
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Wang On Properties Limited 宏安地產有限公司, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF
THE ENTIRE INTEREST IN STADIUM HOLDINGS LIMITED**

A letter from the Board is set out on pages 4 to 10 of this circular.

The transactions being the subject matter of this circular have been approved by written shareholders' approval pursuant to the Listing Rules and this circular is being despatched to the Shareholders for information only.

23 September 2021

** For identification purpose only*

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DEFINITIONS

In this circular, unless the context otherwise specifies, the following expressions have the following meanings:

“associates”, “connected person”, “controlling shareholder”, “percentage ratio” and “substantial shareholders”	each has the meaning as ascribed to it under the Listing Rules
“Balance of Consideration”	has the meaning as defined in the section headed “The Formal Agreement — Consideration”
“Bank Loan Securities”	the existing security documents in relation to the loan owing by the Target Company to a bank entered into by the Target Company in favour of the relevant bank (including, among others, a mortgage over the Property, currently at approximately HK\$198.4 million as at the Latest Practicable Date)
“Board”	the board of the Directors
“Company”	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) and a 75%-owned listed subsidiary of WOG
“Completion”	completion of the Disposal pursuant to the Formal Agreement
“Completion Date”	the date of Completion, being 26 October 2021
“Conditions”	the conditions precedent to Completion
“Consideration”	the consideration for the Disposal, being HK\$515 million (subject to adjustment)
“Deposits”	has the meaning as defined in the section headed “The Formal Agreement — Consideration”
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share and the assignment of the Shareholder’s Loan by the Vendor to the Purchaser pursuant to the Formal Agreement

DEFINITIONS

“Formal Agreement”	the formal agreement in relation to the Disposal entered into among the Vendor, the Purchaser and the Company as the Vendor’s guarantor on 16 September 2021
“Further Deposit”	has the meaning as defined in the section headed “The Formal Agreement — Consideration”
“GDP”	gross domestic product
“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
“Initial Deposit”	has the meaning as defined in the section headed “The Formal Agreement — Consideration”
“Joint Announcement”	the announcement dated 30 July 2021 jointly issued by the Company and WOG in relation to, among other things, the Disposal and the Provisional Agreement and the transactions contemplated thereunder
“Latest Practicable Date”	17 September 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Asset Value” and “Net Liabilities”	the total assets of the Target Company (other than the Property) minus total liabilities of the Target Company (other than the Shareholder’s Loan, the existing mortgage over the Property, and deferred tax liabilities) as at the Completion Date; it being referred to as “Net Asset Value” if it is a positive figure, and “Net Liabilities” if it is a negative figure
“PRC”	the People’s Republic of China, for the purpose of this circular, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Property”	the office on 30th Floor, United Centre, No. 95 Queensway, Hong Kong
“Provisional Agreement”	the provisional agreement dated 30 July 2021 entered into among the Purchaser, the Vendor and the Company as the Vendor’s guarantor in relation to the Disposal

DEFINITIONS

“Purchaser”	O.M. Management Limited, a company incorporated in Hong Kong with limited liability
“Sale Share”	one issued ordinary share of the Target Company, representing the entire issued share capital of the Target Company legally and beneficially held by the Vendor prior to Completion
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.001 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Shareholder’s Loan”	the shareholder’s loan(s), being unsecured, interest-free shareholder’s loan(s) and repayable on demand, and other indebtedness (if any) owing by the Target Company to the Vendor as at the Completion Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Target Company”	Stadium Holdings Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Vendor prior to Completion and the sole legal and beneficial owner of the Property
“US\$”	United States dollars, the lawful currency of the United States
“Vendor”	Fession Group Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“WOG”	Wang On Group Limited (宏安集團有限公司) *, an exempted company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)
“%”	per cent

LETTER FROM THE BOARD

 宏安地產
WANG ON PROPERTIES
WANG ON PROPERTIES LIMITED
宏安地產有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 1243)

Executive Directors:

Mr. Tang Ho Hong
(Chief Executive Officer)
Ms. Ching Tak Won Teresa
Ms. Wong Chin Han

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

Mr. Li Wing Sum Steven
Mr. Sung Tze Wah
Sr Dr. Leung Tony Ka Tung

Head office and principal

place of business in Hong Kong:
Suite 3201, 32/F., Skyline Tower
39 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

23 September 2021

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF
THE ENTIRE INTEREST IN STADIUM HOLDINGS LIMITED**

INTRODUCTION

Reference is made to the Joint Announcement in relation to the Disposal.

