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## **CAISTER LIMITED**

*(Incorporated in the British Virgin Islands)*



## **WANG ON GROUP LIMITED**

**(宏安集團有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1222)**

### **JOINT OFFER ANNOUNCEMENT**

#### **(1) VOLUNTARY CONDITIONAL CASH OFFERS BY**



#### **KINGSTON SECURITIES LTD.**

**ON BEHALF OF CAISTER LIMITED FOR ALL THE OUTSTANDING SHARES OF WANG ON GROUP LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED BY CAISTER LIMITED AND ITS CONCERT PARTIES) AND FOR THE CANCELLATION OF ALL THE OUTSTANDING OPTIONS OF WANG ON GROUP LIMITED**

**AND**

#### **(2) RESUMPTION OF TRADING**

**Financial Adviser to Caister Limited**



**KINGSTON CORPORATE FINANCE LTD.**

**Financial Adviser to Wang On Group Limited**

**VEDA | CAPITAL**  
**智略資本**

\* For identification purpose only

## **INTRODUCTION**

The Offeror and the Company jointly announce that Kingston Securities will, on behalf of the Offeror, make voluntary conditional cash offers (i) to acquire all of the outstanding Shares (other than those Shares already owned or agreed to be acquired by the Offeror and its Concert Parties); and (ii) to cancel all the outstanding Options for a maximum total consideration of HK\$1,078,737,219.

## **THE OFFERS**

The Offers will be made by Kingston Securities on behalf of the Offeror, on the following basis:

### **The Share Offer**

#### *Consideration of the Share Offer*

For each Offer Share . . . . . HK\$0.23 in cash

The Share Offer Price of HK\$0.23 per Offer Share represents a premium of 25.00% over the closing price of HK\$0.184 per Share as quoted on the Stock Exchange on 11 June 2014, being the Last Trading Date.

### **The Option Offer**

The Offeror will make (or procure to be made on its behalf) appropriate offers to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Options (whether vested or not) in exchange for cash.

(a) In respect of Options with an exercise price of HK\$0.2234:

For cancellation of each such Option . . . . . HK\$0.0066 in cash

In respect of Options with exercise prices of HK\$0.3893 and HK\$2.0549, as the exercise prices are above the Share Offer Price, Kingston Securities will, on behalf of the Offeror, make a nominal cash offer for the cancellation of such Options on the following terms.

(b) In respect of Options with an exercise price of HK\$0.3893:

For cancellation of each such Option . . . . . HK\$0.0001 in cash

(c) In respect of Options with an exercise price of HK\$2.0549:

For cancellation of each such Option . . . . . HK\$0.0001 in cash

The Option Offer will be conditional upon the Share Offer becoming or being declared unconditional in all respects. Further information on the Option Offer will be set out in the Composite Document which will be sent to the Optionholders on the Despatch Date.

## **Value of the Offers**

Based on the Share Offer Price of HK\$0.23 per Offer Share and 4,667,768,975 outstanding Shares not already held by the Offeror and its Concert Parties:

- (a) Assuming no outstanding Options are exercised prior to the Closing Date, no change in the share capital of the Company and the Share Offer is accepted in full:
  - (i) the value of the Share Offer will be approximately HK\$1,073,586,864; and
  - (ii) the total amount to satisfy the cancellation of all outstanding Options will be approximately HK\$47,956.
- (b) Assuming all outstanding Options are exercised in full by the Optionholders prior to the Closing Date in which case an additional 22,392,845 new Shares will be in issue and the Share Offer is accepted in full (including all Shares issued and allotted as a result of the exercise of the Options):
  - (i) the value of the Share Offer will be approximately HK\$1,078,737,219; and
  - (ii) no amount will be payable by the Offeror under the Option Offer.

## **Financial resources available to the Offeror**

Assuming all outstanding Options have been exercised, the financial resources required from the Offeror to satisfy the consideration for the Offers shall amount to an aggregate of HK\$1,078,737,219.

The Offeror intends to finance the entire consideration payable by the Offeror under the Offers from external financing under a standby facility granted by Kingston Securities to the Offeror. Kingston CF, the financial adviser to the Offeror is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy full acceptance of the Offers.

