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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)

MAJOR TRANSACTION
DISPOSAL OF A SUBSIDIARY

References are made to the announcement and the circular of the Company dated 20 November 2012 and 24 December 2012, respectively, in relation to the acquisition of the Property.

DISPOSAL

The Board announces that on 1 December 2015, the Vendor, an indirect wholly-owned subsidiary of the Company, and the Company as guarantor to the Vendor entered into the Agreement with the Purchaser for the disposal and assignment of the Sale Share and the Shareholder Loan of the Target Company at the Consideration of HK\$823.0 million.

The principal asset of the Target Group is the Property, which principally comprises the “Riviera Plaza” in Tsuen Wan, Hong Kong.

GENERAL

As (i) one of the applicable percentage ratio is greater than 25% but less than 75% for the purpose of Rule 14.07 of the Listing Rules; and (ii) the Disposal, when aggregated with the August Disposal (a discloseable transaction), would not result in a higher transaction classification under Chapter 14 of the Listing Rules, the Disposal constitutes a major transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders’ approval requirements under the Listing Rules.

* *For identification purpose only*

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the Agreement and the Disposal, thus no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for the approval of the Agreement and the Disposal. The Company has obtained a written shareholders' approval from Mr. Tang Ching Ho and his associates, the controlling Shareholder group holding approximately 51.0% of the total issued Shares as at the date of this announcement, in lieu of holding a special general meeting to approve the Agreement and the Disposal in accordance with Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Disposal will be despatched to the Shareholders on or before 22 December 2015.

References are made to the announcement and the circular of the Company dated 20 November 2012 and 24 December 2012, respectively, in relation to the acquisition of the Property.

THE AGREEMENT

Date

1 December 2015

Parties

Vendor: East Run Investments Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement

Guarantor: the Company, as guarantor to the Vendor

Purchaser: Super Eagle Limited, an investment holding company incorporated in the British Virgin Islands with limited liability. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Purchaser and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected person(s); and (ii) the Group has entered into the August Disposal with a company held by the ultimate beneficial owner of the Purchaser, details of which were set out in the discloseable transaction announcement of the Company dated 12 August 2015 in relation to a disposal of a subsidiary by the Group.

Assets to be disposed of

The Sale Share and the Shareholder Loan.

Consideration and payment

The Consideration is HK\$823.0 million which shall be paid or payable by the Purchaser in accordance with the following schedule:

- (i) an amount of HK\$10.0 million has already paid prior to the execution of the Agreement and shall be applied as an initial deposit (the “**Initial Deposit**”) and part payment towards settling part of the Consideration;
- (ii) a further deposit of HK\$72.3 million together with the Initial Deposit equivalent to 10% of the Consideration has been paid on the date of the Agreement and shall be applied as deposit and part payment towards settling part of the Consideration; and
- (iii) the balance of the Consideration of HK\$740.7 million shall be paid upon Completion.

The Consideration was determined after arm’s length negotiations between the Purchaser and the Vendor with reference to the net asset value, excluding existing mortgage loan and shareholder loan and prevailing market price of similar properties in similar location.

Completion

Completion shall take place no later than 15 February 2016.

INFORMATION OF THE TARGET GROUP

The principal asset of the Target Group is the Property, which was built in the year 1990, is a 9-storey shopping mall with two basements known as “Riviera Plaza” and is located in Tsuen Wan, Hong Kong. The existing gross floor area and lettable area of Riviera Plaza is 242,689 sq. ft. and 168,463 sq. ft. with a Government lease term up to 30 June 2047. Apart from the car parking spaces located in the two basements and radio base stations which have been leased with an aggregate average monthly rental of approximately HK\$330,000, the spaces at ground floor and upper floors of the shopping mall are currently vacant.

Set out below is the financial information of the Target Group for the two financial years ended 31 March 2015 prepared under Hong Kong Financial Reporting Standards:

	For the period ended 30 September 2015 unaudited HK\$'000	For the year ended 31 March 2015 unaudited HK\$'000		2014 unaudited HK\$'000
		2015 unaudited HK\$'000	2014 unaudited HK\$'000	2014 unaudited HK\$'000
Turnover	1,992	3,890		5,501
Loss before tax	(7,234)	(612)		(49,584)
Loss after tax	(8,448)	(2,992)		(49,584)

As at 30 September 2015, the unaudited net liabilities of the Target Group amounted to approximately HK\$61.3 million and the valuation of the Property as at 30 September 2015 amounted to HK\$520.0 million as indicated by an independent valuer.

