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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 21 March 2023, the Vendor, an indirect wholly-owned subsidiary of WYT, entered into the Provisional Agreement with the Purchaser and the 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\$66.8 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: 21 March 2023
- Parties:
- (i) Full Gainer Investment Limited, an indirect wholly-owned subsidiary of WYT as the Vendor;
  - (ii) Leader Wealth Properties Limited, as the Purchaser; and
  - (iii) Timberland Strategy Property Consultants Limited, as the Property Agent
- Property: Shop B on G/F & Portion of the Yard, Nos. 66, 68, 70 & 72 Tai Wai Road, Shatin, New Territories, Hong Kong
- Upon Completion, the Property will be leased to WYT Retail, as tenant, by the Purchaser, as landlord, pursuant to the New Tenancy Agreement.
- Consideration: HK\$66.8 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 market value of the Property of HK\$54.7 million as at 30 September 2022 under the valuation report prepared by the valuer, being an independent professional third party valuer, engaged by the Vendor and the prevailing rental yield as compared to the Property.
- 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\$3.2 million has been paid upon signing of the Provisional Agreement (the “**Initial Deposit**”);
  - (ii) a further deposit of HK\$3.48 million shall be paid upon signing of the Formal Agreement (the “**Further Deposit**”); and

(iii) the balance of the Consideration in the sum of HK\$60.12 million shall be paid on Completion.

The Initial Deposit was paid and the Further Deposit shall be payable by the Purchaser to the Vendor's solicitors, as stakeholders, and will be released to the Vendor upon proof by the Vendor the balance of the Consideration being sufficient to pay off the mortgage loan in respect of the Property.

Formal Agreement:

The Vendor and the Purchaser will enter into the Formal Agreement on or before 31 March 2023.

Costs and expenses:

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

Completion:

Completion will take place on or before 30 June 2023.

Commission:

The Property Agent will be entitled to the commission in the amount equivalent to 1% of the Consideration from each of the Vendor and the Purchaser upon signing of the Provisional Agreement and the commission to be paid by the Vendor to the Property Agent will be settled not later than one day after the Completion Date.

Termination:

If the Vendor or the Purchaser fails to complete the sale and purchase of the Property pursuant to the Provisional Agreement, the defaulting party shall pay to the Property Agent a sum equivalent to 2% of the Consideration forthwith as compensation of the Property Agent and shall bear the stamp duty incurred.

## INFORMATION ON THE PROPERTY

The Property is a shop unit situated at Shop B on G/F & Portion of the Yard, Nos.66, 68, 70 &72 Tai Wai Road, Shatin, New Territories, Hong Kong with a total saleable area of approximately 655 square feet plus a yard amended saleable area of approximately 21 square feet. The Property is subject to the Existing Tenancy Agreement at present and has been rented out to WYT Retail, an indirect subsidiary of WYT, for a term of three years commencing on 23 February 2022 and expiring on 22 February 2025 (both dates inclusive) at the monthly rent of HK\$186,500, HK\$205,150 and HK\$225,665 for the periods of 23 February 2022 to 22 February 2023, 23 February 2023 to 22 February 2024 and 23 February 2024 to 22 February 2025, respectively, for retail shop purpose.

Upon Completion, the Vendor and WYT Retail will enter into a surrender agreement whereby the term of tenancy under the Existing Tenancy Agreement will be terminated forthwith and immediately thereafter, the Property will be leased by the Purchaser, as landlord, to WYT Retail, as tenant, for a fixed term of 3 years commencing on 30 June 2023 at the monthly rent of HK\$186,000 with an option to renew for a further term of 3 years at the monthly rent of not less than HK\$186,000 but not more than HK\$215,000 (subject to the then prevailing market rent) under the New Tenancy Agreement.