## **CONDITIONS TO THE OFFERS**

The Share Offer is conditional on the satisfaction of the following conditions:

- (a) valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of Shares which, together with Shares acquired or agreed to be acquired before or during the Offers, will result in the Offeror and its Concert Parties holding more than 50% of the voting rights of the Company;
- (b) the Shares remaining listed and traded on the Stock Exchange up to the Closing Date save for any temporary suspension(s) of trading in the Shares as a result of the Offers and no indication being received on or before the Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn, other than as a result of the Offers; and

(c) no event having occurred which would make the Offers or the acquisition of any of the Shares or cancellation of the Options under the Offers void, unenforceable or illegal or their implementation being prohibited or which would impose material conditions, limitations or obligations with respect to the Offers.

The Offeror reserves the right to waive, in whole or in part, Condition (b). Conditions (a) and (c) cannot be waived.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any of the Conditions (other than Condition (a)) so as to cause the Offers to lapse unless the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Offers.

The Option Offer is conditional upon the Share Offer becoming or being declared unconditional in all respects.

**WARNING: Shareholders, Optionholders and/or potential investors of the Company should note that the Share Offer is subject to the satisfaction or waiver (where applicable) of the Conditions, and the Option Offer is subject to, and conditional upon, the Share Offer becoming or being declared unconditional in all respects. The Offers may or may not become unconditional. Shareholders, Optionholders and/or potential investors of the Company should therefore exercise caution when dealing in the securities of the Company (including the Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.**

#### **MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Offeror intends to maintain the listing status of the Company on the Stock Exchange. If the Offeror acquires the requisite percentage of the Offer Shares to enable it to compulsorily acquire all the issued Shares, the Offeror does not intend to exercise its right to compulsorily acquire the remaining Shares. The Offeror will take such steps as are necessary to ensure, or procure the Company to take such steps as are necessary to ensure, that the Company maintains an adequate public float so as to comply with the applicable requirements of the Listing Rules.

According to the Listing Rules, if, upon the close of the Offers, less than 25% of the issued Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares. **In this connection, it should be noted that upon the close of the Share Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained, and each of the Offeror and the Company will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after closing of the Share Offer.**

## **INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP**

Following completion of the Offers, the Offeror intends that the Group will continue to operate its business in substantially its current state. The Offeror has no intention to introduce major changes to the business of the Group, including (i) introduction of significant changes in the management and employees of the Group; and (ii) the redeployment of fixed assets of the Group as a result of the completion of the Offers (other than those changes which may occur in the ordinary course of business). However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's businesses and operations to optimise the value of the Group.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

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

An Independent Board Committee which comprises Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein, Mr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau (representing all the independent non-executive Directors) has been established by the Board to make a recommendation to the Independent Shareholders as to whether the Share Offer is, or is not, fair and reasonable and as to its acceptance and to the Optionholders as to its views on the Option Offer. A further announcement will be made upon the appointment of the independent financial adviser to the Independent Board Committee.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 12 June 2014 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 17 June 2014.

## **A. INTRODUCTION**

The Offeror and the Company jointly announce that Kingston Securities will, on behalf of the Offeror, make voluntary conditional cash offers (i) to acquire all of the outstanding Shares (other than those Shares already owned or agreed to be acquired by the Offeror and its Concert Parties); and (ii) to cancel all the outstanding Options for a maximum total consideration of HK\$1,078,737,219.

The Offers are subject to the fulfilment or waiver, as applicable, of a number of Conditions as set out in this joint announcement.

## B. THE OFFERS

The Offers will be made by Kingston Securities on behalf of the Offeror, on the following basis:

### 1. The Share Offer

#### *Consideration of the Share Offer*

For each Offer Share . . . . . HK\$0.23 in cash

The Share Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid and shall be acquired free from all Encumbrances and together with all rights attaching to them as at the Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the Closing Date. For the avoidance of doubt, if the Closing Date takes place after 21 July 2014, the Offeror will not be entitled to the Final Dividend (other than in respect of Shares which the Offeror already owns). Please refer to the paragraph headed “3. No dividend or other distribution” in this joint announcement.

#### *Comparisons of value*

The Share Offer Price of HK\$0.23 per Offer Share represents:

- (a) a premium of 25.00% over the closing price of HK\$0.1840 per Share as quoted on the Stock Exchange on 11 June 2014, being the Last Trading Date;
- (b) a premium of approximately 25.96% over the average closing price of approximately HK\$0.1826 per Share for the last five consecutive trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date;
- (c) a premium of approximately 25.82% over the average closing price of approximately HK\$0.1828 per Share for the last ten consecutive trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date; and
- (d) a premium of approximately 26.51% over the average closing price of approximately HK\$0.1818 per Share for the last 30 consecutive trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date.

*Highest and lowest Share prices*

The highest and lowest closing Share prices during the six-month period preceding the Last Trading Date and including the Last Trading Date:

	<b>Closing Share price (HK\$)</b>	<b>Date quoted on the Stock Exchange</b>
<b>Highest</b>	0.187	14 May 2014
<b>Lowest</b>	0.128	27 January 2014 and 5 February 2014

**2. The Option Offer**

The Offeror will make (or procure to be made on its behalf) appropriate offers to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Options (whether vested or not) in exchange for cash.

(a) In respect of Options with an exercise price of HK\$0.2234:

For cancellation of each such Option . . . . . HK\$0.0066 in cash

In respect of Options with exercise prices of HK\$0.3893 and HK\$2.0549, as the exercise prices are above the Share Offer Price, Kingston Securities will, on behalf of the Offeror, make a nominal cash offer for the cancellation of such Options on the following terms.

(b) In respect of Options with an exercise price of HK\$0.3893:

For cancellation of each such Option . . . . . HK\$0.0001 in cash

(c) In respect of Options with an exercise price of HK\$2.0549:

For cancellation of each such Option . . . . . HK\$0.0001 in cash

The Option Offer will be conditional upon the Share Offer becoming or being declared unconditional in all respects. Further information on the Option Offer will be set out in the Composite Document which will be sent to the Optionholders on the Despatch Date.

Following acceptance of the Option Offer, the relevant Options together with all rights attaching thereto will be entirely cancelled and renounced.



### 3. Outstanding Shares in issue and Outstanding Options

#### *Outstanding Shares in issue*

As at the date of this joint announcement, there are 6,524,935,021 Shares in issue, of which the Offeror and its Concert Parties hold 1,857,166,046 Shares representing approximately 28.46% of the issued share capital of the Company.

The shareholding structure of the Company as at the date of this joint announcement is as follows:

	<i>Number of Shares</i>	<i>Approximate shareholding %</i>
The Offeror and its Concert Parties		
— The Offeror	34,172,220	0.52
— Mr. Tang Ching Ho <sup>Note 1</sup>	18,684,213	0.29
— Tang's Family Trust <sup>Note 1</sup>	1,663,309,609	25.49
— Wai Yuen Tong <sup>Note 2</sup>	141,000,000	2.16
— Kingston Securities	4	0.00000006
— <b>Sub-total</b>	<b>1,857,166,046</b>	<b>28.46</b>
Public Shareholders	<u>4,667,768,975</u>	<u>71.54</u>
<b>Total</b>	<b><u><u>6,524,935,021</u></u></b>	<b><u><u>100.00</u></u></b>

*Note 1:* The Offeror's ultimate beneficial shareholder is Mr. Tang Ching Ho. Mr. Tang and his spouse, Ms. Yau Yuk Yin, are taken to be interested in the 1,663,309,609 Shares held by the discretionary Tang's Family Trust by virtue of being the founder and a beneficiary of it, respectively. In addition, Mr. Tang and Ms. Yau Yuk Yin are personally interested in 9,342,113 Shares and 9,342,100 Shares, respectively.

*Note 2:* Mr. Tang Ching Ho is a director of Wai Yuen Tong, which holds 141,000,000 Shares.

The Kingston Group is presumed to be a Concert Party of the Offeror. As at the date of this joint announcement, Kingston Securities holds four Shares.

#### *Outstanding Options*

As at the date of this joint announcement, there are outstanding Options in respect of 22,392,845 Shares of which Mr. Chan Chun Hong, Thomas, a director of the Company, has in respect of 180,295 Shares.



The respective exercise prices of the outstanding Options and the respective periods during which they are exercisable are as follows:

Exercise price (HK\$ per Share)	Number of outstanding Options	Exercisable period
2.0549	14,562,108	1 March 2007 to 28 February 2017
0.3893	797,445	8 January 2010 to 7 January 2019 <sup>Note 1</sup>
0.2234	7,033,292	12 May 2011 to 11 May 2020 <sup>Note 1</sup>

*Note 1:* The Options vest as follows:

- On the 1st Anniversary of the date of grant: 30% vest
- On the 2nd Anniversary of the date of grant: Further 30% vest
- On the 3rd Anniversary of the date of grant: Remaining 40% vest
- As of the date of this joint announcement, all outstanding Options have fully vested.

