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WANG ON GROUP LIMITED

(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

DISCLOSEABLE TRANSACTION IN RELATION TO PROPOSED SPIN-OFF AND SEPARATE LISTING OF THE RESIDENTIAL AND COMMERCIAL PROPERTY DEVELOPMENT AND COMMERCIAL AND INDUSTRIAL PROPERTY INVESTMENT BUSINESSES ON THE MAIN BOARD OF THE STOCK EXCHANGE

THE PROPOSED SPIN-OFF

The Company refers to the Announcements made by it relating to the Proposed Spin-off.

The Proposed Spin-off is expected to be implemented by way of the Share Offer which will consist of the Public Offer and the Placing (with the Preferential Offering to the Qualifying Shareholders), and a separate Listing of the WOP Shares on the Main Board of the Stock Exchange.

* For identification purpose only

It is expected that if the Share Offer proceeds, the total number of WOP Shares to be offered under the Share Offer will be 380,000,000 WOP Shares (assuming that the Over-allotment Option is not exercised), representing 25.0% of the issued share capital of Wang On Properties immediately following completion of the Share Offer, and 437,000,000 WOP Shares (assuming that the Over-allotment Option is exercised in full), representing approximately 27.7% of the issued share capital of Wang On Properties immediately following completion of the Share Offer. The total number of WOP Shares which is expected to be in issue immediately following completion of the Share Offer is 1,520,000,000 WOP Shares (assuming that the Over-allotment Option is not exercised).

If the Share Offer proceeds, the Offer Price is expected to be not less than HK\$0.87 per Offer Share and not more than HK\$0.97 per Offer Share (exclusive of brokerage fee, SFC transaction levy and Stock Exchange trading fee).

It is currently expected that Wang On Properties will grant to the Placing Underwriters, exercisable by the Bookrunner on behalf of the Placing Underwriters, the Over-allotment Option to require Wang On Properties to issue and allot additional WOP Shares representing up to 15.0% of the initial Offer Shares at the Offer Price under the Placing to cover the over-allocations in the Placing, if any.

The final structure of the Proposed Spin-off, including the size of the Share Offer and the exact apportionment between the Public Offer, the Placing and the Preferential Offering will be decided by the Board and the WOP Board.

The Offer Shares to be issued pursuant to the Share Offer will rank *pari passu* in all respects with all the WOP Shares then in issue. Based on the current structure of the Proposed Spin-off which is subject to finalisation, assuming that the Over-allotment Option is not exercised, immediately following completion of the Proposed Spin-off, the Company will continue to hold approximately 75.0% of all the WOP Shares in issue. If the Over-allotment Option is exercised in full, the Company's indirect shareholding in Wang On Properties will be reduced to approximately 72.3%. In any of these events, Wang On Properties will continue to be an indirect non-wholly owned subsidiary of the Company upon completion of the Proposed Spin-off and the operating results of the WOP Group will continue to be consolidated into the consolidated financial statements of the Group.

PRELIMINARY INDICATIVE PRICE RANGE PER WOP SHARE

The preliminary indicative price range per WOP Share under the Share Offer has been determined at HK\$0.87 to HK\$0.97 (excluding brokerage fee, SFC transaction levy and the Stock Exchange trading fee). Wang On Properties estimates that the aggregate net proceeds from the Share Offer (after deducting underwriting fees and estimated expenses payable by Wang On Properties in connection with the Share Offer, and assuming an Offer Price of HK\$0.92 per Offer Share, being the mid-point of the indicative price range) will be approximately HK\$310.8 million (assuming that the Over-allotment Option is not exercised).

The Shareholders and other investors should note that this preliminary indicative price range per WOP Share under the Share Offer is subject to change and if there is a change, further announcement will be made.

PUBLICATION OF THE PROSPECTUS

Wang On Properties published the Prospectus on 30 March 2016, which is available for download from the websites of Wang On Properties at <http://www.woproperties.com> and the Stock Exchange at <http://www.hkexnews.hk> from 30 March 2016.

Printed copies of the Prospectus and the related application forms may be obtained, free of charge, at designated locations specified in (a) the formal notice issued by Wang On Properties on 30 March 2016; and (b) the Prospectus, during normal business hours from 9:00 a.m. on Wednesday, 30 March 2016 until 12:00 noon on Tuesday, 5 April 2016.

PREFERENTIAL OFFERING

A **BLUE Application Form**, together with a printed copy of the Prospectus, have been despatched to each Qualifying Shareholder at the address of such Qualifying Shareholder recorded on the register of members of the Company as at 4:30 p.m. on the Record Date.

Shareholders are reminded that this announcement is not intended to be and does not constitute an offer or any invitation to apply for their Preferential Entitlement under the Preferential Offering. Such offer or invitation is made through the Prospectus and Shareholders should refer to the Prospectus for details of the Preferential Offering.

LISTING RULES IMPLICATIONS

The Proposed Spin-off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As the highest of the applicable percentage ratio in respect of the Proposed Spin-off exceeds 5% but is less than 25%, the Proposed Spin-off will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Proposed Spin-off is therefore subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The timetable for the Share Offer, including the Preferential Offering, will be set out in the Prospectus. The Company will make further announcement(s) in relation to the Proposed Spin-off and the Listing in accordance with the requirements of the Listing Rules as and when appropriate.

The Share Offer (including the Preferential Offering) is subject to, among other things, the granting of listing of, and permission to deal in, the WOP Shares on the Stock Exchange, and the Public Offer Underwriting Agreement and the Placing Underwriting Agreement having been signed and becoming unconditional. Accordingly, Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off and the Listing will take place and, if so, when they may take place. Shareholders and potential investors of the Company should exercise caution when dealing in or investing in the securities of the Company.

The Company refers to the announcements made by it on 28 December 2015, 4 March 2016 and 24 March 2016 respectively (collectively, the “Announcements”) in relation to the Proposed Spin-off.

THE PROPOSED SPIN-OFF

The Proposed Spin-off is expected to be implemented by way of the Share Offer which will consist of the Public Offer and the Placing (with the Preferential Offering to the Qualifying Shareholders), and a separate Listing of the WOP Shares on the Main Board of the Stock Exchange. Further information on the Preferential Offering is set out in the paragraph headed “Preferential Offering” below.

It is expected that if the Share Offer proceeds, the total number of WOP Shares to be offered under the Share Offer will be 380,000,000 WOP Shares (assuming that the Over-allotment Option is not exercised), representing 25.0% of the issued share capital of Wang On Properties immediately following completion of the Share Offer, and 437,000,000 WOP Shares (assuming that the Over-allotment Option is exercised in full), representing approximately 27.7% of the issued share capital of Wang On Properties immediately following completion of the Share Offer. The total number of WOP Shares which is expected to be in issue immediately following completion of the Share Offer is 1,520,000,000 WOP Shares (assuming that the Over-allotment Option is not exercised).

If the Share Offer proceeds, the Offer Price is expected to be not less than HK\$0.87 per Offer Share and not more than HK\$0.97 per Offer Share (exclusive of brokerage fee, SFC transaction levy and Stock Exchange trading fee).

It is currently expected that Wang On Properties will grant to the Placing Underwriters, exercisable by the Bookrunner on behalf of the Placing Underwriters, the Over-allotment Option to require Wang On Properties to issue and allot additional WOP Shares representing up to 15.0% of the initial Offer Shares at the Offer Price under the Placing to cover the over-allocations in the Placing, if any.

The final structure of the Proposed Spin-off, including the size of the Share Offer and the exact apportionment between the Public Offer, the Placing and the Preferential Offering will be decided by the Board and the WOP Board.

The Offer Shares to be issued pursuant to the Share Offer will rank *pari passu* in all respects with all the WOP Shares then in issue. Based on the current structure of the Proposed Spin-off which is subject to finalisation, assuming that the Over-allotment Option is not exercised, immediately following completion of the Proposed Spin-off, the Company will continue to hold approximately 75.0% of all the WOP Shares in issue. If the Over-allotment Option is exercised in full, the Company's indirect shareholding in Wang On Properties will be reduced to approximately 72.3%. In any of these events, Wang On Properties will continue to be an indirect non-wholly owned subsidiary of the Company upon completion of the Proposed Spin-off and the operating results of the WOP Group will continue to be consolidated into the consolidated financial statements of the Group.

On the basis of the above, immediately following completion of the Proposed Spin-off, Wang On Properties will have a public float of not less than 25%, and will be able to comply with the minimum public float requirement under Rule 8.08 of the Listing Rules.

Separate listing of the WOP Shares

On 28 December 2015, Wang On Properties submitted a listing application form (Form A1) to the Stock Exchange for an application for the listing of, and permission to deal in, the WOP Shares on the Main Board of the Stock Exchange. Members of the WOP Group will remain as non-wholly owned subsidiaries of the Company upon completion of the Proposed Spin-off.

The Company is required to comply with the requirements under Practice Note 15 of the Listing Rules. The Directors confirm that the Company will comply with all requirements of the Listing Rules in respect of the Proposed Spin-off. The Listing of the WOP Shares on the Main Board of the Stock Exchange is conditional upon the fulfilment or waiver of conditions stated in the paragraph headed "Conditions of the Proposed Spin-off" below.

