the existence of any closure order and resumption order affixed to the Properties.

The market value estimate contained within this report specifically excludes the impact of environmental contamination resulting from earthquakes or other causes. It is recommended that the reader of this report consult a qualified environmental auditor for the evaluation of possible environmental defects, the existence of which could have a material impact on market value.

No soil analysis or geological studies were ordered or made in conjunction with this report, nor were any water, oil, gas, or other subsurface minerals use rights or conditions investigated.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the Properties, we have complied with all the requirements contained in Chapter 5 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors.

All market values of the Properties are denominated in Hong Kong Dollars.

Our summary of valuation and valuation certificate are attached herewith.

Yours faithfully,  
for and on behalf of  
**Asset Appraisal Limited**

**Sandra Lau**  
*MHKIS AAPI RPS(GP)*  
*Director*

*Sandra Lau is a member of the Hong Kong Institute of Surveyors, an Associate of the Australian Property Institute and a Registered Professional Surveyor in General Practice. She is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.*

## SUMMARY OF VALUATION

<b>Property</b>	<b>Market value in existing state as at 31 August 2023 HK\$</b>
<b>Property interests held by the Group for investment</b>	
1. Shop No. N77 on Ground Floor Nos. 1-11, 15-17 Mount Sterling Mall Nos. 10-16 Lai Wan Road Mei Foo Sun Chuen Kowloon Hong Kong	43,800,000
2. Shop F on Ground Floor Kam Bo Building No. 2 Tung Lok Street Yuen Long New Territories Hong Kong	35,000,000
<b>Grand Total:</b>	<b>78,800,000</b>



## VALUATION CERTIFICATE

## Property interests held by the Group for investment

Property No. 1	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 August 2023 HK\$
<p>Shop No. N77 on Ground Floor Nos. 1-11, 15-17 Mount Sterling Mall Nos. 10-16 Lai Wan Road Mei Foo Sun Chuen Kowloon Hong Kong</p> <p>1/860 shares of and in the New Kowloon Inland Lot No. 5086</p>	<p>The property comprises a shop unit on the ground floor within a 3-level commercial podium surmounted by 6 blocks of 17-storey residential buildings. The development was completed in 1976.</p> <p>The property is falling within one of the early developed private housing estate namely Mei Foo Sun Chuen which is featured with various medium rise residential buildings and retail facilities in the form of commercial/carparking podium underneath the residential buildings. Ample sport and leisure communal facilities including the Lai Chi Kok Park (Stage 1 to Stage 3), the Lai Chi Kok Park Sport Centre, the Lai Chi Kok Park Swimming Pool and the Mei Foo Government Complex are lying adjacent to the housing estate. The area is well served by public transports. The Mei Foo Bus Terminus and the MTR (Mei Foo) Station of the Tsuen Wan Line and the Tuen Ma Line are found within the housing estate.</p> <p>The saleable area of the property is 909 square feet. It commands a shop frontage of approximately 18 feet opening onto internal corridor.</p> <p>The property is held under Conditions of Exchange UB9081 for a term of 99 years commencing on 1 July 1898 with the lease term statutorily extended to 30 June 2047.</p> <p>The prevailing quarter Government rent of the property is HK\$7,470.</p>	<p>The property is currently subject to 2 existing tenancies. Portion A of the property with a saleable area of 778 square feet is leased for a term of 3 years from 3 June 2021 to 2 June 2024 at a monthly rent of HK\$115,000. Portion B of the property with a saleable area of 131 square feet is leased for a term of 3 years from 16 July 2023 to 15 July 2026 at a monthly rent of HK\$30,000.</p> <p>All monthly rental amounts mentioned are exclusive of management fee, rates and Government rent.</p>	<p>43,800,000</p>

*Notes:*

1. The registered owner of the property is Success Vision Limited registered via memorial no. 21060301320035 dated 11 May 2021.
2. The property is subject to a Mortgage in favour of Hang Seng Bank Limited registered via memorial no. 21081902530179 dated 2 August 2021.
3. Notice No. "UMB/50D151/1601-506/0001" registered via memorial no. 21032501770094 dated 31 August 2017 was issued by the Building Authority under Section 30B(3) of the Buildings Ordinance relating to the common part(s) of the subject development.
4. Notice No. "UMB/50D151/1601-506/0001" registered via memorial no. 21032501770109 dated 31 August 2017 was issued by the Building Authority under Section 30C(3) of the Buildings Ordinance relating to the common part(s) of the subject development.
5. The property falls within an area zoned "Residential (Group A)" under the Approved Lai Chi Kok Outline Zoning Plan No. S/K16/16.

