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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 ACQUISITION OF RIGHT-OF-USE ASSETS UNDER THE NEW LEASES

THE NEW LEASES

The Board announces that on 2 August 2024:

- (a) The Tenant A, an indirect non-wholly owned subsidiary of the Company, received the New Lease A signed by the Landlord, pursuant to which the Landlord and the Tenant A agreed to renew the Lease A in respect of the Premises A for a term of four years commencing on 1 January 2024 and expiring on 31 December 2027 (both dates inclusive);
- (b) The Tenant B, an indirect non-wholly owned subsidiary of the Company, received the New Lease B signed by the Landlord, pursuant to which the Landlord and the Tenant B agreed to renew the Lease B in respect of the Premises B for a term of four years commencing on 1 January 2024 and expiring on 31 December 2027 (both dates inclusive); and
- (c) The Tenant C, an indirect wholly-owned subsidiary of the Company, received the New Lease C signed by the Landlord, pursuant to which the Landlord and the Tenant C agreed to renew the Lease C in respect of the Premises C for a term of four years commencing on 1 January 2024 and expiring on 31 December 2027 (both dates inclusive).

The right-of-use assets to be acquired under the New Leases will be accounted for under HKFRS 16 as a property, plant and equipment and lease liability in the amount of approximately HK\$50.0 million.

LISTING RULES IMPLICATION

In accordance with HKFRS 16, the right-of-use assets to be acquired under the New Leases will be recognised in the Group's consolidated financial statements as a property, plant and equipment and lease liability. Accordingly, the transaction under the New Leases will constitute an asset acquisition transaction for the Company under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the value of the right-of-use assets recognized by the Company under the New Leases when aggregated as a whole in accordance with Rule 14.22 of the Listing Rules exceeds 5% but is below 25%, the New Leases, when aggregated, constitute a disclosable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

The Board announces that on 2 August 2024:

- (a) The Tenant A, an indirect non-wholly owned subsidiary of the Company, received the New Lease A signed by the Landlord, pursuant to which the Landlord and the Tenant A agreed to renew the Lease A in respect of the Premises A for a term of four years commencing on 1 January 2024 and expiring on 31 December 2027 (both dates inclusive);
- (b) The Tenant B, an indirect non-wholly owned subsidiary of the Company, received the New Lease B signed by the Landlord, pursuant to which the Landlord and the Tenant B agreed to renew the Lease B in respect of the Premises B for a term of four years commencing on 1 January 2024 and expiring on 31 December 2027 (both dates inclusive); and
- (c) The Tenant C, an indirect wholly-owned subsidiary of the Company, received the New Lease C signed by the Landlord, pursuant to which the Landlord and the Tenant C agreed to renew the Lease C in respect of the Premises C for a term of four years commencing on 1 January 2024 and expiring on 31 December 2027 (both dates inclusive).

PRINCIPAL TERMS OF THE NEW LEASES

(1) The principal terms of the New Lease A are summarized below:

Date	:	1 August 2024
Landlord	:	Rich Century Investment Limited, as Landlord
Tenant	:	Daywin Limited, as Tenant A
Premises A	:	Office Suite Nos. 01, 02, 03, 05, 10B, 11 and 12 on the 31st Floor of Skyline Tower at 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong
Term	:	Four years commencing on 1 January 2024 and expiring on 31 December 2027 (both dates inclusive)
Usage	:	Office premises
Rent	:	Rental (exclusive of management fee, air-conditioning charge, rates, government rent and other outgoings) payable by the Tenant A to the Landlord are as follows: For year 1 to year 2 : HK\$302,260 per (from 1 January calendar month 2024 to 31 December 2025) For year 3 to year 4 : HK\$320,040 per (from 1 January calendar month 2026 to 31 December 2027)
Deposit	:	HK\$1,365,759 being the sum equivalent to three months' of the highest rental and three months' of management fee, air-conditioning charge, rates and government rent

(2) The principal terms of the New Lease B are summarized below:

Date : 1 August 2024

Landlord : Rich Century Investment Limited, as Landlord

Tenant : Wang On Properties Services Limited, as Tenant B

Premises B : Office Suite Nos. 01, 08, 09, 10, 11 and 12 on the 32nd Floor of Skyline Tower at 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong

Term : Four years commencing on 1 January 2024 and expiring on 31 December 2027 (both dates inclusive)

Usage : Office premises

Rent : Rental (exclusive of management fee, air-conditioning charge, rates, government rent and other outgoings) payable by the Tenant B to the Landlord are as follows:

For year 1 to year 2 : HK\$298,571 per
(from 1 January calendar month
2024 to 31
December 2025)

For year 3 to year 4 : HK\$316,134 per
(from 1 January calendar month
2026 to 31
December 2027)

Deposit : HK\$1,350,420 being the sum equivalent to three months' of the highest rental and three months' of management fee, air-conditioning charge, rates and government rent

(3) The principal terms of the New Lease C are summarized below:

Date	:	1 August 2024
Landlord	:	Rich Century Investment Limited, as Landlord
Tenant	:	Wang On Management Services Limited, as Tenant C
Premises C	:	Office Suite Nos. 02, 03, 05, 06, 07 and 15 on the 32nd Floor of Skyline Tower at 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong
Term	:	Four years commencing on 1 January 2024 and expiring on 31 December 2027 (both dates inclusive)
Usage	:	Office premises
Rent	:	Rental (exclusive of management fee, air-conditioning charge, rates, government rent and other outgoings) payable by the Tenant C to the Landlord are as follows: For year 1 to year 2 : HK\$195,347 per (from 1 January calendar month 2024 to 31 December 2025) For year 3 to year 4 : HK\$206,838 per (from 1 January calendar month 2026 to 31 December 2027)
Deposit	:	HK\$883,544 being the sum equivalent to three months' of the highest rental and three months' of management fee, air-conditioning charge, rates and government rent

The aggregate value of rental and other amounts payable by Tenant A, Tenant B and Tenant C under the respective New Leases will be satisfied by internal resources of the Group.

RIGHT-OF-USE ASSETS

Pursuant to HKFRS 16, the right-of-use assets under the New Leases will be recognized in the Group's consolidated financial statements as a property, plant and equipment and lease liability, subject to review by the Company's auditors, in the amount of approximately HK\$50.0 million, which is measured at the present value of the aggregate rental payable during the term of the New Leases.

INFORMATION ON THE LANDLORD

The Landlord is a company incorporated in Hong Kong with limited liability and is principally engaged in property investment. The Landlord is ultimately owned as to 50% by Sino Land Company Limited whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 83), as to 25% by Mr. Robert Ng Chee Siong and as to 25% by Mr. Philip Ng Chee Tat.

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

INFORMATION ON THE COMPANY, THE GROUP AND THE TENANTS

The Company is a company incorporated in Bermuda with limited liability and is an investment holding company.

The 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 trading and asset management in Hong Kong through WOP, its 75.00%-owned listed subsidiary; (iii) manufacturing and retailing of pharmaceutical and health food products through WYT, its approximate 72.02%-owned listed subsidiary; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through China Agri-Products Exchange Limited (Stock Code: 149), which is an indirect approximate 57.09%-owned listed subsidiary of the Company. The Company is ultimately owned by Mr. Tang Ching Ho (the chairman, an executive Director and controlling shareholder of the Company) (together with his associates) as to approximately 42.80%.

The Tenant A is a company incorporated in Hong Kong with limited liability and is an indirect non-wholly owned subsidiary of the Company. It is principally engaged in provision of management services to WYT and its subsidiaries.

The Tenant B is a company incorporated in Hong Kong with limited liability and is an indirect non-wholly owned subsidiary of the Company. It is principally engaged in provision of management services to WOP and its subsidiaries.

The Tenant C is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in provision of management services to the Group.

REASONS FOR AND BENEFITS OF THE LEASE RENEWAL

The Group has been using the Premises A, the Premises B and the Premises C as its head office in Hong Kong since 2016. The Board is of the view that it is in the interest of the Group to enter into the New Leases to renew the Leases in order to provide the Group with the stable and necessary office premises for its business operations.