Subject to the Stock Exchange granting approval of the listing of, and permission to deal in, the WOP Shares on the Main Board of the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the WOP Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

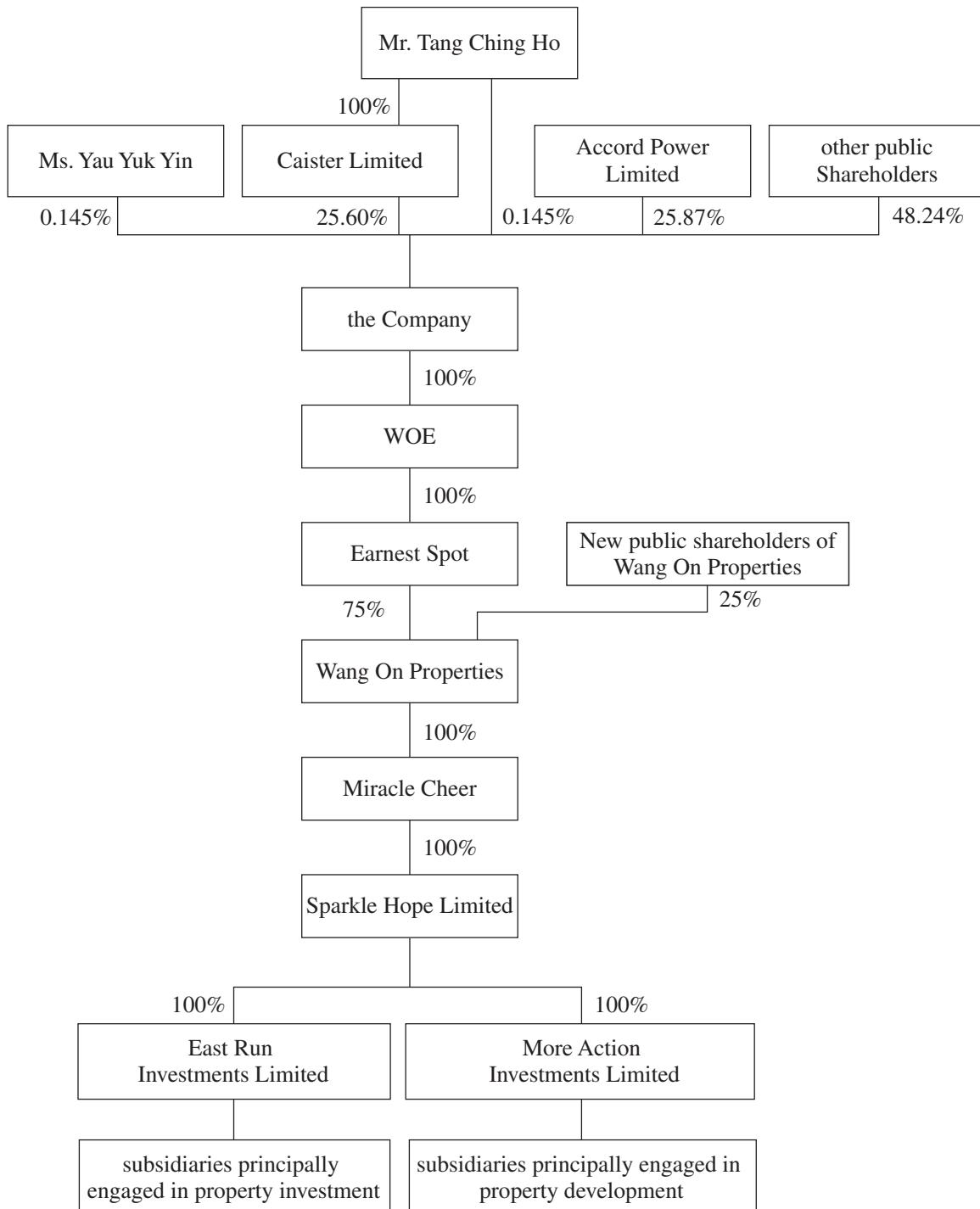
The Shares will continue to be listed on the Main Board of the Stock Exchange after completion of the Proposed Spin-off.

Shareholding effects of the Proposed Spin-off

Shareholding structure of the WOP Group upon completion of the Proposed Spin-off

Based on the current structure of the Proposed Spin-off, the number of WOP Shares which will initially be available under the Share Offer is expected to represent 25% of the total number of WOP Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised), and the Company's equity interest in Wang On Properties will be reduced to 75.0% (assuming that the Over-allotment Option is not exercised) or to approximately 72.3% (assuming the Over-allotment Option is exercised in full) immediately following completion of the Share Offer and the Capitalisation Issue.

The corporate structure of the WOP Group after completion of the Reorganisation, and immediately after the Capitalisation Issue and the Share Offer (without taking into account any WOP Shares which may be issued pursuant to the exercise of the Over-allotment Option) is set out below:



Note: The following subsidiaries of Wang On Properties have not been specifically referred to in the above corporate structure chart: (i) intermediate holding companies incorporated in the British Virgin Islands, (ii) subsidiaries providing management, secretarial and corporate services to the WOP Group and management services to WOP Group's property development projects, (iii) a subsidiary holding equipment used in WOP Group's ordinary course of business, and (iv) other inactive subsidiaries.