## VALUATION CERTIFICATE

## Property interests held by the Group for investment

Property No. 2	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 August 2023 HK\$
Shop F on Ground Floor Kam Bo Building No. 2 Tung Lok Street Yuen Long New Territories Hong Kong	The property comprises a shop unit on the ground floor of a 6-storey residential buildings with its ground floor and 1st floor designated for commercial use and office use respectively. The subject building was completed in 1973.	The property is currently subject to an existing tenancy for a term of 3 years from 1 May 2022 to 30 April 2025 at a monthly rent of HK\$100,000 exclusive of management fee, rates and Government rent. The tenant has an option to renew the tenancy for a term of 3 years.	35,000,000
1/41 shares of and in the Remaining Portion of Lot No. 3825 in Demarcation District No. 120	<p>The property is falling within an early developed residential area which is concerned with various medium rise tenement blocks or residential buildings intermingling with some high-rise residential buildings or pure commercial developments of various ages. The lowest floor levels of most of the development are devoted for commercial uses. Communal facilities including the Yuen Long Government Offices, basketball courts, children playgrounds, tennis courts, football field and health centre are provided within the subject locality. The area is well served by public transports. The MTR (Yuen Long) Station of the Tuen Ma Line is about 1.6 kilometres at the east of the subject building. Bus terminus and public light bus terminus are within walking distance of the subject building.</p> <p>The saleable area of the property is 470 square feet. It commands a shop frontage of approximately 10.5 feet opening onto Sau Fu Street.</p> <p>The property is held under New Grant No. YL1069 for a term of 99 years commencing on 1 July 1898 with the lease term statutorily extended to 30 June 2047.</p> <p>The prevailing quarter Government rent of the property is HK\$3,915.</p>		

*Notes:*

1. The registered owner of the property is Nice Treasure Limited registered via memorial no. 22031101810470 dated 1 March 2022.
2. The property is subject to a Mortgage and a Rental Assignment both in favour of United Overseas Bank Limited respectively registered via memorial no. 22051302420151 dated 3 May 2022 and memorial no. 22051302420168 dated 3 May 2022.
3. Fire Safety Compliance Order registered via memorial nos. 23061500440115, 23061500440128, 23061500440218 and 23061500440221 all dated 10 March 2023 is issued by the Magistrate under Section 6(1) of Fire Safety (Building) Ordinance (Chapter 572) in relation to common areas of the subject building.
4. The property falls within an area zoned "Residential (Group A)" under the Draft Yuen Long Outline Zoning Plan No. S/YL/26.

## 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 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 a) %
	Personal interest	Family interest	Corporate interest	Other interest		
Mr. Tang	28,026,339	28,026,300 (Note b)	2,734,664,306 (Note c)	4,989,928,827 (Note d)	7,780,645,772	50.67
Ms. Yau Yuk Yin ("Ms. Yau")	28,026,300	2,762,690,645 (Note e)	-	4,989,928,827 (Note f)	7,780,645,772	50.67

#### *Notes:*

- (a) The percentages were disclosed pursuant to the relevant disclosure forms filed under the SFO as at the Latest Practicable Date.
- (b) Mr. Tang was taken to be interested in those Shares in which his spouse, Ms. Yau, was interested.

- (c) 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 directly wholly-owned by Caister Limited, 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 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 direct wholly-owned subsidiary of the Company).
- (d) 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.
- (e) Ms. Yau was taken to be interested in those Shares in which her spouse, Mr. Tang, was interested.
- (f) Ms. Yau was taken to be interested in those Shares by virtue of being a beneficiary of Tang’s Family Trust.

*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 % <i>(Note a)</i>
Mr. Tang	CAP	Interest of controlled corporation	7,320,095,747 <i>(Note b)</i>	73.54
Ms. Yau	WYT	Interest of controlled corporation	810,322,940 <i>(Note c)</i>	69.19
	WOP	Interest of controlled corporation	11,400,000,000 <i>(Note d)</i>	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) Pursuant to the disclosure of interests form published on the website of the Stock Exchange, of the 7,320,095,747 shares of CAP, 2,007,700,062 shares of CAP were held by Onger Investments Limited (“**Onger Investments**”) and 5,312,395,685 shares were held by Goal Success Investments Limited (“**Goal Success**”). As of the Latest Practicable Date, Onger Investments was directly wholly-owned by Loyal Fame, a direct wholly-owned subsidiary of Easy One, which was directly wholly-owned by

Caister Limited, which is in turn wholly-owned by Mr. Tang. Pursuant to a sale and purchase agreement entered into between WOE, Loyal Fame and Mr. Tang on 6 September 2023, Loyal Fame has conditionally agreed to sell, and WOE has conditionally agreed to acquire, the entire issued share capital of Onger Investments. Therefore, Mr. Tang continues to be interested in such CAP shares held by Onger Investments. Goal Success is 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 69.19% by Rich Time which was wholly-owned by WOE, an indirect wholly-owned subsidiary of the Company which was owned as to approximately 50.67% by Mr. Tang, together with his associates.

