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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)



WANG ON PROPERTIES LIMITED

宏安地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1243)

JOINT ANNOUNCEMENT

MAJOR TRANSACTION

DISCLOSEABLE TRANSACTION

IN RELATION TO THE ACQUISITION OF PROPERTY

THE ACQUISITION

The boards of directors of WOG and WOP respectively announce that on 24 January 2019, the Purchaser (an indirect wholly-owned subsidiary of WOP) received the Acceptance of Offer in relation to the Tender submitted by the Purchaser to purchase the Property at a consideration of HK\$653,000,000 from the Vendor, a Government-controlled entity.

GENERAL

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition for WOP exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for WOP and is therefore subject to the reporting and announcement requirements under the Listing Rules.

* *For identification purpose only*

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition for WOG exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for WOG and is therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. To the best of the knowledge, information and belief of the directors of WOG, having made all reasonable enquiries, no shareholders of WOG or any of their respective associates have any material interest in the Acquisition, thus no shareholder of WOG is required to abstain from voting if WOG were to convene a special general meeting for the approval of the Acquisition. WOG has obtained a written shareholders' approval from Mr. Tang Ching Ho and his associates, the controlling shareholder group holding 9,984,356,772 shares of WOG (representing approximately 54.50% of the total issued shares of WOG as at the date of this joint announcement), in lieu of holding a special general meeting to approve the Acquisition in accordance with Rule 14.44 of the Listing Rules.

Pursuant to Rule 14.41(a) of the Listing Rules, WOG is required to despatch a circular containing, among other information, further details of the Acquisition, to the shareholders of WOG within 15 business days after the publication of this joint announcement, which is on or before 19 February 2019. As additional time is required for WOG to prepare and finalise the financial information of the WOG Group to be included in the circular, WOG has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules. The circular is expected to be despatched to the shareholders of WOG on or before 28 March 2019.

INTRODUCTION

The boards of directors of WOG and WOP respectively announce that on 24 January 2019, the Purchaser (an indirect wholly-owned subsidiary of WOP) received the Acceptance of Offer in relation to the Tender submitted by the Purchaser for the purchase of the Property at a consideration of HK\$653,000,000 from the Vendor, a Government-controlled entity.

THE ACQUISITION

Major terms of the Acquisition are set out as follows:

Date of the Acceptance : 24 January 2019
of Offer

Parties : (i) The Purchaser as purchaser. The Purchaser is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of WOP principally engaged in property investment.

- (ii) The Vendor as vendor. The Vendor is a public body and a statutory corporation established under the Kowloon-Canton Railway Corporation Ordinance (Chapter 372 of the Laws of Hong Kong) wholly-owned by the Government and is principally engaged in the operation of railways.

To the best of the knowledge, information and belief of the directors of each of WOG and WOP, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner(s) is a third party independent of each of WOG, WOP and their respective connected persons.

Assets to be acquired : The Property.

Tender price and payment terms : The purchase price for the Acquisition is HK\$653,000,000, which has been paid or shall be payable by the Purchaser in the following manner:

- (i) an initial deposit in the amount of HK\$30,000,000 has been paid to the Vendor's solicitors as stakeholders on 18 January 2019 upon the Purchaser submitting the Tender to the Vendor;
- (ii) a further deposit in the amount of HK\$35,300,000 shall be paid to the Vendor's solicitors as stakeholders no later than 15 February 2019; and
- (iii) a sum of HK\$587,700,000 (being the remaining balance of the consideration) shall be paid to the Vendor's solicitors as stakeholders upon Completion.

The price of the Tender was determined with reference to the preliminary valuation of the Property provided by an independent property valuer and also taking into consideration the anticipated rental income generated from the Property. The purchase price will be financed by the WOP Group's banking facilities and/or internal resources.

Completion : Completion shall take place on 16 May 2019 or such later date as may be agreed by the Vendor.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The WOG 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 and property development in Hong Kong through WOP, its 75%-owned listed subsidiary; and (iii) manufacturing and/or retailing of pharmaceutical and health food products through Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*), its 58.08%-owned listed subsidiary. 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 capital appreciation.

The boards of directors of WOG and WOP consider that the Acquisition can help explore its asset management business, enhance and enlarge the investment property portfolio of, and bring additional stable rental income to, the WOG Group. The Property will be further refurbished to optimise the tenant mix and rental income and is expected to broaden its prospect and thus, increasing the future rental value, thereby enhancing the future capital appreciation of the Property.