Pursuant to the share option scheme adopted on 3 May 2002, if a general offer by way of a takeover is made, Optionholders will have a right to exercise their Options within 14 days after the Offeror takes control of the Company. Options not so exercised shall remain valid in accordance with its terms and subject to such restrictions as applied to it before the Offers.

Other than disclosed in this section, the Company has no other outstanding Shares, Options, warrants, derivative or other securities that are convertible or exchangeable into Shares or other types of equity interest in issue.

#### **4. Value of the Offers**

Based on the Share Offer Price of HK\$0.23 per Offer Share and 4,667,768,975 outstanding Shares not already held by the Offeror and its Concert Parties:

- (a) Assuming no outstanding Options are exercised prior to the Closing Date, no change in the share capital of the Company and the Share Offer is accepted in full:
  - (i) the value of the Share Offer will be approximately HK\$1,073,586,864; and
  - (ii) the total amount to satisfy the cancellation of all outstanding Options will be approximately HK\$47,956.

- (b) Assuming all outstanding Options are exercised in full by the Optionholders prior to the Closing Date in which case an additional 22,392,845 new Shares will be in issue and the Share Offer is accepted in full (including all Shares issued and allotted as a result of the exercise of the Options):
  - (i) the value of the Share Offer will be approximately HK\$1,078,737,219; and
  - (ii) no amount will be payable by the Offeror under the Option Offer.

**The maximum total consideration to be paid for the Offers is approximately HK\$1,078,737,219.**

## **5. Confirmation of financial resources**

Assuming all outstanding Options have been exercised, the financial resources required from the Offeror to satisfy the consideration for the Offers shall amount to an aggregate of HK\$1,078,737,219.

The Offeror intends to finance the entire consideration payable by the Offeror under the Offers from external financing under a standby facility granted by Kingston Securities to the Offeror. Kingston CF, the financial adviser to the Offeror is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy full acceptance of the Offers.

## **6. Settlement of consideration**

Provided that the Offers have become, or have been declared, unconditional in all respects, settlement of the consideration in respect of acceptances of the Offers will be made as soon as possible but in any event within seven (7) Business Days of the later of the date of receipt of duly completed and valid acceptances in respect of the Offers and the Unconditional Date.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder or an Optionholder (as the case may be) who accepts the Share Offer or the Option Offer (as the case may be) will be rounded up to the nearest cent.

## **C. CONDITIONS TO THE OFFERS**

### **1. The Conditions**

The Share Offer is conditional on the satisfaction of the following conditions:

- (a) valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of Shares which, together with Shares acquired or agreed to be acquired before or during the Offers, will result in the Offeror and its Concert Parties holding more than 50% of the voting rights of the Company;

- (b) the Shares remaining listed and traded on the Stock Exchange up to the Closing Date save for any temporary suspension(s) of trading in the Shares as a result of the Offers and no indication being received on or before the Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn, other than as a result of the Offers; and
- (c) no event having occurred which would make the Offers or the acquisition of any of the Shares or cancellation of the Options under the Offers void, unenforceable or illegal or their implementation being prohibited or which would impose material conditions, limitations or obligations with respect to the Offers.

The Offeror reserves the right to waive, in whole or in part, Condition (b). Conditions (a) and (c) cannot be waived.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any of the Conditions (other than Condition (a)) so as to cause the Offers to lapse unless the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Offers.

The Option Offer is conditional upon the Share Offer becoming or being declared unconditional in all respects.

## **2. Completion of the Share Offer**

If the Conditions are not satisfied (or not waived where applicable) on or before the Unconditional Date, the Share Offer will lapse.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Share Offer or the fulfilment (or if permissible, waiver) of the Conditions in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Share Offer unconditional as to acceptance is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent).

**WARNING: Shareholders, Optionholders and/or potential investors of the Company should note that the Share Offer is subject to the satisfaction or waiver (where applicable) of the Conditions, and the Option Offer is subject to, and conditional upon, the Share Offer becoming or being declared unconditional in all respects. The Offers may or may not become unconditional. Shareholders, Optionholders and/or potential investors of the Company should therefore exercise caution when dealing in the securities of the Company (including the Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.**

#### **D. MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Offeror intends to maintain the listing status of the Company on the Stock Exchange. If the Offeror acquires the requisite percentage of the Offer Shares to enable it to compulsorily acquire all the issued Shares, the Offeror does not intend to exercise its right to compulsorily acquire the remaining Shares. The Offeror will take such steps as are necessary to ensure, or procure the Company to take such steps as are necessary to ensure, that the Company maintains an adequate public float so as to comply with the applicable requirements of the Listing Rules.