POSSIBLE FINANCIAL EFFECT OF THE DISPOSAL

Immediately after Completion, the Target Group will cease to be subsidiaries of the Company and the financial results of the Target Group will be deconsolidated from the Group's financial statements. The net proceeds (after repayment of an existing mortgage loan of approximately HK\$228.5 million and deducting other expenses in relation thereto) arising from the Disposal of approximately HK\$584.7 million, will be used for general working capital of the Group.

Based on, *inter alia*, the Consideration, the Shareholder Loan, the outstanding mortgage loan, the unaudited net liabilities as at 30 September 2015 and the related expenses for the Disposal, the Group currently expects to record a gain arising from the Disposal of approximately HK\$293.6 million upon Completion subject to review by the auditors of the Company.

Shareholders should note that the above figures are for illustrative purpose only. The actual gain on the Disposal may be different from the above and will be determined based on the financial position of the Target Group on the date of Completion and the review by the Company's auditors.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in property investment and property development in Hong Kong, management and sub-licensing of Chinese wet markets in Hong Kong and the PRC. It also has interests in the pharmaceutical business through its investments in 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 whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897).

The Directors are of the view the Disposal would benefit the Group by indirectly realising its investment in the Property (which has already been appreciated by more than 60%) and also improve the liquidity and overall financial position of the Group.

The Directors are of the view that the Disposal is in the interests of the Group and the Shareholders as a whole and the terms thereof are on normal commercial terms and are fair and reasonable.

GENERAL

As (i) one of the applicable percentage ratio is greater than 25% but less than 75% for the purpose of Rule 14.07 of the Listing Rules; and (ii) the Disposal, when aggregated with the August Disposal (a discloseable transaction), would not result in a higher transaction classification under Chapter 14 of the Listing Rules, the Disposal constitutes a major transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the Agreement and the Disposal, thus no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for the approval of the Agreement and the Disposal. The Company has obtained a written shareholders' approval from Mr. Tang Ching Ho and his associates, the controlling Shareholder group holding approximately 51.0% of the total issued Shares at the date of this announcement, in lieu of holding a special general meeting to approve the Agreement and the Disposal in accordance with Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Disposal will be despatched to the Shareholders on or before 22 December 2015.

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DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 1 December 2015 entered into between the Purchaser, the Company and the Vendor in relation to the Disposal
“associate(s)”	has the meaning as ascribed thereto under the Listing Rules
“August Disposal”	the disposal of a subsidiary of the Group (with principal asset being the premise at Shop No. 4 & 5 on Ground Floor, Mongkok Building, Nos. 93, 95 & 99 Mongkok Road, Nos. 135A & 135B Sai Yee Street, Kowloon with a saleable floor area of approximately 2,399 sq. ft.) by the Group to Dragon Jet Limited (a company held by the ultimate beneficial owner of the Purchaser) at a consideration of HK\$158.0 million, which constituted a discloseable transaction of the Company, and the details of which were disclosed in the announcement of the Company dated 12 August 2015
“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 are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	HK\$823.0 million, being the total consideration for the Disposal paid or payable by the Purchaser
“Director(s)”	the director(s) of the Company

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“Disposal”	the sale and the assignment of the Sale Share and the Shareholder Loan by the Vendor to the Purchaser as contemplated under the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Property”	being ALL THOSE 19,520 equal undivided 430,000th parts or shares of and in ALL THAT piece or parcel of ground registered in the Land Registry as THE REMAINING PORTION OF TSUEN WAN TOWN LOT NO. 303 And of and in the messuages erections, buildings, constructions, facilities, Tower Blocks and Associated Podia thereon now known as “Riviera Gardens (海濱花園)” (the “ Estate ”) Together with the exclusive right and privilege to hold use occupy and enjoy (1) ALL THAT commercial unit of the separate commercial building now known as “Riviera Plaza (海濱廣場)” of the Estate and (2) ALL THOSE Car Parking Spaces (including Car Parking Space No.1 on the 2nd Basement) of Riviera Plaza of the Estate
“Purchaser”	Super Eagle Limited, an investment holding company incorporated in the British Virgin Islands with limited liability
“Sale Share”	one issued share of the Target Company, representing the entire issued share capital of the Target Company

“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Shareholder Loan”	the benefit of the loan(s) (of approximately HK\$349.0 million as at the date of this announcement) owing by the Target Company to the Vendor as at Completion, being an unsecured and interest free debt owed by the Target Company to the Vendor
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Target Company”	Level Success Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Target Group”	the Target Company and its subsidiary
“Vendor”	East Run Investments Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“%”	per cent.

By Order of the Board
WANG ON GROUP LIMITED
(宏安集團有限公司)*
Chan Chun Hong, Thomas
Managing Director

Hong Kong, 1 December 2015

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As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Tang Ching Ho, Ms. Yau Yuk Yin, Mr. Chan Chun Hong, Thomas, and four independent non-executive Directors, namely Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein, Mr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau.