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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)**

### **ANNOUNCEMENT DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF A SUBSIDIARY**

#### **THE DISPOSAL**

The Board announces that on 12 August 2015, the Vendor, an indirect wholly-owned subsidiary of the Company, and the Company (as the Vendor's guarantor) entered into the Provisional Agreement with the Purchaser for sale and assignment of the Sale Shares and the Shareholder Loan at the Consideration of HK\$158.0 million.

The principal asset of the Target is the Property, which is located in Mongkok, Kowloon, and is currently leased to an independent third party for retail purpose. Upon completion, the Property will be delivered to the Purchaser subject to the existing tenancy.

#### **GENERAL**

As one of the relevant percentage ratios calculated pursuant to the 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 under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

\* *For identification purpose only*

## **THE PROVISIONAL AGREEMENT**

1. Date: 12 August 2015
2. Parties:
  - i. East Run Investments Limited, an indirect wholly-owned subsidiary of the Company, as the Vendor, which is principally engaged in investment holding;
  - ii. The Company, as the Vendor's guarantor; and
  - iii. Dragon Jet Limited, as the Purchaser.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons and there was no previous transaction entered into between the Company and the Purchaser before the date of this announcement.

### **3. Assets to be disposed of**

The Sale Shares and the Shareholder Loan.

### **4. Consideration**

The Consideration is HK\$158.0 million, of which an amount equals to the Shareholder Loan outstanding at Completion shall be the consideration for the Shareholder Loan and the balance shall be the consideration for the Sale Shares, which will be paid in the following manner:

- (i) HK\$5.0 million was paid by the Purchaser to the Vendor upon signing of the Provisional Agreement as an initial deposit;
- (ii) HK\$10.8 million will be paid upon the earlier of (a) within 14 days from 7 September 2015 (being the last day of the due diligence period); and (b) the signing of a formal agreement, being within 14 days from the last day of the due diligence period; and
- (iii) the balance of the Consideration of HK\$142.2 million will be paid upon Completion.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the net asset value, after the repayment of the existing mortgage loan owned by the Target, and the prevailing market price of similar properties in similar location.

### **5. Completion**

Pursuant to the Provisional Agreement, Completion will take place on a day on or before the date being the expiry of three months from the date of the Provisional Agreement, i.e. on or before 11 November 2015.

## INFORMATION OF THE TARGET

The Target is a wholly-owned subsidiary of the Vendor and is the legal and beneficial owner of the Property, being Shop No. 4 & 5 on Ground Floor, Mongkok Building, Nos. 93, 95 & 99 Mongkok Road, Nos. 135A & 135B Sai Yee Street, Kowloon with a saleable floor area of approximately 2,399 square feet.

The Property is currently leased to an independent third party for retail purpose for a term of three years expiring on 14 March 2018 (with an option to renew for a further term of three years) at a monthly rental of HK\$450,000, exclusive of management fee and government rates.

Set out below is the financial information of the Target for the two financial years ended 31 March 2015 prepared under the Hong Kong Financial Reporting Standards:

	For the year ended 31 March	
	2015 unaudited HK\$(in million)	2014 audited HK\$(in million)
Turnover	4.8	4.8
Profit/(loss) before tax	4.8	(4.8)
Profit/(loss) after tax	4.6	(4.9)

As at 31 March 2015, the unaudited net asset value of the Target amounted to approximately HK\$11.9 million.

## POSSIBLE FINANCIAL EFFECT OF THE DISPOSAL

Immediately after completion of the Disposal, the Target will cease to be a subsidiary of the Company and the financial results of the Target will be deconsolidated from the Group's financial statements. The net proceeds (after repayment of an existing mortgage loan of approximately HK\$118.6 million and deducting other expenses in relation thereto) arising from the Disposal of approximately HK\$36.9 million, will be used for general working capital of the Group.

Based on, *inter alia*, the Consideration, the Shareholder Loan, the outstanding mortgage loan, the unaudited net asset value as at 31 March 2015 and the related expenses for the Disposal, the Group currently expects to record a gain arising from the Disposal of approximately HK\$37.7 million upon Completion subject to review by the auditors of the Company.

**Shareholders should note that the above figures are for illustrative purpose only. The actual gain on the Disposal may be different from the above and will be determined based on the financial position of the Group on the date of Completion and the review by the Company's auditors upon finalisation of the consolidated financial statements of the Group.**

## REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in property investment and development in Hong Kong and management and sub-licensing of Chinese wet markets in Hong Kong and the PRC. It also has interests in the pharmaceutical business through its investment in Wai Yuen Tong Medicine Holdings Limited (Stock Code: 897).

The Directors are of the view the Disposal would benefit the Group by indirectly realising its investment in the Property and also strengthen the liquidity and overall financial position of the Group.

The Directors, including the independent non-executive Directors, consider that the terms of the Provisional Agreement are on normal commercial terms, fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

## GENERAL

As one of the relevant percentage ratios calculated pursuant to the 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 under Chapter 14 of the Listing Rules and is subject to the notification 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 the 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)
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	the consideration for the Disposal, being HK\$158.0 million
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Target by the Vendor to the Purchaser pursuant to the Provisional Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

\* For identification purposes only

“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 announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Property”	being the premise at Shop No. 4 & 5 on Ground Floor, Mongkok Building, Nos. 93, 95 & 99 Mongkok Road, Nos. 135A & 135B Sai Yee Street, Kowloon with a saleable floor area of approximately 2,399 square feet
“Provisional Agreement”	the provisional sale and purchase agreement dated 12 August 2015 entered into between the Purchaser, the Company and the Vendor in relation to the Disposal
“Purchaser”	Dragon Jet Limited, a property holding company, which is incorporated in the British Virgin Islands with limited liability and is a third party independent of and not connected with the Company and its connected persons
“Sale Shares”	two ordinary shares in an aggregate sum of HK\$2.00 in the share capital of the Target, represents the entire issued and paid up share capital of the Target
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Shareholder Loan”	the loan(s) owing by the Target to the Vendor as at Completion, being an unsecured and interest free debt owed by the Target to the Vendor
“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)
“Target”	Easy Kingdom Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company, which is principally engaged in property investment

“Vendor” East Run Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company, which is principally engaged in investment holding

“%” 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, 12 August 2015

*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, Mr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau.*

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