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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)**



**WAI YUEN TONG MEDICINE**  
**HOLDINGS LIMITED**  
**(位元堂藥業控股有限公司\*)**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 897)**

**JOINT ANNOUNCEMENT  
DISCLOSEABLE TRANSACTION  
IN RELATION TO  
DISPOSAL OF PROPERTY**

**THE DISPOSAL**

On 1 March 2024, the Vendor, an indirect wholly-owned subsidiary of WYT, as vendor, entered into the Provisional Agreement with the Purchaser, as purchaser, and the Property Agent, as property agent, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Properties at the Consideration of HK\$41.0 million.

**LISTING RULES IMPLICATION**

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but is below 25% for each of WOG and WYT, the Disposal constitutes a discloseable transaction for each of WOG and WYT and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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## PRINCIPAL TERMS OF THE PROVISIONAL AGREEMENT

The principal terms of the Provisional Agreement are summarized below:

- Date:** 1 March 2024
- Parties:**
- (i) Grand Quality Development Limited, an indirect wholly-owned subsidiary of WYT as the Vendor;
  - (ii) Lee Wai Shing, as the Purchaser; and
  - (iii) K&W Property Agency Limited, as the Property Agent
- Properties:** Shop C on Ground Floor, Lee Wah Building, Nos. 738-740A Nathan Road, Kowloon, Hong Kong and Flat C on Mezz Floor, Lee Wah Building, Nos. 738-740A Nathan Road, Kowloon, Hong Kong
- Consideration:** HK\$41.0 million
- The Consideration was arrived after arm's length negotiations between the Vendor and the Purchaser, having taken into account, among the others, the current market prices of comparable properties, prevailing market conditions and the appraised market value of the Properties of HK\$48.6 million as at 30 September 2023 under the valuation report prepared by an independent professional third party valuer (based on market approach with reference to the market prices of comparable properties) engaged by the WYT Group.
- Payment terms:** The Consideration has been and will be paid by the Purchaser to the Vendor in the following manner:
- (i) an initial deposit of HK\$1.0 million has been paid to the Vendor upon signing of the Provisional Agreement;
  - (ii) a further deposit of HK\$3.1 million shall be payable to the Vendor upon signing of the Formal Agreement; and
  - (iii) the balance of the Consideration shall be payable to the Vendor upon Completion

All deposits shall be paid to the Vendor's solicitors, as stakeholders, unless it is proved the balance of the Consideration being sufficient to discharge the existing legal charge or mortgage in respect of the Properties.

**Formal Agreement:** The Vendor and the Purchaser will enter into the Formal Agreement on or before 15 March 2024 (or such later date as the Vendor and the Purchaser may agree in writing).

**Costs and expenses:** Each of the Vendor and Purchaser shall bear its own costs (including the legal costs) to be incurred in connection with the Disposal and the stamp duty in relation to the Disposal shall be borne by the Purchaser solely.

**Completion:** Completion will take place on or before 17 May 2024 (or such later date as the Vendor and the Purchaser may agree in writing).

**Commission:** The Property Agent will be entitled to a commission in the sum equivalent to 1% of the Consideration from the Vendor and in the sum equivalent to 1% of the Consideration from the Purchaser which shall be payable no later than 17 May 2024 or on the Completion Date, whichever is the later.

**Additional term:** The Property will be leased back to a subsidiary of WYT upon Completion for a term of three years at a monthly rental of HK\$168,000 (exclusive of management fees, government rent, government rates and other miscellaneous charges) with an option to renew for a further a term of two years at the prevailing market rent.

## **INFORMATION ON THE PROPERTIES**

The Properties comprise a shop unit situated at Shop C on Ground Floor, Lee Wah Building, Nos. 738-740A Nathan Road, Kowloon, Hong Kong with a total saleable area of approximately 747 square feet and a storage room situated at Flat C on Mezz Floor, Lee Wah Building, Nos. 738-740A Nathan Road, Kowloon, Hong Kong with a total saleable area of approximately 431 square feet plus a yard with a saleable area of approximately 77 square feet, respectively. As at the date of this joint announcement, the WYT Group has used the Properties for its own retail shop and storage for the retail shop with a lease expiring on 27 January 2026.