- (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 are discloseable under Divisions 2 and 3 of Part XV of the SFO**

Save as disclosed in this Appendix II, 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 (Note a)	Capacity	Number of Shares	Approximate percentage of the Company's total issued share capital (Note f) %
Accord Power Limited ("Accord Power") (Note b)	Beneficial owner – Tang's Family Trust	4,989,928,827	32.50
Alpadis Trust (HK) Limited (Notes b & c)	Interest of controlled corporation – Trustee	4,989,928,827	32.50
ESSEIVA, Alain (Note d)	Interest of controlled corporation	4,989,928,827	32.50
HEER, Dominik Philipp (Note d)	Interest of controlled corporation	4,989,928,827	32.50
HEER, Krinya (Note d)	Family Interest	4,989,928,827	32.50
TEO, Wei Lee (Note d)	Family Interest	4,989,928,827	32.50
WYT (Note e)	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 II.

- (b) Accord Power is wholly-owned by Alpadis Trust (HK) Limited in its capacity as the 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 was 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 was the spouse of ESSEIVA, Alain and was therefore taken to be interested in those Shares in which ESSEIVA, Alain was interested. HEER, Krinya was the spouse of HEER, Dominik Philipp and was therefore taken to be interested in those Shares in which HEER, Dominik Philipp was interested. The percentages were disclosed pursuant to the relevant disclosure forms filed under the SFO as at the Latest Practicable Date.
- (e) WYT is an indirect non-wholly owned listed subsidiary of the Company. Mr. Tang is the chairman and an executive director of WYT.
- (f) The percentages were disclosed pursuant to the relevant disclosure forms filed under the SFO as at the Latest Practicable Date.

### **3. 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, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates were considered to have any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

### **4. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS AND CONTRACTS**

Save for (i) the Group's acquisition of approximately 20.17% of the issued share capital of CAP from Loyal Fame (which is indirectly wholly-owned by Mr. Tang) for a cash consideration of HK\$200 million as disclosed in the Company's announcement dated 6 September 2023, and (ii) 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.

#### **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 financial statements of the Group were made up.

#### **7. EXPERT AND CONSENT**

The following is the qualification of the experts who have given opinion and advice, which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Merdeka Corporate Finance Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Asset Appraisal Limited	an independent professional valuer

As at the Latest Practicable Date, each of the experts referred to above (i) had no shareholding in any member of the Group and 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; (ii) had no direct or indirect interest in any assets which had been, since 31 March 2023 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinion or report and the reference to its name included herein in the form and context in which it appears.

**8. 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.

**9. DOCUMENTS ON DISPLAY**

Copies of the Sale and Purchase Agreements are available on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and on the Company's website at [www.wangon.com](http://www.wangon.com) from the date of this circular up to and including 19 October 2023 (the date of the SGM).



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## NOTICE OF THE SGM

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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)

### 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 Thursday, 19 October 2023 at 11:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

#### ORDINARY RESOLUTIONS

(1) “**THAT:**

- (a) the Sale and Purchase Agreement I (as defined in the circular of the Company dated 29 September 2023 of which this notice forms part (the “**Circular**”)) (a copy of which has been produced in this meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified; and
- (b) the entering into of the Sale and Purchase Agreement I (as defined in the Circular) be approved, confirmed and ratified and 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 Sale and Purchase Agreement I (as defined in the Circular) and the transactions contemplated thereunder.”

(2) “**THAT:**

- (a) the Sale and Purchase Agreement II (as defined in the Circular) (a copy of which has been produced in this meeting and marked “B” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified; and

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## NOTICE OF THE SGM

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- (b) the entering into of the Sale and Purchase Agreement II (as defined in the Circular) be approved, confirmed and ratified and any one 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 Sale and Purchase Agreement II (as defined in the Circular) and the transactions contemplated thereunder.”

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, 29 September 2023

*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 Thursday, 19 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 branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 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.
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 at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as practicable and in any event 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 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.

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## NOTICE OF THE SGM

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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 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 resolutions will be voted by way of a poll at the SGM.

*\* For identification purpose only*