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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)**

### **ANNOUNCEMENT TERMINATION OF THE TENANCY AGREEMENT**

Reference is made to the announcement of the Company dated 24 May 2022 in relation to the Tenancy Agreement.

On 16 December 2024, the Operator (an indirect wholly-owned subsidiary of the Company), as the tenant, submitted the Surrender Agreement to the Landlord, whereby the Operator will surrender the remaining term in the Tenancy Agreement in respect of the leasing of the Wet Market and the Landlord will agree to the surrender and to release the Operator from the Tenancy Agreement with effect from 16 December 2024 in consideration of HK\$5,400,000 payable by the Operator to the Landlord.

#### **PRINCIPAL TERMS OF THE SURRENDER AGREEMENT**

The principal terms of the Surrender Agreement are summarized below:

- Parties:
- (i) Wang On Majorluck Limited (i.e. the Operator), an indirect wholly-owned subsidiary of the Company as the tenant; and
  - (ii) Hong Kong Housing Authority as the landlord

Location of the Wet Market: The wet market located at B1/F, Kai Chuen Shopping Centre, Kai Chuen Court, Wong Tai Sin, Hong Kong including advertising light box No. A

Termination Date: 16 December 2024

Consideration: HK\$5,400,000

The Consideration is compensation payable to the Landlord by the Operator for early termination of the Tenancy Agreement.

Payment terms: The Consideration has been paid by the Operator to the Landlord on 16 December 2024.

## **RIGHT-OF-USE ASSET**

It is expected that, under the HKFRS 16, the termination of the Tenancy Agreement will be recognized in the Group's consolidated financial statements as a disposal of investment property of approximately HK\$56.4 million and derecognition of lease liability of approximately HK\$59.0 million as at 30 September 2024 subject to review and confirmation by the auditor of the Company.

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

The Wet Market has consistently underperformed against financial expectations, resulting in unsustainable operation with high rental costs. Terminating the Tenancy Agreement will eliminate ongoing rental and maintenance expenses associated with the Wet Market, thereby improving cash flow and enhancing the overall financial health of the Group. The decision will also enable the Group to reallocate resources toward more lucrative opportunities.

Having taking into account of the above reasons, the Directors (including the independent non-executive Directors) are of the view that the terms of the Surrender Agreement are on normal commercial terms that are fair and reasonable, and is in the interest of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATION**

This announcement is made by the Company pursuant to Rule 14.36 of the Listing Rules as the entering into of the Surrender Agreement constitutes a termination of the discloseable transaction previously announced by the Company on 24 May 2022.

## **DEFINITIONS**

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

“Board” the board of the Directors

“Company”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Housing Authority” or “Landlord”	a statutory organisation tasked to develop and implement a public housing programme to help the Government of Hong Kong achieve its policy objective on public housing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Operator”	Wang On Majorluck Limited, an indirect wholly-owned subsidiary of the Company and a company incorporated in Hong Kong with limited liability, which is principally engaged in fresh markets management
“PRC”	the People’s Republic of China, which for the purpose of this announcement, does not include Taiwan, Hong Kong and the Macau Special Administrative Region of the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

“Surrender Agreement”	the surrender agreement issued by the Landlord and signed by the Operator which submitted to the Landlord on 16 December 2024, whereby the Operator will surrender the remaining term in the Tenancy Agreement in respect of the leasing of the Wet Market and the Landlord will agree to the surrender and to release the Operator from the Tenancy Agreement with effect from 16 December 2024 in consideration of HK\$5,400,000 payable by the Operator to the Landlord
“Tenancy Agreement”	the tenancy agreement entered into between the Operator and the Hong Kong Housing Authority in respect of the leasing of the Wet Market for a term of 6 years commencing from 1 November 2022
“Wet Market”	the wet market located at B1/F, Kai Chuen Shopping Centre, Kai Chuen Court, Wong Tai Sin, Hong Kong including advertising light box No. A
“%”	per cent

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

Hong Kong, 16 December 2024

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

*\* For identification purpose only*