LETTER FROM THE BOARD

On 30 July 2021, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Company, as the Vendor's guarantor, entered into the Provisional Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase (a) the entire issued share capital in the Target Company (i.e. the Sale Share); and (b) the shareholder's loan(s) owing by the Target Company to the Vendor as at the Completion Date (i.e. the Shareholder's Loan), at the aggregate consideration of HK\$515 million (subject to adjustment) subject to the terms of the Provisional Agreement. The Formal Agreement was entered into on 16 September 2021.

The purpose of this circular is to provide you with, among other things, the details of the Disposal as required under the Listing Rules.

THE DISPOSAL

The Formal Agreement

The principal terms of the Formal Agreement are summarised as follows:

Date

16 September 2021

Parties

- (i) The Purchaser as purchaser
- (ii) The Vendor, an indirect wholly-owned subsidiary of the Company, as vendor
- (iii) The Company as the Vendor's guarantor

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner(s) is a third party independent of the Company and its connected persons.

Subject matter

The Sale Share, representing the entire issued share capital of the Target Company, and the Shareholder's Loan owing by the Target Company to the Vendor. The Target Company directly holds 100% legal and beneficial ownership of the Property. The Property is sold on an "as-is" basis free from encumbrances and indebtedness save for the Bank Loan Securities which will be released on completion, and the existing tenancy in respect of the Property, further details of which are set out below in this circular.

The parties shall not be obliged to complete the sale and purchase of the Sale Share or the assignment of the Shareholder's Loan unless the sale and purchase of the Sale Share and the assignment of the Shareholder's Loan are completed simultaneously.

LETTER FROM THE BOARD

Consideration

The Consideration payable under the Formal Agreement is HK\$515 million, subject to be adjusted as described in the paragraph headed “Adjustment to the Consideration” below, shall be apportioned as follows:

- (a) an amount equal to the amount of the Shareholder’s Loan shall be applied for the repayment of the Shareholder’s Loan; and
- (b) the remaining balance of the Consideration (after adjustment) shall be applied as consideration for the Sale Share.

The Consideration has been and shall be paid by the Purchaser in the following manner:

- (a) a sum of HK\$25.75 million, being the initial deposit money (the “**Initial Deposit**”), has been paid to the Vendor’s solicitors as stakeholder on the date of the Provisional Agreement;
- (b) a sum of HK\$25.75 million, being the further deposit (the “**Further Deposit**”, together with the Initial Deposit, the “**Deposits**”), has been paid to the Vendor’s solicitors as stakeholder on 25 August 2021; and
- (c) the balance of the Consideration (the “**Balance of Consideration**”), after deducting the Deposits, shall be paid on Completion in the following manner:
 - (i) a sum equal to the amount payable to fully release and discharge the Bank Loan Securities (if any) shall be paid directly to the relevant bank; and
 - (ii) the remaining balance of the Balance of Consideration shall be paid to the Vendor (or as the Vendor may direct).

Adjustment to the Consideration

The Consideration shall be adjusted such that there shall be added to the Consideration the amount (if any) by which the Net Asset Value is more than zero, or there shall be deducted from the Consideration the amount of Net Liability of the Target Company.

The Consideration was arrived at following arm’s length negotiations with the Purchaser having regard to the appraised value of the Property as at 31 March 2021 amounting to HK\$480.0 million as set out in the valuation report prepared by an independent valuer, the prevailing market price of similar properties at similar locations and the prevailing rental yield as compared to the Property.

The Directors consider that the terms of the Disposal are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Conditions precedent

Completion is conditional upon the following Conditions:

- (a) the Purchaser having completed its due diligence investigation on the business, financial, legal and all other aspects of the Target Company and satisfied with the results thereof;
- (b) the Vendor having procured the Target Company to prove and give good title to the Property in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong), provided that the Purchaser will, upon signing of the Formal Agreement, accept title to the Property (as shown by the title deeds and documents of the Property, the Disclosure (as defined in the Formal Agreement) and the records of the Hong Kong Land Registry made available for public search and inspection of the Property prior to the date of the Formal Agreement) as at the date of the Formal Agreement and Condition (a) above shall then be regarded as satisfied to the extent of the abovementioned acceptance of title;
- (c) all warranties given by the Vendor in the Formal Agreement being true, accurate and correct and not misleading in all material respects as at the date of the Formal Agreement and as at the Completion Date; and
- (d) the Formal Agreement and the Disposal having been approved by the Shareholders and the shareholders of WOG in the manner as required under the Listing Rules.