According to the Listing Rules, if, upon the close of the Offers, less than 25% of the issued Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares. **In this connection, it should be noted that upon the close of the Share Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained, and each of the Offeror and the Company will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after closing of the Share Offer.**

Any future transactions between the Group and the Offeror will be carried out on an arm's length basis and in compliance with the Listing Rules.

#### **E. INFORMATION OF THE OFFEROR**

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability and is directly and wholly-owned by Mr. Tang Ching Ho.

Mr. Tang Ching Ho is a founder of the Group and the chairman and an executive director of the Company. He is also the chairman and an executive director of Wai Yuen Tong.

#### **F. INFORMATION ON THE COMPANY**

The Company is 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).

The Group is principally engaged in property investment and property development in Hong Kong, 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.

#### **G. INFORMATION ON WAI YUEN TONG**

Wai Yuen Tong is an exempted company incorporated in Bermuda with limited liability and whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897). Wai Yuen Tong and its subsidiaries are principally engaged in (i) manufacturing, processing and retailing of traditional Chinese medicine, which includes

Chinese medicinal products sold under the brand name of “Wai Yuen Tong” and a range of products manufactured by selected medicinal materials with traditional prescription, mainly in the PRC and Hong Kong; (ii) processing and retailing of western pharmaceutical, health food and personal care products under the brand names of “Madame Pearl’s” and “Pearl’s”, respectively; and (iii) property investment.

## **H. REASONS FOR THE OFFERS AND THE EXPECTED BENEFITS**

The Offeror believes that the Company is well positioned for growth within the market, and the Group’s future development could benefit from further support of its single largest shareholder. Mr. Tang Ching Ho is a founder of the Company and had played an important role in steering the Company’s strategies and development over the years. The acquisition by Mr. Tang Ching Ho of a controlling stake in the Company would benefit the Group as it would incentivise him to play an even greater role in directing the future of the Group, provide the Group with the vision it requires to create greater value for the Shareholders.

The Offeror further believes that the Share Offer provides an opportunity for the Independent Shareholders to monetise some or all of their investments in the Company in return for immediate cash. The Share Offer Price represents a 25.00% premium over the closing price of HK\$0.184 per Share for the Last Trading Date and 26.51% premium over the average closing price of approximately HK\$0.1818 per Share for the last 30 consecutive trading days. The Offeror believes that the Share Offer represents an attractive premium to the prices at which the market has valued the Company.

## **I. INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP**

Following completion of the Offers, the Offeror intends that the Group will continue to operate its business in substantially its current state. The Offeror has no intention to introduce major changes to the business of the Group including (i) the introduction of significant changes in the management and employees of the Group; and (ii) the redeployment of the fixed assets of the Group as a result of the completion of the Offers (other than those changes which may occur in the ordinary course of business). However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group’s businesses and operations to optimise the value of the Group.

## **J. FURTHER TERMS OF THE OFFERS**

### **1. Acceptance of Share Offer**

In addition to the Conditions, the Share Offer is made on the basis that acceptance of the Share Offer by any person will constitute a warranty by such person or persons to the Offeror that the Offer Shares acquired under the Share Offer are sold by such person or persons free from all Encumbrances and together with all rights attaching thereto as at the Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends (whether final or interim) and other distributions, if any, declared, made or paid on or after the Closing Date.

The Offers will be made in compliance with the Takeovers Code which is administered by the Executive.

## 2. Hong Kong stamp duty

Sellers' ad valorem stamp duty arising in connection with acceptance of the Share Offer will be payable by each Shareholder who accepts the Share Offer at the rate of HK\$1.00 for every HK\$1,000 or part thereof of the consideration payable by the Offeror for such Shareholder's Offer Shares and will be deducted from the cash amount due to such Shareholder. The Offeror will pay the buyer's ad valorem stamp duty in relation to the Share Offer on its own behalf.

No stamp duty is payable in connection with the Option Offer.

