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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)



WANG ON PROPERTIES LIMITED

宏安地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1243)

DISCLOSEABLE TRANSACTION TRANSFER OF PARTICIPATION INTEREST

THE TRANSFER

The WOP Board and the WOG Board announce that on 18 March 2024, the Seller, an indirect wholly-owned subsidiary of WOP, entered into the Transfer Agreement with the Buyer, pursuant to which the Seller has agreed to assign and transfer to the Buyer, and the Buyer has agreed to assume and accept, all of the rights and obligations of the Seller under the Participation Agreement, at a consideration of US\$6.25 million (equivalent to approximately HK\$48.75 million), subject to the fulfilment of the Condition.

LISTING RULES IMPLICATIONS

For WOP, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Transfer exceeds 5% but is less than 25%, the Transfer constitutes a discloseable transaction for WOP under the Listing Rules and are subject to the notification and announcement requirements under the Listing Rules.

For WOG, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Transfer exceeds 5% but is less than 25%, the Transfer constitutes a discloseable transaction for WOG under the Listing Rules and are subject to the notification and announcement requirements under the Listing Rules.

INTRODUCTION

The WOP Board and the WOG Board announce that on 18 March 2024, the Seller, an indirect wholly-owned subsidiary of WOP, entered into the Transfer Agreement with the Buyer, pursuant to which the Seller has agreed to assign and transfer to the Buyer, and the Buyer has agreed to assume and accept, all of the rights and obligations of the Seller under the Participation Agreement at a consideration of US\$6.25 million (equivalent to approximately HK\$48.75 million), subject to the fulfilment of the Condition.

TRANSFER AGREEMENT

The principal terms of the Transfer Agreement are set out below.

- Date of agreement** : 18 March 2024
- Parties** : Twist Pioneer Limited (as the Seller)
Walter Asset Management Limited (as the Buyer)
- Subject matter of the Transfer** : Under the Transfer Agreement, the Seller has agreed to assign and transfer by way of novation the Participation Interest under the Participation Agreement to the Buyer on the Transfer Date and the Buyer has agreed to assume and perform all of the Seller's obligations under the Participation Agreement with effect from the Transfer Date, subject to the fulfilment of the Condition.
- The Participation Agreement relates to the funding and participation in the subscription by the Grantor of the LVGEM Bonds in the principal amount of US\$60.00 million, being bond that is exchangeable into certain ordinary shares of LVGEM, a company whose shares are listed and traded on the Main Board of the Stock Exchange.
- Consideration** : The consideration for the Transfer is US\$6.25 million (equivalent to approximately HK\$48.75 million), which is payable by the Buyer to the Seller in cash by wire transfer on the Transfer Date.

The consideration for the Transfer was determined after arm's length negotiation between the Seller and the Buyer and in view of the recovery of market condition and performance of bonds in general and the total investment return to the Seller from the investment under the Participation Agreement, with reference to the amount of Participation Commitment of approximately US\$6.50 million (equivalent to approximately HK\$50.70 million), the amount of income of approximately US\$1.24 million (equivalent to approximately HK\$9.66 million) received by the Seller during the term of the Participation Agreement, and the amount of the consideration of US\$6.25 million (equivalent to approximately HK\$48.75 million) for the Transfer.

Condition : The completion of the Transfer is subject to the acknowledgement and signing by the Grantor of a duly completed transfer certificate in a form as prescribed under the Participation Agreement.

Completion : Upon fulfilment of the Condition, completion of the Transfer will take place on the Transfer Date, being 22 March 2024 or such other date as may be agreed by the Seller and the Buyer in writing.

INFORMATION ON THE PARTICIPATION INTEREST TO BE TRANSFERRED

The Seller's interest under the Participation Agreement was accounted for as financial assets at fair value through profit or loss in the respective consolidated financial statements of WOP and WOG, with a carrying value as at 30 September 2023 of approximately HK\$50.90 million and approximately HK\$50.90 million, respectively.

The net profits before and after taxation attributable to the Seller's interest under the Participation Agreement were approximately HK\$5.20 million and approximately HK\$4.27 million for the years ended 31 March 2023 and 2022 respectively for the WOP Group, and approximately HK\$5.20 million and approximately HK\$4.27 million for the years ended 31 March 2023 and 2022 respectively for the WOG Group.

Upon completion of the Transfer, the Seller will cease to have any interest under the Participation Agreement and therefore no such interest will be accounted for in the respective consolidated financial statements of the WOP Group and the WOG Group.

FINANCIAL EFFECTS OF THE TRANSFER

As a result of the Transfer, WOP is expected to recognise a loss of approximately HK\$6.62 million in the financial year ending 31 March 2024, which mainly represents the difference between the consideration for the Transfer of US\$6.25 million (approximately HK\$48.75 million) and the fair value of the relevant Participation Interest of approximately US\$6.55 million (approximately HK\$51.07 million) as disposed of under the Transfer, the forfeited interest receivable of approximately US\$0.66 million (approximately HK\$5.15 million), reversal of impairment of approximately US\$0.12 million (approximately HK\$0.93 million) and legal and professional fee incurred of approximately US\$0.01 million (approximately HK\$0.08 million). The actual amount of gain or loss to be recorded by WOP will be subject to the review and audit by the auditor of WOP.

As a result of the Transfer, WOG is expected to recognise a loss of approximately HK\$6.62 million in the financial year ending 31 March 2024, which mainly represents the difference between the consideration for the Transfer of US\$6.25 million (approximately HK\$48.75 million) and the fair value of the relevant Participation Interest of approximately US\$6.55 million (approximately HK\$51.07 million) as disposed of under the Transfer, the forfeited interest receivable of approximately US\$0.66 million (approximately HK\$5.15 million), reversal of impairment of approximately US\$0.12 million (approximately HK\$0.93 million) and legal and professional fee incurred of approximately US\$0.01 million (approximately HK\$0.08 million). The actual amount of gain or loss to be recorded by WOG will be subject to the review and audit by the auditor of WOG.

REASONS FOR AND BENEFITS OF THE TRANSFER

The WOP Board and the WOG Board are of the view that the Transfer provides the WOP Group and the WOG Group with a good opportunity to realize their investments in the Participation Agreement, and to re-allocate resources for general working capital and other investment opportunities when they arise.

Taking into account the aforementioned financial effects of the Transfer and the overall impact of the investment in the Participation Agreement, the WOP Board is of the opinion that the terms of the Transfer Agreement are fair and reasonable and on normal commercial terms, and the Transfer is in the interests of WOP and its shareholders as a whole.

Taking into account the aforementioned financial effects of the Transfer and the overall impact of the investment in the Participation Agreement, the WOG Board is of the opinion that the terms of the Transfer Agreement are fair and reasonable and on normal commercial terms, and the Transfer is in the interests of WOG and its shareholders as a whole.

INTENDED USE OF PROCEEDS

The WOG Group and the WOP Group intend to apply the net proceeds from the Transfer of approximately US\$6.25 million (equivalent to approximately HK\$48.75 million) as general working capital and/or towards other potential investment opportunities if and when they arise.

INFORMATION ON THE GRANTOR

The Grantor is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of ARTE Special Situation Fund L.P., a limited partnership of the Cayman Islands with a wide investor base that acts through ARTE Capital IGP Limited as its general partner.

As at the date of this joint announcement, to the best of the knowledge, information and belief of the WOP Board and the WOG Board and having made all reasonable enquiries, each of the Grantor and its ultimate beneficial owners is a third party independent of, and is not connected with, each of WOP, WOG and their respective connected persons.

INFORMATION ON THE BUYER

The Buyer is a company incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding. As at the date of this joint announcement, the Buyer is ultimately owned as to 100% by Chan Tak Ho.

As at the date of this joint announcement, to the best of the knowledge, information and belief of the WOP Board and the WOG Board and having made all reasonable enquiries, each of the Buyer and its ultimate beneficial owners is a third party independent of, and is not connected with, each of WOP, WOG and their respective connected persons.

INFORMATION ON THE ISSUER AND LVGEM

The Issuer is a company incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding. As at the date of this joint announcement, the Issuer is a substantial shareholder of LVGEM and is owned as to 100% by Go Great International Limited, a company incorporated in the British Virgin Islands, which is in turn ultimately owned as to 100% by Wong Hong King.

LVGEM is a company incorporated in the Cayman Islands as an exempted company with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 95). LVGEM and its subsidiaries are principally engaged in property development and property investment and other related services.

As at the date of this joint announcement, to the best of the knowledge, information and belief of the WOP Board and the WOG Board and having made all reasonable enquiries, each of the Issuer, LVGEM and their respective ultimate beneficial owners is a third party independent of, and is not connected with, each of WOP, WOG and their respective connected persons.