If any of the Conditions has not been satisfied, or waived by the Purchaser (as the case may be), on or before the Completion Date, the Purchaser shall be entitled to cancel the transaction under the Formal Agreement and the Vendor shall return all Deposits to the extent already paid by the Purchaser.

As at the Latest Practicable Date, none of the Conditions have been fulfilled, save that, (i) with respect to Condition (a), it is regarded as satisfied following the signing of the Formal Agreement pursuant to Condition (b); and (ii) with respect to Condition (d), the Company has obtained a written shareholders' approval from Earnest Spot Limited, the controlling shareholder holding approximately 75% of the total issued shares of the Company as at the Latest Practicable Date, in lieu of holding a special general meeting to approve the Formal Agreement and the Disposal in accordance with Rule 14.44 of the Listing Rules.

Completion

Completion shall take place on 26 October 2021 (i.e. the Completion Date). Upon Completion, the Group will cease to have any interest in the Target Company, and the Target Company will cease to become a subsidiary of the Group and its financial results will no longer be consolidated into the financial statements of the Group.

LETTER FROM THE BOARD

Guarantee

Pursuant to the Formal Agreement, the Company, as the Vendor's guarantor, guarantees to the Purchaser and shall, on the Completion Date, guarantee to the Purchaser and the Target Company, the due observance and performance by the Vendor of all its agreements, obligations, commitments and undertakings pursuant to the Formal Agreement.

Costs

All stamp duty (if any) payable in relation to the Disposal shall be borne by the Purchaser.

INFORMATION OF THE TARGET COMPANY AND THE PROPERTY

The Target Company is a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Vendor solely engaged in holding the Property. The Property comprises the office on 30th Floor, United Centre, No. 95 Queensway, Hong Kong, with a total saleable area of approximately 17,745 square feet. The Property is subject to an existing tenancy which will expire on 31 March 2023, with an option to renew for 3 years, and which has a monthly rental of HK\$1,147,384 (excluding rates, air-conditioning charges and management fees), of which an aggregate amount of HK\$3,814,423 has been paid as rental deposit.

Financial information of the Target Company

Set out below is a summary of the audited financial information for the years ended 31 March 2020 and 2021 extracted from the audited financial statements of the Target Company:

	For the year ended 31 March	
	2021	2020
	<i>Approximately</i>	<i>Approximately</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Revenue	11,856	—
Loss before taxation	(45,675)	(89,355)
Loss after taxation	(45,675)	(89,355)

The unaudited net asset value of the Target Company as at 30 June 2021 was approximately HK\$303.0 million.

LETTER FROM THE BOARD

FINANCIAL IMPACT OF THE DISPOSAL

Assets and liabilities

Having taken into account the Consideration and the unaudited net asset value of the Target Company as at 30 June 2021, it is estimated that upon Completion, the total assets of the Group will decrease by approximately HK\$178.0 million. The total liabilities of the Group will decrease by approximately HK\$203.6 million. It is estimated that the net assets of the Group will have an increase of approximately HK\$25.6 million, being the net effect of the changes of the total assets and total liabilities of the Group.

Earnings

Based on the estimated net proceeds from the Disposal (before repayment of outstanding bank loan) of approximately HK\$501.9 million (as adjusted by the estimated Net Liabilities of approximately HK\$3.7 million and after deducting the estimated professional fees and other related expenses of approximately HK\$9.4 million) and the net asset value of the Target Company to the Group (including the Shareholder's Loan after repayment of the principal outstanding bank loans) of approximately HK\$476.3 million as at 30 June 2021, it is estimated that the Group will record a gain of approximately HK\$25.6 million as a result of the Disposal. The actual gain or loss to be recorded by the Group depends on the net asset/liability value of the Target Company as at the Completion Date, which is subject to final audit to be performed by the auditors of the Company. The net proceeds from the Disposal after deducting such sum as may be required to repay the existing mortgage over the Property will be used as general working capital of the Group.