## K. GENERAL MATTERS RELATING TO THE OFFERS

### 1. Availability of the Offers

The Offeror intends to make the Share Offer and Option Offer available to all Independent Shareholders and Optionholders, respectively, including those who are not resident in Hong Kong. The making and the implementation of the Share Offer and Option Offer to Independent Shareholders and Optionholders who are not resident in Hong Kong may be subject to the laws of the relevant overseas jurisdictions in which such Independent Shareholders and Optionholders are located. Such Independent Shareholders and Optionholders should inform themselves about and observe any applicable requirements and restrictions in their own jurisdictions. Independent Shareholders and Optionholders who have registered addresses outside Hong Kong and wish to accept the Offers should satisfy themselves as to the full observance of the applicable laws and regulations of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes payable by such accepting Shareholders and Optionholders in such jurisdiction).

In the event that the receipt of the Composite Document by overseas Shareholders or Optionholders is prohibited by any applicable laws and regulations or may only be effected upon compliance with conditions or requirements in such overseas jurisdictions that would be unduly burdensome, the Composite Document, subject to the Executive's consent, will not be despatched to such overseas Shareholders or Optionholders. The Offeror will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

Any arrangements for overseas Shareholders or Optionholders to collect the Composite Document will be set out in a further announcement.

**Any acceptance by any Shareholder or Optionholders (as the case may be) of the Offers will be deemed to constitute a representation and warranty from such Shareholder or Optionholder (as the case may be) to the Offeror that the local laws and requirements have been complied with. Shareholders and Optionholders who are in doubt as to the action they should take should consult their stockbrokers, licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.**



## **2. Despatch of the Composite Document**

It is the intention of the Offeror and the Company to combine the offer document with the response document in the Composite Document.

The Composite Document containing, among other things, details of the Offers (including the expected timetable in relation to the Offers), a letter from the Independent Board Committee and a letter from the independent financial adviser (to be appointed) in relation to the Offers, together with the relevant forms of acceptance and transfer, will be despatched to the Independent Shareholders and the Optionholders as soon as practicable and in compliance with the requirements of the Takeovers Code.

## **3. No dividend or other distribution**

The Company does not intend to declare or pay any dividend or other distribution on the Shares before the Closing Date save and except the payment of final dividend for the financial year ended 31 March 2014 declared by the Company prior to the date of this joint announcement which is subject to the shareholders' approval at the Company's forthcoming annual general meeting to be held on 16 July 2014 or such other date as advised by the Company. As disclosed in the Company's 2014 annual report, the Board has recommended the payment of the Final Dividend to Shareholders on the register of members of the Company as of 24 July 2014, meaning the relevant ex-dividend date shall be 21 July 2014. Therefore, if the Closing Date occurs on or before 21 July 2014, Shareholders who have accepted and tendered Shares to the Offeror will not receive any Final Dividend in respect of those Shares.

## **L. RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES**

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company and the Offeror (including persons who own or control 5% or more of any class of relevant securities issued by the Company or the Offeror) are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

For this purpose, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

### **“Responsibilities of stockbrokers, banks and other intermediaries**

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.



This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediates are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediates will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

The Offeror, its nominees or brokers or associates may from time to time make certain purchases of, or arrangements to purchase, Shares other than pursuant to the Share Offer, before or during the period in which the Share Offer remains open for acceptance in compliance with the Takeovers Code. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be reported to the SFC and will be available on the website of the SFC at <http://www.sfc.hk/>.

#### **M. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

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

An Independent Board Committee which comprises Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein, Mr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau (representing all the independent non-executive Directors) has been established by the Board to make a recommendation to the Independent Shareholders as to whether the Share Offer is, or is not, fair and reasonable and as to its acceptance and to the Optionholders as to its views on the Option Offer. A further announcement will be made upon the appointment of the independent financial adviser to the Independent Board Committee.

#### **N. GENERAL INFORMATION**

As at the date of this joint announcement:

- (a) save as disclosed in the section “B. The Offers — Outstanding Shares in issue and Outstanding Options” of this joint announcement:
  - (i) the Offeror and its Concert Parties has no other outstanding Shares, Options, warrants, derivative or other securities that are convertible or exchangeable into Shares or other types of equity interest in the Company;
  - (ii) the Offeror and its Concert Parties do not own, control or have direction over any voting rights in any Shares or Options nor own, control or have direction over any other rights or interests in the issued share capital or voting rights of the Company; and

- (iii) there is no outstanding derivatives in respect of the securities in the Company which is owned, controlled or directed by has been entered into by the Offeror or its Concert Parties;
- (b) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Offers;
- (c) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and its Concert Parties have borrowed or lent;
- (d) the Offeror and its Concert Parties have not received any other irrevocable commitment to accept or reject the Offers; and
- (e) there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offers.