INFORMATION ON THE WOG GROUP, THE WOP GROUP AND THE SELLER

WOG Group

The WOG Group is principally engaged in (i) management and sub-licensing of fresh markets and treasury management in Hong Kong and/or the PRC; (ii) property investment, property development 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 approximately 69.19%-owned listed subsidiary; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP (a listed subsidiary of WOG and WYT), which is indirectly held as to approximately 73.54% by WOG amongst which approximately 53.37% is indirectly held by WYT. 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 50.67%.

WOP Group and the Seller

The WOP Group is principally engaged in the businesses of developing residential and commercial properties for sale and investing in commercial and industrial properties for investment return and capital appreciation and asset management. WOP is indirectly owned by WOG as to 75.00%, which is in turn ultimately owned by Mr. Tang Ching Ho (together with his associates) as to approximately 50.67%.

The Seller is a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of WOP. The principal activity of the Seller is investment holding.

IMPLICATIONS UNDER THE LISTING RULES

For WOP, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Transfer exceeds 5% but is less than 25%, the Transfer constitutes a discloseable transaction for WOP under the Listing Rules and are subject to the notification and announcement requirements under the Listing Rules.

For WOG, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Transfer exceeds 5% but is less than 25%, the Transfer constitutes a discloseable transaction for WOG under the Listing Rules and are subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Buyer”	Walter Asset Management Limited, a company incorporated in the Cayman Islands with limited liability
“Condition”	the condition to the completion of the Transfer pursuant to the Transfer Agreement, as set out in this joint announcement
“CAP”	China Agri-Products Exchange Limited 中國農產品交易有限公司, an exempted company incorporated in Bermuda with limited liability and its shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 149)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Grantor”	Lexus Sharp International Limited, a company incorporated in the British Virgin Islands with limited liability
“Grantor-subscribed Bonds”	LVGEM Bonds in the principal amount of US\$60.00 million subscribed by the Grantor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issuer”	China LVGEM Property Holdings Limited (中國綠景地產控股有限公司), a company incorporated in the Cayman Islands with limited liability and is a substantial shareholder of LVGEM
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LVGEM”	LVGEM (China) Real Estate Investment Company Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 95)

“LVGEM Bonds”	up to US\$120.00 million 10 per cent. secured and guaranteed exchangeable bonds due 2025 issued by the Issuer exchangeable into certain ordinary shares of LVGEM
“Participation Agreement”	the funded participation agreement dated 28 May 2021 between the Grantor and the Seller in respect of the participation by the Seller in the funding of the Grantor-subscribed Bonds via the Seller’s Participation Commitment
“Participation Interest”	all of the Seller’s rights and obligations under the Participation Agreement prior to the completion of the transactions contemplated under the Transfer Agreement, including the Participation Commitment
“Participation Commitment”	the funded participation commitment of US\$6.50 million (approximately HK\$50.70 million) of the Seller which accounts for approximately 10.83% of the principal amount of the Grantor-subscribed Bonds
“PRC”	The People’s Republic of China
“Seller”	Twist Pioneer Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of WOP
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer”	the assignment and transfer of the Participation Interest by way of novation from the Seller to the Buyer pursuant to the terms of the Transfer Agreement
“Transfer Date”	22 March 2024 or such other date as may be agreed by the Seller and the Buyer in writing
“Transfer Agreement”	the transfer agreement dated 18 March 2024 in relation to the Participation Agreement between the Seller and the Buyer
“WOG”	Wang On Group Limited (宏安集團有限公司)*, 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: 1222)
“WOG Board”	the board of directors of WOG

“WOG Group”	WOG and its subsidiaries
“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)
“WOP Board”	the board of directors of WOP
“WOP Group”	WOP 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)
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	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

By Order of the Board
WANG ON PROPERTIES LIMITED
 宏安地產有限公司
Tang Ho Hong
Executive Director and Chief Executive Officer

Hong Kong, 18 March 2024

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 WOP Board comprises Mr. Tang Ho Hong, Ms. Wong Chin Han and Ms. Ching Tak Won Teresa as executive directors; and Mr. Li Wing Sum Steven, Mr. Sung Tze Wah, Sr Dr. Leung Tony Ka Tung and Dr. Chan Ho Wah Terence as independent non-executive directors.

* For identification purpose only