INFORMATION ON THE REMAINING GROUP AND THE WOP GROUP

Business overview of the WOP Group

Wang On Properties, through its subsidiaries, is principally engaged in the Spin-off Business, i.e. developing residential and commercial properties for sale and investing in commercial and industrial properties for stable recurring rental income and capital appreciation. The table below sets forth the breakdown of the turnover by activity of the WOP Group for each of the three years ended 31 March 2015 and for the six months ended 30 September 2015:

	Year ended 31 March						Six months ended 30 September 2015	
	2013 (HK\$ million)	2014 (HK\$ million)	2015 (HK\$ million)	2013 (%)	2014 (%)	2015 (%)	(HK\$ million)	(%)
Sale of properties								
— Sale of self-developed properties	—	—	896.9	64.5	1,208.6	98.4	518.3	96.9
— Sale of acquired properties held for sale	469.2	92.0	462.4	33.3	—	—	—	—
Gross rental income	469.2	92.0	1,359.3	97.8	1,208.6	98.4	518.3	96.9
Property management fee income	39.2	7.7	26.9	1.9	18.1	1.5	16.0	3.0
Total	509.8	100.0	1,389.4	100.0	1,228.8	100.0	535.0	100.0

Business delineation between the business of the Remaining Group and the WOP Group

The Remaining Group will, upon the Listing, be principally engaged in the Retained Business whilst the WOP Group will principally engage in the Spin-off Business. The scope of business of each of the Retained Business and the Spin-off Business are different.

Save for holding of a portfolio of second-hand residential properties previously acquired from the market by the Group which are in the process of being disposed of by the Group, members of the Remaining Group do not, and it is expected that they will not, engage in any business activities that compete or will compete with those of the WOP Group. To address potential conflicts of interests between the Remaining Group and the WOP Group, the Company has entered into the Deed of Non-competition in favour of Wang On Properties (for itself and for the benefits of its subsidiaries).

Under the Deed of Non-competition, the Company has, among other things, undertaken that for so long as the WOP Shares remain listed on the Stock Exchange and the Company is interested directly or indirectly in 30% or more of the issued share capital of Wang On

Properties, it will not, and will procure its close associates (excluding members of the WOP Group) will not, carry on or be otherwise interested or involved in any business in competition with or is likely to be in competition with that carried on by members of the WOP Group from time to time. The non-competition undertaking given by the Company under the Deed of Non-competition will expire on the earlier of (i) the date on which the Company and its close associates legally and beneficially cease to be controlling shareholders of Wang On Properties; and (ii) the date on which the WOP Shares cease to be listed on the Stock Exchange.

Further details of the Deed of Non-competition are set out in the Prospectus.

Underwriting agreements, lock up restrictions and Stock Borrowing Agreement

Underwriting agreements

The Company has entered into the Public Offer Underwriting Agreement in relation to the Public Offer with Wang On Properties, the Bookrunner and the Public Offer Underwriters. The Company will also enter into the Placing Underwriting Agreement relating to the Placing with Wang On Properties, the Bookrunner and the Placing Underwriters. The Offer Shares will be underwritten by the Underwriters subject to the terms set out in the underwriting agreements.

Lock-up

Pursuant to Rule 10.07(1) of the Listing Rules, each of the WOP Controlling Shareholders has undertaken to Wang On Properties, the Stock Exchange and the Bookrunner (for itself and on behalf of the Public Offer Underwriters) and the Public Offer Underwriters that he/it shall not and shall procure that the relevant registered holder shall not, without the prior written consent of the Stock Exchange, except pursuant to the Share Offer or the Capitalisation Issue or the Over-allotment Option or the Stock Borrowing Agreement:

- (i) in the period commencing on the date by reference to which disclosure of its shareholding is made in the Prospectus and ending on and including, the date which is six months from the Listing Date (the “**First Six-Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the WOP Shares in respect of which it is shown in the Prospectus to be the beneficial owner; or
- (ii) in the period of six months commencing on the date on which the period referred to in paragraph (i) above expires (the “**Second Six-Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any WOP Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder (as defined in the Listing Rules) of Wang On Properties.

The Company has entered into similar non-disposal arrangements with the Public Offer Underwriters under the Public Offer Underwriting Agreement.

Stock Borrowing Agreement

It is expected that the Company will enter into the Stock Borrowing Agreement with the Stabilising Manager under the Share Offer. Further details about the stock borrowing arrangements will be set out in the Prospectus.