As at 28 February 2023, the respective carrying values of the Property in respect of the WOG Group was approximately HK\$48.5 million and in respect of the WYT Group was approximately HK\$25.1 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 six months ended 30 September 2022, the revenue and net profit/(loss) attributable to the Property are as follows:

	<b>For the six months ended 30 September 2022</b>	<b>For the year ended 31 March</b>	
	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)	(audited)
Revenue	1,132	1,512	1,494
Profit/(loss) before taxation	(2,815)	1,361	(1,655)
Profit/(loss) after taxation	(2,968)	1,176	(1,836)

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

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\$17.3 million and approximately HK\$40.7 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\$65.8 million and the respective carrying values of the Property as at 28 February 2023 in respect of the WOG Group of approximately HK\$48.5 million and in respect of the WYT Group of approximately HK\$25.1 million.

The actual gain from the Disposal to be recorded by the WOG Group and the WYT Group is subject to audit and review by the auditors of WOG and WYT respectively.

It is intended that the net proceeds arising from the Disposal of approximately HK\$15.7 million (after deduction of any amount to be repaid for redeeming the mortgage of the Property on or before the Completion and the relevant expenses and charges) will be used for general working capital.

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

The Property was acquired by the Vendor in 2009 and it has been leased to various independent third parties and WYT Retail since then. 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 WYT Group to realise the investment in the Property at a gain and to reduce the indebtedness by using the proceeds from the Disposal. In addition, notwithstanding the Disposal, by the New Tenancy Agreement, WYT Retail will be able to continue to use the Property for operation of its retail business for a longer lease term and at a relatively lower monthly rental as compared with the Existing Tenancy Agreement.

Having taken 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 67.26%-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”), an approximately 53.37%-owned listed subsidiary of 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 indirect wholly-owned subsidiary of WYT, is a company with limited liability incorporated in Hong Kong 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 70% and 30% by Wu Bo and Ng Siu Hong, respectively. As at the date of this joint announcement, to the best of the knowledge, information and belief of the WOG Board and the WYT Board having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

The Property Agent is a company incorporated in Hong Kong with limited liability and is principally engaging in property agency services. As at the date of this joint announcement, to the best of the knowledge, information and belief of the WOG Board and the WYT Board having made all reasonable enquiries, 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”	Completion of the Disposal
“Completion Date”	the date of Completion, which shall be on or before 30 June 2023
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the cash consideration for the Disposal, being HK\$66.8 million
“Disposal”	the disposal of the Property pursuant to the Provisional Agreement
“Existing Tenancy Agreement”	the tenancy agreement made on 20 May 2022 between the Vendor, as landlord, and WYT Retail, as tenant, in relation to lease of the Property for a term of three years commencing on 23 February 2022 and expiring on 22 February 2025 (both dates inclusive)
“Formal Agreement”	the formal sale and purchase agreement to be entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property on or before 31 March 2023
“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

“New Tenancy Agreement”	the tenancy agreement to be entered into between the Purchaser, as landlord, and WYT Retail, as tenant, on the Completion Date in relation to the lease of the Property for a fixed term of 3 years commencing on the Completion Date with an option to renew for a further term of 3 years
“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 G/F & Portion of the Yard, Nos. 66, 68, 70 & 72 Tai Wai Road, Shatin, New Territories, Hong Kong
“Property Agent”	Timberland Strategy Property Consultants Limited, the property agent in respect of the Disposal
“Provisional Agreement”	a provisional sale and purchase agreement dated 21 March 2023 entered into between the Vendor, the Purchaser and the Property Agent in relation to the sale and purchase of the Property
“Purchaser”	Leader Wealth Properties Limited, a company incorporated in Hong Kong with limited liability, being the purchaser under the Provisional Agreement
“subsidiaries”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Vendor”	Full Gainer Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of WYT, being the vendor under the Provisional Agreement
“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
“WYT Retail”	Wai Yuen Tong (Retail) Limited, a company incorporated in Hong Kong with limited liability and an indirect subsidiary of WYT
“%”	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, 21 March 2023

*As at the date of this joint announcement, the WOG 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.*

*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. Leung Wai Ho, Mr. Cho Wing Mou and Mr. Li Ka Fai, David as independent non-executive directors.*

\* For identification purpose only