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## **WANG ON PROPERTIES LIMITED**

**宏安地產有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1243)**

### **CONTINUING CONNECTED TRANSACTION PURSUANT TO RULE 14A.60 OF THE LISTING RULES**

#### **THE PROPERTY AGREEMENTS**

On 18 February 2015, WYT (Retail) (a subsidiary of WYT) entered into the Tenancy Agreement with Oriental Sino (an indirectly wholly-owned subsidiary of WOG at the time the Tenancy Agreement was entered into and which became an indirectly wholly-owned subsidiary of the Company under the Spin-off) in respect of the lease of shop premises for a term of three years commencing from 16 February 2015 and expiring on 15 February 2018 at a monthly rental of HK\$900,000 (with an option to renew exercisable by WYT (Retail)).

On 21 December 2015 and 19 September 2016, WYT and Daywin (an indirectly wholly-owned subsidiary of WYT) entered into the Office Licensing Agreements with WOS and WOPS in respect of the licensing and sub-licensing (as the case may be) of office premises to the Group for the respective terms commencing from 22 December 2015 to 26 March 2017 (both dates inclusive) (in respect of the WOP Licensing Agreement) and from 18 September 2016 to 17 July 2019 (both dates inclusive) (in respect of the WOP Office Sub-Licensing Agreement), respectively.

#### **LISTING RULES IMPLICATIONS**

Upon completion of the Rights Issue, WOG's indirect shareholding interests in WYT increased from approximately 22.08% immediately before completion of the Rights Issue to approximately 51.32%. As WYT became a subsidiary of WOG (and therefore an associate of WOG for the purpose of the Listing Rules) and WOG is a controlling shareholder of the Company, the Property Agreements became continuing connected transactions for the Company after completion of the Rights Issue. As such, this announcement is made by the Company pursuant to Rule 14A.60 of the Listing Rules.

## 1. INTRODUCTION

On 18 February 2015, WYT (Retail) (a subsidiary of WYT) entered into the Tenancy Agreement with Oriental Sino (an indirectly wholly-owned subsidiary of WOG at the time the Tenancy Agreement was entered into and which became an indirectly wholly-owned subsidiary of the Company under the Spin-off) in respect of the lease of shop premises for a term of three years commencing from 16 February 2015 and expiring on 15 February 2018 at a monthly rental of HK\$900,000 (with an option to renew exercisable by WYT (Retail)).

On 21 December 2015 and 19 September 2016, WYT and Daywin (an indirectly wholly-owned subsidiary of WYT) entered into the Office Licensing Agreements with WOS and WOPS in respect of the licensing and sub-licensing (as the case may be) of office premises to the Group for the respective terms commencing from 22 December 2015 to 26 March 2017 (both dates inclusive) (in respect of the WOP Licensing Agreement) and from 18 September 2016 to 17 July 2019 (both dates inclusive) (in respect of the WOP Office Sub-Licensing Agreement), respectively.

## 2. PRINCIPAL TERMS OF THE PROPERTY AGREEMENTS

Set out below is a summary of some of the key terms of each of the Property Agreements.

### Tenancy Agreement

Date : 18 February 2015

Parties : (i) Oriental Sino, as landlord; and  
(ii) WYT (Retail), as tenant.

Oriental Sino is an indirectly wholly-owned subsidiary of WOG at the time the Tenancy Agreement was entered into. It subsequently became an indirectly wholly-owned subsidiary of the Company under the Spin-off. Oriental Sino is principally engaged in property investment.

WYT (Retail) is subsidiary of WYT and is principally engaged in retail and sale of Chinese pharmaceutical and health food product business.

Shop Premises : Shop AB on Ground Floor, Po Wing Building, Nos. 61, 63, 65, 67, 71 & 73 Lee Garden Road, Nos. 108, 110, 112, 116, 118 & 120 Percival Street, Hong Kong having a saleable area of approximately 1,204 square feet for retail purpose.

Term : Three years from 16 February 2015 to 15 February 2018, both dates inclusive (with an option to renew exercisable by WYT (Retail) for a further term of three years at HK\$1,020,000 per month).

Rental : HK\$900,000 per month, exclusive of management fees, rates, government rent and all other outgoings, payable monthly in advance.