As at 31 January 2024, the respective carrying values of the Properties in respect of the WOG Group was approximately HK\$48.2 million and in respect of the WYT Group was approximately HK\$29.0 million. According to the audited financial statements of the Vendor for the financial year ended 31 March 2022, and the unaudited financial statements of the Vendor for the financial year ended 31 March 2023 and the ten months ended 31 January 2024, the net profit/(loss) attributable to the Properties were as follows:

|                               | <b>For the<br/>ten months<br/>ended<br/>31 January<br/>2024</b> | <b>For the year ended 31 March</b> |                  |
|-------------------------------|---|------------------------------------|------------------|
|                               | <b>2023</b>   | <b>2022</b>                        |                  |
|                               | <i>HK\$'000</i>   | <i>HK\$'000</i>                    | <i>HK\$'000</i>  |
|                               | <i>(unaudited)</i>  | <i>(unaudited)</i>                 | <i>(audited)</i> |
| Revenue                       | 1,490   | 1,536                              | 1,507            |
| Profit/(loss) before taxation | 284   | (2,737)                            | (618)            |
| Profit/(loss) after taxation  | 194   | (2,613)                            | (742)            |

## **FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS**

Subject to review and confirmation by the respective auditors of the WOG Group and the WYT Group, it is expected that upon Completion, each of the WOG Group and the WYT Group will record loss (after deducting the relevant expenses and charges) of approximately HK\$7.8 million and gain of approximately HK\$11.4 million, respectively, which is calculated by reference to the net proceeds (the Consideration after deducting the relevant expenses and charges) from the Disposal of approximately HK\$40.4 million and the respective carrying values of the Properties as at 31 January 2024 in respect of the WOG Group of approximately HK\$48.2 million and in respect of the WYT Group of approximately HK\$29.0 million.

It is intended that the net proceeds arising from the Disposal of approximately HK\$40.4 million (after deducting the relevant expenses and charges) will be fully used for repayment of the mortgage loan with respect to the Properties.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Properties were acquired by the Vendor in 2008 and they are currently used by the WYT Group as its own retail shops. Taking into account the prevailing retail property market conditions and the quality of the Properties (including their location, the age of the Properties, surrounding facilities and redevelopment potential), both of the WOG Board and the WYT Board consider that the Disposal provides a good opportunity for the WOG Group and the WYT Group to realise the value of the Properties at an appropriate time and to reduce the indebtedness by using the proceeds from the Disposal for repayment of the bank loans while the leaseback of the Properties enables the continued retail operations of the WYT Group.

Having taking into account of the above reasons and benefits, both of the WOG Directors (including the independent non-executive WOG Directors) and the WYT Directors (including the independent non-executive WYT Directors) are of the view that the terms of the Provisional Agreement, which have been determined on an arm's length basis, are fair and reasonable and the Disposal is on normal commercial terms and is in the interests of WOG and WYT and their respective shareholders as a whole.

## **INFORMATION ON THE WOG GROUP, THE WYT GROUP AND THE VENDOR**

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, property development and asset management in Hong Kong through Wang On Properties Limited (Stock Code: 1243), a 75.0%-owned listed subsidiary of WOG; (iii) manufacturing and/or retailing of pharmaceutical and health food products through WYT, an approximately 69.19%-owned listed subsidiary of WOG; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through China Agri-Products Exchange Limited (Stock Code: 149) (“CAP”, a listed subsidiary of WOG and WYT), which is indirectly held as to approximately 73.54% by WOG amongst which approximately 53.37% is indirectly held by WYT.

The WYT Group is principally engaged in (i) the manufacturing and retailing of traditional Chinese pharmaceutical and health food products, including Chinese medicinal products sold under the brand name of “Wai Yuen Tong”, mainly in the PRC and Hong Kong; (ii) the manufacturing and sale of Western pharmaceutical and health food and personal care products under the brand names of “Madame Pearl’s” and “Pearl’s”; (iii) property investment; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP.

The Vendor, an indirectly wholly-owned subsidiary of WYT, is a company incorporated in Hong Kong with limited liability and its principal business is holding and leasing of the Properties.