The directors of both WOG and WOP consider that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of each of WOG, WOP and their respective shareholders as a whole.

INFORMATION ON THE PROPERTY

The Property is the retail podium comprising car parking spaces and the retail podium of the ground floor and the level one of the residential accommodation known as “Lake Silver” located at No. 599 Sai Sha Road, Ma On Shan, Sha Tin, New Territories, Hong Kong, with a total lettable area of approximately 31,372 square feet.

According to the information available to the Purchaser, the Property is being acquired on an “as is” basis, together with the rights and benefits of the existing tenancies and licence(s) in respect of the Property of which will expire in the period between 2019 to 2023. The annual rental income attributable to the Property is approximately HK\$21,400,000.

GENERAL

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition for WOP exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for WOP and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition for WOG exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for WOG and is therefore subject to the reporting,

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announcement and shareholders' approval requirements under the Listing Rules. To the best of the knowledge, information and belief of the directors of WOG, having made all reasonable enquiries, no shareholders of WOG or any of their respective associates have any material interest in the Acquisition, thus no shareholder of WOG is required to abstain from voting if WOG were to convene a special general meeting for the approval of the Acquisition. WOG has obtained a written shareholders' approval from Mr. Tang Ching Ho and his associates, the controlling shareholder group holding 9,984,356,772 shares of WOG (representing approximately 54.50% of the total issued shares of WOG as at the date of this joint announcement), in lieu of holding a special general meeting to approve the Acquisition in accordance with Rule 14.44 of the Listing Rules.

Pursuant to Rule 14.41(a) of the Listing Rules, WOG is required to despatch a circular containing, among other information, further details of the Acquisition, to the shareholders of WOG within 15 business days after the publication of this joint announcement, which is on or before 19 February 2019. As additional time is required for WOG to prepare and finalise the financial information of the WOG Group to be included in the circular, WOG has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules. The circular is expected to be despatched to the shareholders of WOG on or before 28 March 2019.

DEFINITIONS

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

“Acceptance of Offer”	the letter of the offer acceptance dated 24 January 2019 signed by the Vendor in relation to the Property
“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor by way of the Tender
“associate(s)”; “connected person(s)” or “controlling shareholder(s)”	each has the meaning as ascribed thereto under the Listing Rules
“Completion”	completion of the Acquisition
“Government”	the Government of Hong Kong
“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 joint announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Property”	ALL THOSE 2,115 equal undivided 95,844th parts or shares of and in ALL THAT piece or parcel of ground registered in the Land Registry as Sha Tin Town Lot No. 530 (the “ Land ”) And of and in the development constructed on the Land (the “ Development ”) and is, as far as the residential accommodation is concerned, known as “Lake Silver” located at No. 599 Sai Sha Road, Ma On Shan, Sha Tin, New Territories, Hong Kong TOGETHER with the exclusive right and privilege to hold use occupy and enjoy ALL THAT the Commercial Accommodation (as defined in the Deed of Mutual Covenant and Management Agreement dated the 25 November 2009 and registered in the Land Registry by Memorial No. 09121602100078) including but not limited to the Commercial Areas (including the Commercial Parking Areas), the Commercial Common Areas and Facilities and the Kindergarten (all as defined in the aforementioned Deed of Mutual Covenant and Management Agreement) of the Development
“Purchaser”	Wellion Limited 偉愉有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of WOP principally engaged in property investment
“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)
“Tender”	the offer submitted by the Purchaser in the tender process for the acquisition of the Property from the Vendor at a total consideration of HK\$653,000,000

“Vendor”	Kowloon-Canton Railway Corporation, a public body and a statutory corporation established pursuant to the Kowloon-Canton Railway Corporation Ordinance (Chapter 372 of the Laws of Hong Kong) wholly-owned by the Government
“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)
“WOG Group”	WOG and its subsidiaries
“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) and a 75%-owned listed subsidiary of WOG
“WOP Group”	WOP and its subsidiaries
“%”	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

By Order of the board
WANG ON PROPERTIES LIMITED
宏安地產有限公司
Wong Yiu Hung Gary
Chief Executive Officer

Hong Kong, 24 January 2019

As at the date of this joint announcement, the board of WOG 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.

As at the date of this joint announcement, the board of WOP comprises two executive directors, namely Mr. Wong Yiu Hung Gary and Mr. Tang Ho Hong; one non-executive director, namely Mr. Chan Chun Hong; and three independent non-executive directors, namely Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung.

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