Rent free period : 16 February 2015 to 15 April 2015, both dates inclusive

Deposit : HK\$2,700,000

### Office Sub-Licensing Agreements

	<b>WOP Office Sub-Licensing Agreement</b>	<b>WOP Licensing Agreement</b>
Date	: 19 September 2016	21 December 2015, as amended by a supplemental letter dated 22 December 2015
Parties	: (i) Daywin, as licensor; and  (ii) WOPS, as licensee.  Daywin is a company incorporated in Hong Kong with limited liability and is an indirectly wholly-owned subsidiary of WYT. It is principally engaged in provision of management services for the WYT Group.  WOPS is a company incorporated in Hong Kong with limited liability and is an indirectly wholly-owned subsidiary of the Company. It is principally engaged in provision of management services for the Group.	: WYT, as licensor; and  WOS, as licensee.  WOS is a company incorporated in Hong Kong with limited liability and is an indirectly wholly-owned subsidiary of the Company. It is principally engaged in provision of management services for the Group.
Subject matter	: Daywin will sub-license the office premises located at Units 01 and 07 to 12, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong having a gross floor area of approximately 20,011 square feet, to WOPS for office use purpose by the Group.	: WYT will license the office premises located at portion of the fifth floor of Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong (including the sharing of office space, furnishings and facilities), to WOS for office use purpose by the Group.
Term	: Commencing from 18 September 2016 and expiring on 17 July 2019 (both dates inclusive).	: Commencing from 22 December 2015 to 26 March 2017 (both dates inclusive). The term has ended as at the date of this announcement and has not been renewed upon expiry.
License fees	: HK\$414,672 per calendar month, exclusive of all rates, Government rent, management fees, air-conditioning charges and other outgoings, payable monthly in advance.	: HK\$85,550 per calendar month, inclusive of all rates, Government rent, management fees and other outgoings, payable monthly in advance.

	<b>WOP Office Sub-Licensing Agreement</b>	<b>WOP Licensing Agreement</b>
Other charges	: <i>Management fee and air-conditioning charge:</i>  HK\$101,255 per calendar month for the first financial year ended 31 March 2017 (subject to increment of not exceeding 5% for every following financial year)  <i>Rates:</i>  HK\$22,660 per calendar month for the first financial year ended 31 March 2017 (subject to increment of not exceeding 5% for every following financial year)  <i>Government rent:</i>  HK\$13,596 per calendar month for the first financial year ended 31 March 2017 (subject to increment of not exceeding 5% for every following financial year)	Not applicable
Deposit	: HK\$1,104,366	HK\$85,550

### **3. REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY AGREEMENTS**

The 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.

The terms of the Tenancy Agreement were reached on an arm's length basis with reference to similar properties of size, terms, location and the prevailing market conditions in the vicinity. Having considered the foregoing, the Directors, including the independent non-executive Directors, consider that the entering into of the Tenancy Agreement is in the ordinary course of business of the Company, on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The sharing of office spaces and expenses as contemplated under the Office Sub-Licensing Agreements enables the parties to enjoy savings in their operational costs. The terms of the Office Sub-Licensing Agreements were reached on an arm's length basis with reference to the prevailing market rent of comparable properties. The Directors, including the independent non-executive Directors, consider that the Office Sub-Licensing Agreements are in the ordinary course of business of the Company, and its terms are on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

As the Property Agreements were entered into prior to completion of the Rights Issue, it did not require approval by the Directors under the connected transaction rules at the relevant time. If and when the Property Agreements are renewed or varied, any Director who has a material interest will abstain from voting on the relevant board resolution.

#### **4. LISTING RULES IMPLICATIONS**

The Property Agreements and the transactions thereunder were announced by WYT in its announcements dated 18 February 2015 and 19 September 2016 under Chapter 14A of the Listing Rules as WOG was a substantial shareholder of WYT holding more than 10% but less than 30% of the issued shares of WYT at the relevant time.

Upon completion of the Rights Issue, WOG's indirect shareholding interests in WYT increased from approximately 22.08% immediately before completion of the Rights Issue to approximately 51.32%. As WYT became a subsidiary of WOG (and therefore an associate of WOG for the purpose of the Listing Rules) and WOG is a controlling shareholder of the Company, the Property Agreements became continuing connected transactions for the Company after completion of the Rights Issue. As such, this announcement is made by the Company pursuant to Rule 14A.60 of the Listing Rules.