INFORMATION ON THE VENDOR

The Vendor is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company principally engaged in investment holding.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Hong Kong with limited liability and principally engaged in property holding. It is ultimately beneficially owned by Hui Tai Shun, Anthony as to 50% and Leung Sin Kit, Bonnie as to 50%.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the businesses of developing residential and commercial properties for sale and investing in commercial and industrial properties for capital appreciation.

The Board undertakes strategic review of the Company's assets from time to time with a view to maximise returns to the Shareholders. The Directors consider that the current market presents a good opportunity for the Company to realise its investment in the Target Company. Accordingly, the Directors believe that the Disposal will enable the Company to reallocate its resources into future investment opportunities and pursue other growth opportunities.

LETTER FROM THE BOARD

The Directors consider that the terms of the Disposal are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

As the highest applicable percentage ratio in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholders or any of their respective associates have any material interest in the Provisional Agreement, the Formal Agreement and the Disposal, thus no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for the approval of the Formal Agreement and the Disposal. The Company has obtained a written shareholders' approval from Earnest Spot Limited, the controlling shareholder holding approximately 75% of the total issued shares of the Company, as at the Latest Practicable Date, in lieu of holding a special general meeting to approve the Formal Agreement and the Disposal in accordance with Rule 14.44 of the Listing Rules.

RECOMMENDATION

For the reasons set out above, the Directors consider that the Disposal and the terms of the Formal Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolutions if the Company were to convene a special general meeting for the approval of the Disposal and the Formal Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
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

1. INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2021, being the latest practicable date for the purpose of ascertaining information contained in this indebtedness statement set out in this circular, the Group had outstanding bank and other loans of approximately HK\$5,182.7 million, of which bank loans in the aggregate amount of approximately HK\$3,116.3 million were secured by the Group's property, plant and equipment, investment properties and certain rental income generated therefrom, properties held for sales, properties under development, and share charges in respect of the entire interests of eleven subsidiaries of the Group, which are engaged in property investment and development. The carrying values of the Group's property, plant and equipment, investment properties, properties held for sales and properties under development as at 31 July 2021, which were pledged to secure the Group's bank loans, amounted to approximately HK\$84.6 million, HK\$591.3 million, HK\$580.0 million and HK\$5,479.4 million, respectively. In addition, the Group's unsecured bank loans in the aggregate amount of approximately HK\$1,864.2 million were guaranteed by corporate guarantees provided by the Company as at 31 July 2021. The Group had unsecured other loans of approximately HK\$202.3 million as at 31 July 2021. The Group's secured bank loans bear contractual interest rate at HIBOR plus 1.2% to 1.79%, whilst the Group's unsecured bank and other loans bear contractual interest rate at HIBOR plus 1.95% to 2.05% and 6%, respectively. The Group provided guarantees to a bank in respect of banking facilities extended to a joint venture in an amount not exceeding HK\$120.4 million. Moreover, the Group's lease liabilities amounted to HK\$4.8 million as at 31 July 2021.

Save as otherwise disclosed above, and apart from intra-group liabilities and normal trade payables, the Group did not have, at the close of business on 31 July 2021, any other debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, any other mortgages and charges or any guarantees or material contingent liabilities.

2. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date and to the best knowledge of the Directors, there was no material adverse change in the financial or trading position of the Group since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

3. WORKING CAPITAL STATEMENT

Taking into account the financial resources available to the Group, including internally generated funds and available banking facilities of the Group, the Directors after due and careful enquiry are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances (any event of force majeure occurs including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out).

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The 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. There is no change in the Group's principal activities since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, and there is not expected to be any change to the Group's principal business as a result of completion of the Disposal.

Hong Kong real GDP resumed appreciable year-on-year growth of 7.9% in the first quarter of 2021, led by very strong growth of exports of goods. However, the overall economic activity remained below the pre-recession level, as the COVID-19 pandemic continues to hit individual segments of the economy. The Sino-US trade relationship and quantitative easing policy also introduce uncertainty to the recovery of the local economy. The rolling out of a free vaccination programme launched by the Hong Kong government and the increased public awareness are expected to ease the local pandemic situation. With the support of low-interest rate environment and concrete demands on residential units, the property sector is expected to remain resilient over the long term.

The Disposal will enable the Company to reallocate its resources into the asset management and property investment sector, and the Group will keep seeking new opportunities to broaden our portfolio for a stable recurring income base. The Group will continue to monitor market changes closely and to look for and evaluate available opportunities in property acquisition and collaboration with strategic partners to strengthen the real estate business.