Financial information of the WOP Group

Set out below is certain selected financial information of the WOP Group based on its audited combined financial statements for each of the three years ended 31 March 2015 and the six months ended 30 September 2015:

	Year ended 31 March					Six months ended 30 September				
	2013		2014		2015		2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
(unaudited)										
Revenue	509,833	100.0	1,389,372	100.0	1,228,771	100.0	506,875	100.0	535,026	100.0
Cost of sales	(201,448)	(39.5)	(596,540)	(42.9)	(666,005)	(54.2)	(220,219)	(43.4)	(351,853)	(65.8)
Gross profit	308,385	60.5	792,832	57.1	562,766	45.8	286,656	56.6	183,173	34.2
Other income and gains, net	597	0.1	8,429	0.6	20,101	1.6	6,172	1.2	3,284	0.6
Selling and distribution costs	(41,678)	(8.2)	(55,981)	(4.0)	(64,277)	(5.2)	(19,607)	(3.9)	(32,603)	(6.1)
Administrative expenses	(60,721)	(11.9)	(97,088)	(7.0)	(107,918)	(8.8)	(44,631)	(8.8)	(48,841)	(9.1)
Fair value gains/(losses) on investment properties, net	68,262	13.4	(25,301)	(1.8)	47,588	3.9	16,312	3.2	39,224	7.3
Fair value gain upon transfer of a property held for sale to an investment property	—	—	—	—	107,725	8.8	—	—	—	—
Write-down of property under development to net realisable value, net	(36,049)	(7.1)	(73,068)	(5.3)	—	—	—	—	—	—
Other expenses	(1,929)	(0.3)	—	—	(698)	(0.1)	(660)	(0.1)	—	—
Finance costs	(11,090)	(2.2)	(18,950)	(1.4)	(24,649)	(2.0)	(10,316)	(2.0)	(15,135)	(2.8)
PROFIT BEFORE TAX	225,777	44.3	530,873	38.2	540,638	44.0	233,926	46.2	129,102	24.1
Income tax expenses	(38,596)	(7.6)	(103,866)	(7.5)	(80,950)	(6.6)	(38,677)	(7.6)	(20,591)	(3.8)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	187,181	36.7	427,007	30.7	459,688	37.4	195,249	38.6	108,511	20.3
Profit and total comprehensive income attributable to:										
Owners of our Company	187,181		427,319		459,864		195,350		109,254	
Non-controlling interests	—		(312)		(176)		(101)		(743)	
	187,181		427,007		459,688		195,249		108,511	

As at 30 September 2015, based on the audited financial statements of the WOP Group, the combined net asset value of the WOP Group was approximately HK\$179,129,000.

FINANCIAL IMPACT OF THE PROPOSED SPIN-OFF

The following estimates the financial impact of the Proposed Spin-off on the Group on the basis of the current structure of the Proposed Spin-off that Wang On Properties will offer 25% of the total number of WOP Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised) and is for illustration purposes only.

The actual financial impact of the Proposed Spin-off on the Group is subject to review by the Company's auditors.

Net asset value

The unaudited consolidated net assets of the Group were approximately HK\$4,300.3 million as at 30 September 2015. Based on the number of Offer Shares and the current proposed structure of the Share Offer, the estimated minimum market capitalisation of Wang On Properties (assuming that the Over-allotment Option is not exercised) will be approximately HK\$1,322.4 million.

The Board expects that the consolidated net assets of the Group will be increased as a result of the issue of the WOP Shares and the net proceeds raised from the Share Offer (the “**Increase in Net Assets**”), and the consolidated cash balances are also expected to be increased by the net proceeds from the Share Offer.

In accordance with the Hong Kong Financial Reporting Standards, the Increase in Net Assets, which constitutes changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, is accounted for within equity. Therefore, there will be no gain or loss arising from the deemed disposal by the Company of its interest in Wang On Properties under the Share Offer to be recognised in profit or loss of the Group given that Wang On Properties will remain as an indirect non-wholly owned subsidiary of the Company immediately upon completion of the Proposed Spin-off and the Share Offer.

Earnings

Following completion of the Proposed Spin-off, members of the WOP Group will continue to be non-wholly owned subsidiaries of the Company. The operating results of the WOP Group will therefore be consolidated into the financial statements of the Company.

Based on the audited combined statements of profit or loss and other comprehensive income of the WOP Group, for each of the three years ended 31 March 2015 and for the six months ended 30 September 2015, the audited combined net profits before taxation of the WOP Group were approximately HK\$225.8 million, HK\$530.9 million, HK\$540.6 million and HK\$129.1 million, respectively, and the audited combined net profits after taxation of the WOP Group were approximately HK\$187.2 million, HK\$427.0 million, HK\$459.7 million and HK\$108.5 million, respectively.

Assuming that no new WOP Shares will be issued before the Listing, following completion of the Proposed Spin-off, the proportion of the Group's earnings contributed from the WOP Group is expected to be reduced as the Company's interest in Wang On Properties will be reduced from 100% to 75% (assuming that the Over-allotment Option is not exercised) and

Wang On Properties will be regarded as an indirect non-wholly owned subsidiary of the Company. Consequently, financial results of the WOP Group will be consolidated into the accounts of the Group and the profit attributable to non-controlling interests will increase.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Board believes that the Proposed Spin-off and the Listing will bring about the following benefits to both the Company and Wang On Properties:

