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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 DISCLOSABLE TRANSACTION IN RELATION TO DISPOSAL OF PROPERTY

THE DISPOSAL

On 3 May 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 Property at the Consideration of HK\$33 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 disclosable 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: 3 May 2024

Parties: (i) Info World Investment Limited, an indirect wholly-owned subsidiary of WYT as the Vendor;

(ii) Sure Express Corporation Limited, as the Purchaser; and

(iii) Midland Realty (Shops II) Limited, as the Property Agent

Property: Shop B on Ground Floor, Kwong Sen Mansion, Nos.23–33 Shui Wo Street, Kowloon, Hong Kong

Consideration: HK\$33 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 Property of HK\$30 million as at 30 September 2023 under the valuation report prepared by the 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\$1.614 million has been paid to the Vendor upon signing of the Provisional Agreement;
- (ii) a further deposit of HK\$1.686 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 Property.

- Formal Agreement: The Vendor and the Purchaser will enter into the Formal Agreement on or before 16 May 2024.
- 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 16 August 2024.
- Additional term: The Property will be subject to a new tenancy agreement to be entered into between the Vendor, as landlord, and the franchisee (owned as to 50% by an independent third party and as to 50% by WYT Group) (the "**Franchisee**"), as tenant, before the Completion for retail shop purpose for a term of three years commencing on the Completion Date at the monthly rent of HK\$120,000 (exclusive of government rent, rates, management fees and other utilities outgoing charges) with an option to renew for a further term of three years (the "**New Tenancy Agreement**").

A sum equivalent to 1.5% of the Consideration being the agency fee shall be payable by the Vendor to the Property Agent upon Completion.

INFORMATION ON THE PROPERTY

The Property comprises a shop unit situated at Shop B on Ground Floor, Kwong Sen Mansion, Nos.23–33 Shui Wo Street, Kowloon, Hong Kong with a total saleable area of approximately 452 square feet. As at the date of this joint announcement, the Property is subject to the tenancy agreement at present and has been rented out to the Franchisee for a term of three years commencing on 25 July 2023 at the monthly rent of HK\$150,000 (exclusive of the rates and management fees) for operation of a shop under the brand of "Wai Yuen Tong" and the term of the tenancy agreement will early terminate on the Completion Date.

As at 31 March 2024, the respective carrying values of the Property in respect of the WOG Group was approximately HK\$30 million and in respect of the WYT Group was approximately HK\$30 million. According to the audited financial statements of the Vendor for the two financial years immediately preceding the Disposal, and the unaudited financial statements of the Vendor for the year ended 31 March 2024, the net profit/(loss) attributable to the Property are as follows:

	For the year ended 31 March		
	2024	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)	(audited)
Revenue	1,232	960	960
Profit/(loss) before taxation	5,192	(422)	(2,576)
Profit/(loss) after taxation	5,147	(342)	(2,643)

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 a gain (after deducting the relevant expenses and charges) of approximately HK\$2.4 million and approximately HK\$2.4 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\$32.4 million and the respective carrying values of the Property as at 31 March 2024 in respect of the WOG Group of approximately HK\$30 million and in respect of the WYT Group of approximately HK\$30 million.

It is intended that the net proceeds arising from the Disposal of approximately HK\$32.4 million (after deduction of the relevant expenses and charges) will be used for repayment of mortgage loans with respect to the Property and working capital purpose.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Property was acquired by the Vendor in 2005 and it is currently leased to the Franchisee operating a shop under the brand of “Wai Yuen Tong”. Taking into account the prevailing retail property market conditions and the quality of the Property (including its location, the age of the Property, 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 Property at an appropriate time and to reduce the indebtedness by using the proceeds from the Disposal while the New Tenancy Agreement enables the continued retail operations of the WYT Group at a lower monthly rent.

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 75.00%-owned listed subsidiary of WOG; (iii) manufacturing and retailing of pharmaceutical and health food products through WYT, a 72.02%-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), a 57.09%-owned listed subsidiary of WOG. WOG is ultimately owned by Mr. Tang Ching Ho (the chairman, an executive director and controlling shareholder of WOG) (together with his associates) as to approximately 42.80%.

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”; and (iii) property investment.

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 Property.

INFORMATION ON THE PURCHASER AND THE PROPERTY AGENT

The Purchaser is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. It is ultimately owned as to 10% by Sze Chang Way, as to 10% by Sze Sum Yee, as to 10% by Sze Pui Yee and as to 70% by Li Chun King.

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 disclosable 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 16 August 2024
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the cash consideration for the Disposal, being HK\$33 million

“Disposal”	the disposal of the Property 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 16 May 2024
“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
“Property”	Shop B on Ground Floor, Kwong Sen Mansion, Nos.23–33 Shui Wo Street, Kowloon, Hong Kong
“Property Agent”	Midland Realty (Shops II) Limited, the property agent in respect of the Disposal
“Provisional Agreement”	a provisional sale and purchase agreement dated 3 May 2024 entered into between the Vendor, the Purchaser and the Property Agent in relation to the Disposal
“Purchaser”	Sure Express Corporation Limited, a company incorporated in Hong Kong with limited liability
“subsidiaries”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Vendor”	Info World Investment 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, 3 May 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