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation of the Property as at 31 July 2021.



Asset Appraisal Limited
中誠達資產評值顧問有限公司

Rm 901, 9/F., On Hong Commercial Building
145 Hennessy Road, Wanchai, HK
香港灣仔軒尼詩道145號安康商業大廈9字樓901室
Tel : (852) 2529 9448 Fax : (852) 3521 9591

23 September 2021

The Board of Directors
Wang On Group Limited
Wang On Properties Limited

Dear Sirs,

Re: Valuation of Office on 30th Floor, United Centre, No.95 Queensway, Hong Kong

In accordance with the instructions from Wang On Group Limited (“**WOG**”) and Wang On Properties Limited (“**WOP**”, WOG and WOP are altogether referred to as the “**Group**”) to value the captioned property interests (the “**Property**”) situated in Hong Kong, we confirm that we have carried out inspection of the Property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 July 2021 (the “**date of valuation**”).

BASIS OF VALUATION

Our valuation of the Property represents the market value which is defined as “*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion*”.

TITLESHIP

We have caused searches to be made at the Hong Kong Land Registry for the Property. However, we have not verified ownerships of the Property or to verify the existence of any amendments which do not appear on the registration details retrieved by us from the Hong Kong Land Registry. All registration details have been disclosed herein for reference only. We do not accept liability for any interpretation that we have placed on such registration details which is more properly within the sphere of the legal advisers. No responsibility is assumed for any legal matters concerning legal title to the Property set out in this report.

VALUATION METHODOLOGY

The Property is valued by the comparison method where comparison based on prices realised or market prices of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

ASSUMPTIONS

Our valuation has been made on the assumption that the Group sell the Property on the market in their existing states without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the Property.

As the Property is held by the owner by means of long term Government lease, we have assumed that the owner has a free and uninterrupted right to use the Property for the whole of the unexpired term of its Government Lease.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

LIMITING CONDITIONS

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the floor areas in respect of the Property but have assumed that the areas shown on the documents and official plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

The Property was last inspected externally on 24 August 2021 by the undersigned. She has inspected the exterior and, where possible, the interior of the buildings and structures of the Property. However, no structural survey has been made for them. We are not, however, able to report whether the buildings and structures inspected by us are free of rot, infestation or any structural defect. No test was carried out on any of the building services and equipment. During the site inspection, he has ascertained the following matters of the Property as at the date of site inspection:

- the general environment and development conditions of the area in which the Property is situated;
- the existing use of the Property;
- the occupancy of the Property;
- the facilities provided by the Property;
- the existence of any non-conformity use within the Property;
- the repair and maintenance conditions of the Property; and
- the existence of any closure order and resumption order affixed to the Property.

The market value estimate contained within this report specifically excludes the impact of environmental contamination resulting from abnormal soil movement or other causes. It is recommended that the reader of this report consult a qualified environmental auditor for the evaluation of possible environmental defects, the existence of which could have a material impact on market value.

No soil analysis or geological studies were ordered or made in conjunction with this report, nor were any water, oil, gas, or other subsurface minerals use rights or conditions investigated.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the Property, we have complied with all the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors. Rule

We enclose herewith our valuation certificate.

Yours faithfully,
for and on behalf of
Asset Appraisal Limited

Sandra Lau
MHKIS AAPI RPS(GP)
Director

Sandra Lau is a member of the Hong Kong Institute of Surveyors, an Associate of the Australian Property Institute and a Registered Professional Surveyor in General Practice. She is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.

VALUATION CERTIFICATE

Property held by the Group for Investment

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2021 HK\$
Office on 30th Floor, United Centre, No.95 Queensway, Hong Kong.	The Property comprises the office space on 30th floor within a 35-storey office building of reinforced concrete construction completed in about 1980.	As confirmed by the Group, the property was subject to a tenancy for a term of 3 years expiring on 31 March 2023 at a monthly rent of HK\$1,147,384.00 exclusive of Government rent, rates, air-conditioning and management fees.	500,000,000
1742/74554th shares of and in Inland Lot No.8469	<p>The property has a saleable area of approximately 17,754 square feet.</p> <p>The property is held under the Conditions of Sale No. UB11233 for a term of 75 years and renewable for another 75 years commencing on 4 August 1978 at a government rent of HK\$1,000 per annum for the whole lot.</p>		