- (i) the Proposed Spin-off essentially and substantively separates the residential and commercial property development and commercial and industrial investment businesses from the other businesses of the Company, thereby enabling investors and financiers to appraise the strategies, functional exposure, risks and returns of the respective businesses of the Company and Wang On Properties separately and to make their investment decisions accordingly;
- (ii) the Proposed Spin-off will provide an opportunity for investors to invest in either one or both of the business models, thereby unlocking the value of the businesses of the Company and Wang On Properties which will allow the true market value of each company to be better reflected;
- (iii) as a separate listed entity, Wang On Properties will have its own separate management structure focusing on the property business while the management of the Company will be able to focus on the Retained Business;
- (iv) the management teams of the Company and Wang On Properties may adopt different business strategies and models which they determine to be better suited to the two different businesses, and which, due to the different nature of such businesses, may not always be aligned;
- (v) the Proposed Spin-off will provide a separate fund raising platform for Wang On Properties thereby enabling it to raise the capital required to finance its future expansion without reliance on the Company to do so; and will allow both the Company and Wang On Properties to target their respective investor base more effectively which in turn improves capital raising on a competitive basis and capital allocation to enhance growth within each company; and
- (vi) the Company intends to maintain not more than 75% equity interest in Wang On Properties upon completion of the Proposed Spin-off. Accordingly, the Company will continue to benefit from any potential upside in the business of property development and investment in Hong Kong through receipt of dividend distributions of Wang On Properties.

In light of the above reasons, the Board (including the independent non-executive Directors) believes that the Proposed Spin-off is in the best interests of the Shareholders and the Company as a whole.

CONDITIONS OF THE PROPOSED SPIN-OFF

The Proposed Spin-off will be conditional upon, among other things:

- (a) the Listing Committee of the Stock Exchange granting approval for listing of, and permission to deal in, the Offer Shares to be issued pursuant to the Share Offer (including any WOP Shares to be issued upon the exercise of the Over-allotment Option) on the Main Board of the Stock Exchange;
- (b) the Offer Price having been agreed between Wang On Properties and the Bookrunner (for itself and on behalf of the Underwriters);
- (c) the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date; and
- (d) the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement and the obligations of the Placing Underwriters under the Placing Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements.

If any of these and other applicable conditions are not fulfilled or waived, if applicable, prior to the dates and times to be specified, the Proposed Spin-off will not proceed and an announcement will be published by the Company as soon as practicable thereafter.

PROPOSED USE OF NET PROCEEDS FROM THE SHARE OFFER

The preliminary indicative price range per WOP Share under the Share Offer has been determined at HK\$0.87 to HK\$0.97 (excluding brokerage fee, SFC transaction levy and the Stock Exchange trading fee). Wang On Properties estimates that the aggregate net proceeds from the Share Offer (after deducting underwriting fees and estimated expenses payable by Wang On Properties in connection with the Share Offer, and assuming an Offer Price of HK\$0.92 per Offer Share, being the mid-point of the indicative price range) will be approximately HK\$310.8 million (assuming that the Over-allotment Option is not exercised).

Wang On Properties currently intends to apply such net proceeds in the following manner:

- (i) approximately HK\$230.0 million or approximately 74.0% of the net proceeds from the Share Offer for acquiring suitable development site(s) in Hong Kong to replenish the land bank for the property development business;
- (ii) approximately HK\$50.7 million or approximately 16.3% of the net proceeds for financing the purchase of properties for investment to enhance the portfolio of properties for investment; and
- (iii) approximately HK\$30.1 million or approximately 9.7% of the net proceeds will be used as general working capital of the WOP Group.

To the extent the net proceeds from the Share Offer are either more or less than expected, Wang On Properties intends to apply the increase or decrease in net proceeds to the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full or in part, Wang On Properties intends to apply the additional net proceeds from the exercise of the Over-allotment Option to the above purposes on a pro-rata basis.

To the extent that the net proceeds of the Share Offer are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, Wang On Properties intends to deposit such net proceeds into interest-bearing bank accounts with licensed banks and/or financial institutions.

The Shareholders and other investors should note that this preliminary indicative price range per WOP Share under the Share Offer is subject to change and if there is a change, further announcement will be made.

The above intended use of net proceeds from the Share Offer is indicative only and is subject to change. Further information on the application of the net proceeds from the Share Offer will be set forth in the Prospectus.

PUBLICATION OF THE PROSPECTUS

Wang On Properties published the Prospectus on 30 March 2016. The Prospectus is available for viewing and download from the websites of Wang On Properties at <http://www.woproperties.com> and the Stock Exchange at <http://www.hkexnews.hk> from 30 March 2016.

Printed copies of the Prospectus and the related application forms may be obtained, free of charge, at designated locations specified in (a) the formal notice issued by Wang On Properties on 30 March 2016; and (b) the Prospectus, during normal business hours from 9:00 a.m. on Wednesday, 30 March 2016 until 12:00 noon on Tuesday, 5 April 2016.

