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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)

POSSIBLE DISCLOSEABLE TRANSACTION IN RELATION TO PROPOSED SPIN-OFF AND SEPARATE LISTING OF WANG ON PROPERTIES LIMITED ON THE MAIN BOARD OF THE STOCK EXCHANGE

PROPOSED SPIN-OFF

The Board is pleased to announce that the Company intends to spin-off the existing residential and commercial property development and commercial and industrial property investment business of the Group by way of a separate listing of Wang On Properties. The Company submitted a spin-off proposal to the Stock Exchange pursuant to PN15 in relation to the Proposed Spin-off and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

On 28 December 2015, a listing application form (Form A1) was submitted to the Stock Exchange for an application for the listing of, and permission to deal in, the shares of Wang On Properties on the Main Board of the Stock Exchange.

* For identification purpose only

It is currently intended that Wang On Properties will seek a listing on the Main Board of the Stock Exchange by way of (a) a public offering in Hong Kong; (b) a placing to institutional, professional and other investors; and (c) a preferential offering to qualifying Shareholders, amounting in aggregate to 25% of the enlarged issued share capital of Wang On Properties immediately following completion of the Share Offer.

In accordance with the requirements of PN15, the Board proposes to give due regard to the interests of the Shareholders by providing qualifying Shareholders with an assured entitlement to the shares of Wang On Properties by way of a preferential offering of the shares of Wang On Properties if the Proposed Spin-off proceeds. Assuming the over-allotment option is not exercised, qualifying Shareholders will be invited to apply for 10% of the shares of Wang On Properties available under the placing (equivalent to approximately 2.25% of the enlarged issued share capital of Wang On Properties immediately after completion of the Share Offer).

The terms of such assured entitlement have not yet been finalised and the Company will make further announcement(s) in this regard as and when appropriate.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Wang On Properties is a wholly-owned subsidiary of the Company. Following completion of the Proposed Spin-off, the Company will retain not more than 75% interest in Wang On Properties, and it is expected that Wang On Properties will remain a subsidiary of the Company. The Proposed Spin-off, if materialises, constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. It is expected that the Proposed Spin-off will constitute a possible discloseable transaction of the Company under the Listing Rules, which will be subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company will comply with the applicable requirements of Chapter 14 of the Listing Rules as and when necessary.

The Proposed Spin-off is subject to the listing approval of the Stock Exchange and the final decision of the Board and the board of directors of Wang On Properties which are dependent upon, among others, market conditions during the period from now and up to the proposed Share Offer. Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off will take place and as to when it may take place. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in or investing in the securities of the Company.

Further announcement(s) will be made by the Company in relation to the Proposed Spin-off as and when appropriate.

INTRODUCTION

The Board is pleased to announce that the Company intends to spin-off the existing residential and commercial property development and commercial and industrial property investment business of the Group by way of a separate listing of Wang On Properties. The Company submitted a spin-off proposal to the Stock Exchange pursuant to PN15 in relation to the Proposed Spin-off and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

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THE PROPOSED SPIN-OFF

The Proposed Spin-off involves the spin-off by the Company and separate listing of Wang On Properties.

It is currently intended that Wang On Properties will seek a listing on the Main Board of the Stock Exchange by way of (a) a public offering in Hong Kong; (b) a placing to institutional, professional and other investors; and (c) a preferential offering to qualifying Shareholders, amounting in aggregate to 25% of the enlarged issued share capital of Wang On Properties immediately following completion of the Share Offer.

INFORMATION ON THE COMPANY AND WANG ON PROPERTIES

The Company is based in Hong Kong, and, through its subsidiaries, is principally engaged in various businesses including provision of finance and the management and sub-licensing of Chinese wet markets (the “**Retained Business**”). Over the years, the Company also participated in the property development market, and brought several successful commercial and residential property development projects to market, most notably, projects carrying “The Met” brand.

Wang On Properties was incorporated in Bermuda with limited liability on 19 November 2015, and is a wholly owned subsidiary of the Company. Its business will be to focus on the Company’s current business of residential and commercial property development, and commercial and industrial property investment (the “**Spin-off Business**”).

After the Proposed Spin-off, there will be a clear delineation between the businesses of the Group and Wang On Properties, such that the Group will remain engaged in the Retained Business, while Wang On Properties, as a subsidiary of the Company, will be engaged in the Spin-off Business.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Board believes that the Proposed Spin-off will be beneficial to both the Company and Wang On Properties for the following reasons:

- (A) the Proposed Spin-off essentially and substantively separates the residential and commercial property development and commercial and industrial investment businesses from the other businesses of the Group, thereby enabling investors and financiers to appraise the strategies, functional exposure, risks and returns of the respective businesses of the Group and Wang On Properties separately and to make their investment decisions accordingly;
- (B) the Proposed Spin-off will provide an opportunity for investors to invest in either one or both of the business models, thereby unlocking the value of the businesses of the Group and Wang On Properties which will allow the true market value of each company to be better reflected;
- (C) as a separate listed entity, Wang On Properties will have its own separate management structure focusing on the property business while the management of the Group will be able to focus on its Retained Business;
- (D) the management teams of the Group and Wang On Properties may adopt different business strategies and models which they determine to be better suited to the two different businesses, and which, due to the different nature of such businesses, may not always be aligned;
- (E) the Proposed Spin-off will provide a separate fund raising platform for Wang On Properties thereby enabling it to raise the capital required to finance its future expansion without reliance on the Group to do so; and will allow both the Group and Wang On Properties to target their respective investor base more effectively which in turn improves capital raising on a competitive basis and capital allocation to enhance growth within each company; and
- (F) the Company intends to maintain not more than 75% equity interest in Wang On Properties upon completion of the Spin-off. Accordingly, the Company will continue to benefit from any potential upside in the business of property development and investment in Hong Kong through receipt of dividend distributions of Wang On Properties.

ASSURED ENTITLEMENT

In accordance with the requirements of PN15, the Board proposes to give due regard to the interests of the Shareholders by providing qualifying Shareholders with an assured entitlement to the shares of Wang On Properties by way of a preferential offering of the shares of Wang On Properties if the Proposed Spin-off proceeds. Assuming the over-allotment option is not exercised, qualifying Shareholders will be invited to apply for 10% of the total shares of Wang On Properties available under the placing (equivalent to approximately 2.25% of the enlarged issued share capital of Wang On Properties

immediately after completion of the Share Offer). The terms of such assured entitlement have not yet been finalised and the Company will make further announcements in this regard as and when appropriate.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Wang On Properties is a wholly-owned subsidiary of the Company. Following completion of the Proposed Spin-off, the Company will retain not more than 75% interest in Wang On Properties, and it is expected that Wang On Properties will remain a subsidiary of the Company. The Proposed Spin-off, if materialises, constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. It is expected that the Proposed Spin-off will constitute a possible discloseable transaction of the Company under the Listing Rules, which will be subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company will comply with the applicable requirements of Chapter 14 of the Listing Rules as and when necessary.

GENERAL

A redacted version of the application proof of Wang On Properties' listing document submitted to the Stock Exchange is available for download on the Stock Exchange's website at <http://www.hkexnews.hk/APP/SEHKAPPMainIndex.htm>.

The Proposed Spin-off is subject to the listing approval of the Stock Exchange and the final decision of the Board and the board of directors of Wang On Properties which are dependent upon, among others, market conditions during the period from now and up to the proposed Share Offer. Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off will take place and as to when it may take place. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in or investing in the securities of the Company.

Further announcement(s) will be made by the Company in relation to the Proposed Spin-off as and when appropriate.

DEFINITIONS

“Board”	the board of Directors
“Company”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated under the laws of Bermuda whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1222)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

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“Listing Rules”	the rules governing the listing of securities on the Stock Exchange
“PN15”	Practice Note 15 of the Listing Rules
“Proposed Spin-off”	the proposed spin-off of by way of a separate listing of Wang On Properties on the Main Board of the Stock Exchange
“Shareholder(s)”	the shareholder(s) of the Company
“Share Offer”	the public offering in Hong Kong, the placing to institutional, professional and other investors, and preferential offering to qualifying Shareholders, of the shares of Wang On Properties
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wang On Properties”	Wang On Properties Limited, an exempted company incorporated under the laws of Bermuda which is intended to be listed on the Main Board of the Stock Exchange

By order of the Board of
WANG ON GROUP LIMITED
(宏安集團有限公司)*
Chan Chun Hong, Thomas
Managing Director

Hong Kong, 28 December 2015

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Tang Ching Ho, Ms. Yau Yuk Yin and Mr. Chan Chun Hong, Thomas, and four independent non-executive Directors, namely Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein, Mr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau.

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