Pursuant to Rule 14A.60(1) of the Listing Rules, the Company shall, as soon as practicable after becoming aware of the fact that a continuing transaction subsequently becomes a continuing connected transaction, comply with the annual review and disclosure requirements including publishing an announcement. The Company has not issued this announcement in the best available time under Rule 14A.60 of the Listing Rules and has taken measures to strengthen the Group's internal control procedures to avoid similar occurrence in future. The Company will comply with the annual review requirement under the Listing Rules in respect of all the Property Agreements and in the event any of the Property Agreements is varied or renewed, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

#### **5. AGGREGATE ANNUAL CAPS**

##### **(a) Tenancy Agreement**

Based on the aforementioned rental under the Tenancy Agreement, the maximum rental received or receivable for the three financial years ending 31 March 2019 are approximately HK\$5.5 million, HK\$9.5 million and nil, respectively.

##### **(b) Office Sub-Licensing Agreements**

Based on the aforementioned rental under the Office Sub-Licensing Agreements, the maximum rental paid or payable for the three financial years ending 31 March 2019 are approximately HK\$3.9 million, HK\$6.8 million and HK\$6.8 million, respectively.

## 6. GENERAL

The WYT Group is principally engaged in (i) the manufacturing, processing and retailing of traditional Chinese medicine which includes Chinese medicinal products sold under the brand name of “Wai Yuen Tong” and a range of products manufactured by selected medicinal materials with traditional prescription, mainly in the PRC and Hong Kong; (ii) the processing and retailing of western pharmaceutical, health food and personal care products under the brand names of “Madame Pearl’s” and “Pearl’s”; and (iii) property investment.

## 7. DEFINITIONS

In this announcement, save as the context otherwise requires, the defined terms shall have the following meanings:

“associate(s)”	has the meaning as ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	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 listed 75%-owned subsidiary of WOG
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Daywin”	Daywin Limited, a company incorporated in Hong Kong with limited liability and is an indirectly wholly-owned subsidiary of WYT
“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”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Office Sub-Licensing Agreements”	collectively, the WOP Office Sub-Licensing Agreement and the WOP Licensing Agreement

“Oriental Sino”	Oriental Sino Investments Limited, a company incorporated in Hong Kong with limited liability and is an indirectly wholly-owned subsidiary of WOG as at the time the Tenancy Agreement was entered into and which became an indirectly wholly-owned subsidiary of the Company under the Spin-off
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Property Agreements”	collectively, the Tenancy Agreement and the Office Sub-Licensing Agreements
“Rights Issue”	the issue by WYT of a total of 948,857,166 shares by way of rights to qualifying shareholders of WYT, particulars of which are set out in the joint announcement dated 8 July 2016 published by WOG and WYT, completion of which took place on 29 September 2016
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Spin-off”	spin-off from WOG by way of a separate listing of the Company’s shares on the Stock Exchange in respect of which the Company’s shares commenced trading on the Stock Exchange on 12 April 2016
“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
“Tenancy Agreement”	the tenancy agreement dated 18 February 2015 entered into between WYT (Retail) and Oriental Sino in respect of the shop premises at Shop AB on Ground Floor, Po Wing Building, Nos. 61, 63, 65, 67, 71 & 73 Lee Garden Road, Nos. 108, 110, 112, 116, 118 & 120 Percival Street, Hong Kong
“WOG”	Wang On Group Limited (宏安集團有限公司)*, 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: 1222), which is a controlling shareholder and connected person of the Company

\* For identification purpose only



“WOP Licensing Agreement”	the licensing agreement dated 21 December 2015 entered into between WYT and WOS (as amended by a supplemental letter dated 22 December 2015) in respect of the licensing of the office premises located at portion of the fifth floor of Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong
“WOP Office Sub-Licensing Agreement”	the sub-licensing agreement dated 19 September 2016 entered into between Daywin and WOPS in respect of the office premises located at Units 01 and 07 to 12, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong having a gross floor area of approximately 20,011 square feet
“WOPS”	Wang On Properties Services Limited, a company incorporated in Hong Kong with limited liability and is an indirectly wholly-owned subsidiary of the Company
“WOS”	Wang On Services Limited, a company incorporated in Hong Kong with limited liability and is an indirectly wholly-owned subsidiary of the Company
“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 whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897), a listed 51.32%-owned subsidiary of WOG
“WYT Group”	WYT and its subsidiaries
“WYT Retail”	Wai Yuen Tong (Retail) Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of WYT
“%”	per cent.

By Order of the Board  
**WANG ON PROPERTIES LIMITED**  
 宏安地產有限公司  
**Chan Chun Hong, Thomas**  
*Chairman*

Hong Kong, 24 April 2017

*As at the date of this announcement, the Board comprises Mr. Wong Yiu Hung Gary and Mr. Tang Ho Hong as executive Directors; Mr. Chan Chun Hong as non-executive Director; and Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung as independent non-executive Directors.*

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