PREFERENTIAL OFFERING

As disclosed in the announcement of the Company dated 24 March 2016, in order to enable the Shareholders to participate in the Share Offer on a preferential basis as to allocation only, subject to the Stock Exchange granting approval for the listing of, and permission to deal in, the WOP Shares on the Main Board of the Stock Exchange and the Proposed Spin-off becoming unconditional, it is expected that Qualifying Shareholders will be invited to apply for an aggregate of 34,200,000 Reserved Shares in the Preferential Offering representing 10% and 9% of the Offer Shares available under the Placing and the Share Offer, respectively (assuming that the Over-allotment Option is not exercised) as Preferential Entitlement. The Reserved Shares will be offered out of the Placing Shares under the Placing and will not be subject to reallocation.

The basis of the Preferential Entitlement is one Reserved Share for every integral multiple of 272 Shares held by Qualifying Shareholders as at 4:30 p.m. on the Record Date.

A **BLUE** Application Form, together with a printed copy of the Prospectus, have been despatched to each Qualifying Shareholder at the address of such Qualifying Shareholder recorded on the register of members of the Company as at 4:30 p.m. on the Record Date.

Preferential Entitlement of Qualifying Shareholders to Reserved Shares are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange.

Shareholders are reminded that this announcement is not intended to be and does not constitute an offer or any invitation to apply for their Preferential Entitlement under the Preferential Offering. Such offer or invitation is made through the Prospectus and Shareholders should refer to the Prospectus for details of the offer and the invitation to them under the Preferential Offering.

LISTING RULES IMPLICATIONS

The Proposed Spin-off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As the highest of the applicable percentage ratio in respect of the Proposed Spin-off exceeds 5% but is less than 25%, the Proposed Spin-off will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Proposed Spin-off is therefore subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Share Offer will not be extended to, among others, persons who are not Independent Third Parties, except that all Qualifying Shareholders (including connected persons of the Company who are Qualifying Shareholders) will be entitled to participate in the Preferential Offering.

The Share Offer (including the Preferential Offering) is subject to, among other things, the granting of listing of, and permission to deal in, the WOP Shares on the Stock Exchange, and the Public Offer Underwriting Agreement and the Placing Underwriting Agreement having been signed and becoming unconditional. Accordingly, Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off and the Listing will take place and, if so, when they may take place. Shareholders and potential investors of the Company should exercise caution when dealing in or investing in the securities of the Company.

The timetable for the Share Offer, including the Preferential Offering, will be set out in the Prospectus. The Company will make further announcement(s) in relation to the Proposed Spin-off and the Listing in accordance with the requirements of the Listing Rules as and when appropriate.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“BLUE Application Form(s)”	the application form(s) to be sent to the Qualifying Shareholders to subscribe for the Reserved Shares pursuant to the Preferential Offering
“Board” or “Board of Directors”	the board of Directors
“Bookrunner” or “Stabilising Manager”	Kingston Securities Limited, a corporation licensed under the SFO and permitted to carry out type 1 (dealing in securities) regulated activity under the SFO, acting as the bookrunner, the lead manager and the stabilising manager of the Share Offer
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
“Capitalisation Issue”	the issue of WOP Shares to be made upon capitalisation of certain sum standing to the credit of the share premium account of Wang On Properties, details of which are set out in the Prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated under the law of Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1222) and a controlling shareholder of Wang On Properties
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Deed of Non-competition”	the deed of non-competition dated 29 March 2016 entered into by the Company in favour of Wang On Properties (for itself and each of its subsidiaries), pursuant to which the Company agreed not to, among other things, engage or participate in any business which is in competition with the businesses of Wang On Properties
“Director(s)”	the director(s) of the Company

* For identification purpose only

“Earnest Spot”	Earnest Spot Limited, a company incorporated under the laws of the British Virgin Islands on 18 November 2015 with limited liability, an indirect wholly-owned subsidiary of the Company and a controlling shareholder of Wang On Properties
“Group”	the Company and its subsidiaries before the Proposed Spin-off including the WOP Group
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong” or “HKSAR” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”, “HK\$” or “cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Independent Third Party(ies)”	individual(s) or company(ies) which is/are independent of the Company and its connected persons
“Listing”	the listing of the WOP Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date on which dealings in the WOP Shares first commence on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Miracle Cheer”	Miracle Cheer Limited, a company incorporated under the laws of the British Virgin Islands on 18 November 2015 with limited liability, a direct wholly-owned subsidiary of Wang On Properties
“Non-Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appeared on the register of members of the Company at 4:30 p.m. on the Record Date and whose address(es) as shown in such register is/are in any of the Specified Territories