## **INFORMATION ON THE PURCHASER AND THE PROPERTY AGENT**

The Purchaser is an individual and is a merchant.

Based on information available to the Vendor, the Property Agent is a licensed property agent in Hong Kong.

As at the date of this joint announcement, to the best of the knowledge, information and belief of the WOG Board having made all reasonable enquiries, the Purchaser, the Property Agent and its ultimate beneficial owners are Independent Third Parties.

As at the date of this joint announcement, to the best of the knowledge, information and belief of the WYT Board having made all reasonable enquiries, the Purchaser, the Property Agent and its ultimate beneficial owners are Independent Third Parties.

## LISTING RULES IMPLICATION

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but is below 25% for each of WOG and WYT, the Disposal constitutes a discloseable transaction for each of WOG and WYT and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

|                                |   |
|--------------------------------|---|
| “Completion”                   | the completion of the Disposal  |
| “Completion Date”              | the date of Completion, which shall be on or before 17 May 2024 or such later date mutually agreed by the Vendor and the Purchaser in writing   |
| “connected person”             | has the meaning ascribed to it under the Listing Rules  |
| “Consideration”                | the cash consideration for the Disposal, being HK\$41.0 million   |
| “Disposal”                     | the disposal of the Properties pursuant to the Provisional Agreement  |
| “Formal Agreement”             | the formal sale and purchase agreement to be entered into between the Vendor and the Purchaser in relation to the Disposal on or before 15 March 2024 or such later date mutually agreed by the Vendor and the Purchaser in writing |
| “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(ies)” | any entity(ies) or person(s) which or who is/are not a connected person of WOG and WYT  |
| “Listing Rules”                | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “PRC”                          | the People’s Republic of China, which for the purpose of this joint announcement, does not include Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China                                  |

|                         |   |
|-------------------------|---|
| “Properties”            | Shop C on Ground Floor, Lee Wah Building, Nos.738-740A Nathan Road, Kowloon, Hong Kong and Flat C on Mezz Floor, Lee Wah Building, Nos.738-740A Nathan Road, Kowloon, Hong Kong   |
| “Property Agent”        | K&W Property Agency Limited, the property agent in respect of the Disposal  |
| “Provisional Agreement” | a provisional sale and purchase agreement dated 1 March 2024 entered into between the Vendor, the Purchaser and the Property Agent in relation to the Disposal  |
| “Purchaser”             | Lee Wai Shing, an individual  |
| “Stock Exchange”        | The Stock Exchange of Hong Kong Limited   |
| “subsidiaries”          | has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)  |
| “Vendor”                | Grand Quality Development Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of WYT  |
| “WOG”                   | 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)                  |
| “WOG Board”             | the board of the WOG Directors  |
| “WOG Directors”         | the directors of WOG  |
| “WOG Group”             | WOG and its subsidiaries  |
| “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, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897) |

|                 |                                |
|-----------------|--------------------------------|
| “WYT Board”     | The board of the WYT Directors |
| “WYT Directors” | the directors of WYT           |
| “WYT Group”     | WYT and its subsidiaries       |
| “%”             | per cent                       |

By order of the board of directors of  
**WANG ON GROUP LIMITED**  
**(宏安集團有限公司)\***  
**Tang Ching Ho**  
*Chairman and Executive Director*

By order of the board of directors of  
**WAI YUEN TONG MEDICINE**  
**HOLDINGS LIMITED**  
**(位元堂藥業控股有限公司)\***  
**Tang Wai Man**  
*Executive Director*

Hong Kong, 1 March 2024

*As at the date of this joint announcement, the WOG Board comprises Mr. Tang Ching Ho, Ms. Yau Yuk Yin and Ms. Stephanie as executive directors; and Mr. Wong Chun, Justein, Mr. Siu Kam Chau and Mr. Chan Yung as independent non-executive directors.*

*As at the date of this joint announcement, the WYT Board comprises Mr. Tang Ching Ho, Ms. Tang Wai Man and Ms. Law Man Yee, Anita as executive directors, and Mr. Siu Man Ho, Simon, Mr. Li Ka Fai, David, Professor Sit Wing Hang and Professor Chan Wing Kwong as independent non-executive directors.*

*\* For identification purpose only*