During the six months immediately prior to the date of this joint announcement, the Offeror and its Concert Parties have not dealt in the Shares, convertible securities, warrants, options or derivatives of the Company.

The Offeror has appointed Kingston Corporate Finance as its financial adviser in connection with the Offers. The Company has appointed Veda Capital Limited as its financial adviser in connection with the Offers.

## **O. RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 12 June 2014 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 17 June 2014.

## **DEFINITIONS**

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

“associate(s)”	has the meaning as ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business

“Closing Date”	the date to be stated in the Composite Document as the first closing date of the Share Offer or any subsequent closing date as may be announced by the Offeror and approved by the Executive
“Company”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability, whose Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)
“Composite Document”	the composite document to be issued jointly by the Offeror and the Company in relation to the Offers in accordance with the Takeovers Code and the Listing Rules
“Concert Parties”	parties acting in concert (as such term is defined in the Takeovers Code) with the person or party as specified and as determined in accordance with the Takeovers Code
“Conditions”	the conditions to the Offers, as set out in the section “C. Conditions to the Offers” of this joint announcement
“Despatch Date”	the date of despatch of the Composite Document
“Directors”	the directors of the Company
“Encumbrances”	mortgage, charge, pledge, lien, option, restriction, purchase right, right of first refusal, right of pre-emption, voting trust or agreement, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including a title transfer or retention arrangement) having similar effect
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any of his delegates
“Final Dividend”	a final dividend of HK\$0.6 cents per Share recommended by the Board for the financial year ended 31 March 2014, subject to the Shareholders’ approval
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justin, Mr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau, established for the purpose of making a recommendation to the Independent Shareholders and the Optionholders in relation to the Offers
“Independent Shareholders”	Shareholders other than the Offeror and its Concert Parties
“Kingston CF”	Kingston Corporate Finance Limited, a corporation licensed by the SFC to carry out business in Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Offers
“Kingston Group”	Kingston Securities and Kingston CF, together with entities controlling, controlled by them or under the same control as any one of them
“Kingston Securities”	Kingston Securities Limited, a corporation licensed by the SFC to carry out business in Type 1 (dealing in securities) regulated activity under the SFO, being the agent making the Offers on behalf of the Offeror
“Last Trading Date”	11 June 2014, being the last trading day immediately prior to suspension of trading in the Shares pending the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Share(s)”	issued Share(s) other than those Shares already owned or agreed to be acquired by the Offeror and its Concert Parties
“Offeror”	Caister Limited, a company incorporated in the British Virgin Islands with limited liability
“Offers”	the Share Offer and the Option Offer
“Option Offer”	the offer proposed to be made by the Offeror in compliance with Rule 13 of the Takeovers Code to cancel all the outstanding Options in accordance with the terms and conditions set out in this joint announcement
“Optionholders”	the holders of the Options
“Options”	the 22,392,845 outstanding share options granted by the Company pursuant to the Share Option Scheme, whether vested or not

“PRC”	the People’s Republic of China which, for the purpose of this joint announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Offer”	the voluntary conditional cash offer to be made by Kingston Securities on behalf of the Offeror to acquire all of the Offer Shares in accordance with the terms and conditions set out in this joint announcement
“Share Offer Price”	the price at which the Share Offer will be made, being HK\$0.23 per Offer Share
“Share Option Scheme”	means the share option scheme adopted by the Company on 3 May 2002, as amended from time to time
“Shareholder(s)”	registered holder(s) of the issued Share(s)
“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)
“Takeovers Code”	The Code on Takeovers and Mergers published by the SFC
“Unconditional Date”	the date on which the Offers become or are declared unconditional in all respects
“Wai Yuen Tong”	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 and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897)
“%”	per cent.

By Order of the board of directors of  
**CAISTER LIMITED**  
**Tang Ching Ho**  
*Director*

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, 16 June 2014

\* For identification purpose only

*As at the date of this joint 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, Justin, Mr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau.*

*As at the date of this joint announcement, the sole director of the Offeror is Mr. Tang Ching Ho.*

*All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror and its Concert Parties), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror and its Concert Parties) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement contained in this joint announcement misleading.*

*The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement, and confirm, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement contained in this joint announcement misleading.*