“Offer Price”	the final price for each Offer Share (exclusive of brokerage fee, SFC transaction levy and the Stock Exchange trading fee) at which the Offer Shares are to be offered for subscription pursuant to the Share Offer
“Offer Share(s)”	the Public Offer Share(s) and the Placing Share(s) together, where relevant, with any additional WOP Share(s) issued pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option expected to be granted by Wang On Properties to the Placing Underwriters, exercisable by the Bookrunner on behalf of the Placing Underwriters pursuant to the Placing Underwriting Agreement
“Placing”	the placing of the Placing Shares at the Offer Price to professional, institutional and other investors
“Placing Shares”	the 342,000,000 WOP Shares (subject to reallocation and the exercise of the Over-allotment Option) to be initially offered at the Offer Price by Wang On Properties for subscription under the Placing
“Placing Underwriters”	the underwriters named in the Placing Underwriting Agreement
“Placing Underwriting Agreement”	the conditional underwriting agreement expected to be entered into on or about the Price Determination Date by, among others, the Company, Wang On Properties, the Bookrunner and the Placing Underwriters in respect of the Placing
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Preferential Entitlement”	the entitlement of the Qualifying Shareholder(s) to apply for the Reserved Share(s) under the Preferential Offering on an assured basis to be determined on the basis of their respective shareholdings in the Company as at 4:30 p.m. on the Record Date
“Preferential Offering”	the preferential offering of the Reserved Share(s) to the Qualifying Shareholder(s) for subscription as Preferential Entitlement at the Offer Price on and subject to the terms and conditions stated in the Prospectus and in the BLUE Application Form

“Price Determination Date”	the date, expected to be on or about 6 April 2016, on which the Offer Price is expected to be fixed for the purpose of the Share Offer or any later date as may be agreed between Wang On Properties and the Bookrunner (for itself and on behalf of the Underwriters), but, in any event, no later than 8 April 2016
“Proposed Spin-off”	the proposed separate listing of the WOP Shares on the Main Board of the Stock Exchange, which is expected to be effected by way of the Share Offer including the Preferential Offering
“Prospectus”	the prospectus to be issued by Wang On Properties for the Share Offer
“Public Offer”	the issue and offer of the Public Offer Shares for subscription in Hong Kong at the Offer Price (plus a brokerage fee of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%) on and subject to the terms and conditions described in the Prospectus and the application forms to be used in relation to the public offer or the Preferential Offering
“Public Offer Shares”	the 38,000,000 new WOP Shares (subject to reallocation) to be initially offered at the Offer Price by Wang On Properties for subscription in the Public Offer
“Public Offer Underwriters”	the underwriters of the Public Offer
“Public Offer Underwriting Agreement”	the conditional underwriting agreement dated 29 March 2016 relating to the Public Offer and entered into by, among others, the Company, Wang On Properties, the Bookrunner and the Public Offer Underwriters
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appeared on the register of members of the Company at 4:30 p.m. on the Record Date, excluding the Non-Qualifying Shareholder(s)
“Record Date”	22 March 2016, being the record date for ascertaining the Preferential Entitlement
“Remaining Group”	the Company and its subsidiaries after the Proposed Spin-off, which excludes the WOP Group
“Reorganisation”	the corporate reorganisation of the Group in preparation for the Proposed Spin-off, pursuant to which Wang On Properties has become the holding company of the WOP Group

“Reserved Share(s)”	the Offer Share(s) available in the Preferential Offering to be offered by Wang On Properties to Qualifying Shareholder(s) pursuant to the Preferential Offering as Preferential Entitlement which are to be allocated out of the Placing Shares
“Retained Business”	the principal activities engaged by the Remaining Group, including the businesses of (i) the provision of finance; and (ii) the management and sub-licensing of Chinese wet markets
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the ordinary share(s) of HK\$0.01 in the share capital of the Company
“Share Offer”	the Public Offer and the Placing
“Shareholder(s)”	the holder(s) of the Share(s)
“Specified Territories”	in respect of the Preferential Offering, such territory or territories which Wang On Properties and its directors consider it necessary or expedient to exclude from the Preferential Offering on account of the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction
“Spin-off Business”	the business engaged by the WOP Group which includes developing residential and commercial properties for sale and investing in commercial and industrial properties for stable recurring rental income and capital appreciation
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between the Company and the Stabilising Manager on or about the Price Determination Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Underwriters”	the Public Offer Underwriters and/or the Placing Underwriters

“Wang On Properties”	Wang On Properties Limited 宏安地產有限公司, an exempted company incorporated under the law of Bermuda with limited liability on 19 November 2015, which is intended to be listed on the Main Board of the Stock Exchange as the holding company of the WOP Group
“WOE”	Wang On Enterprises (BVI) Limited, a company incorporated under the laws of the British Virgin Islands on 23 August 1993 with limited liability, a direct wholly-owned subsidiary of the Company and a controlling shareholder of Wang On Properties
“WOP Board”	the board of directors of Wang On Properties
“WOP Controlling Shareholders”	the Company, WOE and Earnest Spot
“WOP Group”	Wang On Properties and its subsidiaries following completion of the Reorganisation
“WOP Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of Wang On Properties
“%”	per cent.

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

Hong Kong, 30 March 2016

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Tang Ching Ho, Ms. Yau Yuk Yin and 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.

* For identification purpose only