The terms of the New Leases (including the aggregate rent payable) were determined after arm's length negotiation between the parties, after taking into consideration of the prevailing market rents for the comparable premises in the vicinity of the Premises A, the Premises B and the Premises C, the benefit of continuity office operation and cost for relocation of offices. Therefore, the Board considers that the terms of New Leases are on normal commercial terms that are fair and reasonable and the entering into of the New Leases is in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATION

In accordance with HKFRS 16, the right-of-use assets to be acquired under the New Leases will be recognised in the Group's consolidated financial statements as a property, plant and equipment and lease liability. Accordingly, the transaction under the New Leases will constitute an asset acquisition transaction for the Company under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the value of the right-of-use assets recognized by the Company under the New Leases when aggregated as a whole in accordance with Rule 14.22 of the Listing Rules exceeds 5% but is below 25%, the New Leases, when aggregated, constitute a disclosable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	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)
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“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 the Company within the meaning ascribed thereto under the Listing Rules
“Landlord”	Rich Century Investment Limited, a company incorporated in Hong Kong with limited liability
“Lease A”	the lease dated 11 August 2022 entered into between the Landlord, as landlord, and Tenant A, as tenant, in respect of leasing of the Premises A from 18 July 2022 and the leasing term of which terminated on 31 December 2023 pursuant to the surrender agreement dated 1 August 2024 entered into between the Landlord, as landlord, and Tenant A, as tenant
“Lease B”	the lease dated 11 August 2022 entered into between the Landlord, as landlord, and Tenant B, as tenant, in respect of leasing of the Premises B from 18 July 2022 and the leasing term of which terminated on 31 December 2023 pursuant to the surrender agreement dated 1 August 2024 entered into between the Landlord, as landlord, and Tenant B, as tenant
“Lease C”	the lease dated 11 August 2022 entered into between the Landlord, as landlord, and Tenant C, as tenant, in respect of leasing of the Premises C from 18 July 2022 and the leasing term of which terminated on 31 December 2023 pursuant to the surrender agreement dated 1 August 2024 entered into between the Landlord, as landlord, and Tenant C, as tenant

“Leases”	the Lease A, the Lease B and the Lease C
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Lease A”	the lease dated 1 August 2024 entered into between the Landlord, as landlord, and the Tenant A, as tenant, in respect of the renewal of the Lease A of the Premises A
“New Lease B”	the lease dated 1 August 2024 entered into between the Landlord, as landlord, and the Tenant B, as tenant, in respect of the renewal of the Lease B of the Premises B
“New Lease C”	the lease dated 1 August 2024 entered into between the Landlord, as landlord, and the Tenant C, as tenant, in respect of the renewal of the Lease C of the Premises C
“New Leases”	the New Lease A, the New Lease B and the New Lease C
“Premises A”	Office Suite Nos. 01, 02, 03, 05, 10B, 11 and 12 on the 31st Floor of Skyline Tower at 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong
“Premises B”	Office Suite Nos. 01, 08, 09, 10, 11 and 12 on the 32nd Floor of Skyline Tower at 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong
“Premises C”	Office Suite Nos. 02, 03, 05, 06, 07 and 15 on the 32nd Floor of Skyline Tower at 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong
“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
“Shareholder(s)”	the holder(s) of the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company

“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)
“Tenant A”	Daywin Limited, an indirect non-wholly owned subsidiary of the Company and a company incorporated in Hong Kong with limited liability, which is principally engaged in provision of management services to Wai Yuen Tong Medicine Holdings Limited (an indirect non-wholly owned subsidiary of the Company and a company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange, Stock Code: 897) and its subsidiaries
“Tenant B”	Wang On Properties Services Limited, an indirect non-wholly owned subsidiary of the Company and a company incorporated in Hong Kong with limited liability, which is principally engaged in provision of management services to Wang On Properties Limited (an indirect non-wholly owned subsidiary of the Company and a 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 its subsidiaries
“Tenant C”	Wang On Management Services Limited, an indirect wholly-owned subsidiary of the Company and a company incorporated in Hong Kong with limited liability, which is principally engaged in provision of management services to the Group
“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)
“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)

“%”

per cent.

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

Hong Kong, 2 August 2024

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

** For identification purpose only*