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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 THE DISPOSAL OF THE PROPERTY

THE DISPOSAL

The Board announces that on 18 April 2019 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of WOP, entered into the Provisional Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Property for a consideration of HK\$135.0 million. Upon Completion, the Property will be delivered to the Purchaser subject to the lease under the Tenancy Agreement entered into between the Vendor and an Independent Third Party for a term of four years expiring on 20 January 2023.

GENERAL

As one of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 18 April 2019 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of WOP, entered into the Provisional Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Property for the Consideration.

* *For identification purpose only*

THE PROVISIONAL AGREEMENT

- Date** : 18 April 2019 (after trading hours)
- Vendor** : City Target Limited 迅強有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of WOP, which is principally engaged in property investment.
- Purchaser** : Globe Power Limited 世昌行有限公司, a company incorporated in Hong Kong with limited liability, which is principally engaged in property investment.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner(s) is an Independent Third Party and there was no previous transaction entered into between any member of the Group or the WOP Group and the Purchaser prior to the date of the Provisional Agreement which will need to be aggregated with the Disposal.

- Asset to be disposed of** : Pursuant to the Provisional Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Property for the Consideration.

The Property is the Shop 1 & 2 on the Ground Floor, “726 Nathan Road” No. 726 Nathan Road, Kowloon. The Property has a total saleable floor area of approximately 1,857 square feet.

The Property is currently leased to an Independent Third Party as a retail shop under a tenancy agreement between the Vendor and an Independent Third Party for a term of four years expiring on 20 January 2023 at a monthly rent of HK\$320,000 exclusive of rates and management fee (the “**Tenancy Agreement**”). Upon Completion, the Property will be delivered to the Purchaser subject to the lease under the Tenancy Agreement.

Consideration : HK\$135.0 million

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the recent transactions of similar types of properties in the market.

Terms of payment : The Consideration has been paid/shall be payable by the Purchaser in the following manner:

- (a) a sum of HK\$4.0 million as an initial deposit has been paid by the Purchaser to the Vendor upon the signing of the Provisional Agreement;
- (b) a sum of HK\$9.5 million as a further deposit will be paid by the Purchaser to the Vendor upon the execution of the Formal Agreement, which is expected to be entered into on or before 30 April 2019; and
- (c) the balance payment of the Consideration in the sum of HK\$121.5 million will be paid by the Purchaser to the Vendor upon Completion.

Completion : Completion of the Disposal is expected to take place on 26 July 2019.

INFORMATION ON THE GROUP

The Group is principally engaged in (a) management and sub-licensing of fresh markets and treasury management in Hong Kong and the PRC; (b) property investment and property development in Hong Kong through its 75%-owned listed subsidiary, WOP; and (c) manufacturing and/or retailing of pharmaceutical and health food products, through its 58.08%-owned listed subsidiary, Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*) (Stock Code: 897).

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Hong Kong with limited liability which is principally engaged in property investment.

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REASONS FOR AND BENEFITS OF THE DISPOSAL

The WOP Group developed the Property in 2014. The unaudited carrying value of the Property was HK\$111.0 million as at 28 February 2019.

The Directors believe that the Disposal represents a good opportunity for the Group to realise the value of the Property at a reasonable price and the Disposal will improve the liquidity and financial position of the Group.

The terms of the Provisional Agreement were arrived at by the Vendor and the Purchaser after arm's length negotiations and were on normal commercial terms between the parties. The Directors, including the independent non-executive Directors, consider that the terms of the Provisional Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

The net proceeds arising from the Disposal of approximately HK\$41.3 million (after repayment of outstanding bank loan of approximately HK\$89.5 million, deducting deposit received under the Tenancy Agreement and other expenses in relation to the Disposal) will be used for general working capital of the Group.

Based on, *inter alia*, the Consideration, the unaudited carrying value of the Property as at 28 February 2019, and the related expenses for the Disposal, the Group currently expects to record a gain on disposal of approximately HK\$21.2 million upon Completion.

GENERAL

As one of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“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)
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	the consideration of HK\$135.0 million for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Property contemplated under the Provisional Agreement
“Formal Agreement”	the formal agreement to be entered into between the Vendor and the Purchaser in relation to the Disposal on or before 30 April 2019
“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 People’s Republic of China
“Independent Third Party”	a party who is independent of each of the Company, WOP and their respective connected person(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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“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”	Shop 1 & 2 on the Ground Floor, “726 Nathan Road” No. 726 Nathan Road, Kowloon with a total saleable floor area of approximately 1,857 square feet
“Provisional Agreement”	the binding provisional sale and purchase agreement as supplemented by a supplemental agreement both dated 18 April 2019 entered into between the Vendor and the Purchaser in relation to the Disposal
“Purchaser”	Globe Power Limited 世昌行有限公司, a company incorporated in Hong Kong with limited liability and is principally engaged in property investment
“Share(s)”	the ordinary share(s) of HK\$0.01 (each) in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“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)
“Vendor”	City Target Limited 迅強有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of WOP as at the date of this announcement, which is principally engaged in property investment

“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 the Company
“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

Hong Kong, 18 April 2019

As at the date of this announcement, the executive Directors are Mr. Tang Ching Ho, Ms. Yau Yuk Yin and Mr. Chan Chun Hong, Thomas; and the independent non-executive Directors are Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein and Mr. Siu Kam Chau.

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