Notes:

1. The registered owner of the property is Stadium Holdings Limited vide memorial no.09042900420057 dated 31 March 2009.
2. The following encumbrances are registered in the land registry against the Property:
 - i. Deed of Mutual Covenant with Plans vide memorial no.09042900420057 dated 28 April 1981;
 - ii. Tenancy in favour of Orix Asia Limited for a term of three years from 31 March 2014 to 30 March 2017 at a rent of HK\$900,000 per month, vide memorial no.13062501000116 dated 13 June 2013.
3. The property falls within an area zoned as "Commercial" under Central District Outline Zoning Plan No. S/H4/17 gazetted on 24 May 2019.
4. The locality is an established commercial area. Developments in the vicinity comprise mainly high rise commercial buildings of various ages. Comprehensive shopping facilities are available within the lower floors of the subject development. Public transports serving the vicinity include buses and taxi. MTR Admiralty station is situated within a walking distance.

5. For this valuation, we have targeted office properties within those strata-title office developments within the immediate vicinity of the subject property including Admiralty Centre, Far East Finance Centre, Lippo Centre, Fairmont House and Bank of America Tower. Based on the transaction records registered in the Land Registry, 4 comparable transactions (i) involving office units situated within the aforesaid targeted office developments, (ii) with saleable floor area greater than 1,000 square metres and (iii) taken place within 12 months prior to the Valuation Date have been identified and analyzed.

6. Details of the 4 comparable transactions are set out as follows:

Comparable 1

Land Registry Memorial No.	21041301550017
Date of Transaction:	15 March 2021
Property Address:	Unit 2 on 29/F United Centre No. 95 Queensway
Consideration (HK\$):	215,000,000
Saleable Area (sq.ft.):	8,658
Unit Rate (HK\$/sq.ft. Saleable):	24,833

Comparable 2

Land Registry Memorial No.	20110401490012
Date of Transaction:	10 October 2020
Property Address:	Unit 1 on 32/F Block 1 Admiralty Centre 18 Harcourt Road
Consideration (HK\$):	158,688,000
Saleable Area (sq.ft.):	4,510
Unit Rate (HK\$/sq.ft. Saleable):	35,186

Comparable 3

Land Registry Memorial No.	20110302200016
Date of Transaction:	7 October 2020
Property Address:	Office 4,5,6,7 & 11 19/F Bank of America Tower 12 Harcourt Road
Consideration (HK\$):	145,000,000
Saleable Area (sq.ft.):	4,197
Unit Rate (HK\$/sq.ft. Saleable):	34,548

Comparable 4

Land Registry Memorial No.	20092401130010
Date of Transaction:	9 September 2020
Property Address:	Unit 2, 3 & 5A Block 2 Lippo Centre 89 Queensway
Consideration (HK\$):	105,000,000
Saleable Area (sq.ft.):	3,057
Unit Rate (HK\$/sq.ft. Saleable):	34,347

7. The unit rates of comparable transactions are in the range of about HK\$25,000 to HK\$35,000 per square foot in term of saleable area. Our valuation with a unit rate of approximately HK\$29,000 per square foot in term of saleable area falls within this range.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS**(a) Interests of Directors**

As at the Latest Practicable Date, none of the Directors or chief executive of the Company and/or any of their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders' interest

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Long positions in the Shares

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of the Company's total issued share capital (%) (Note 3)
WOG	Interest of controlled corporation (Note 1)	11,400,000,000	75
Mr. Tang Ching Ho	Other interest (Note 2)	11,400,000,000	75
Ms. Yau Yuk Yin	Other interest (Note 2)	11,400,000,000	75

Notes:

- (1) WOG held the entire issued share capital of Wang On Enterprises (BVI) Limited ("WOE") which in turn held the entire issued share capital of Earnest Spot Limited. Earnest Spot Limited directly held 11,400,000,000 shares of the Company. Under the SFO, each of WOE and WOG was deemed to be interested in all the aforesaid shares held by Earnest Spot Limited for the sole purpose of Part XV of the SFO.
- (2) Under the SFO, Mr. Tang Ching Ho was deemed to be interested in approximately 46.71 % of the total issued share capital of WOG through (i) his personal interest; (ii) his spouse's interest in WOG; (iii) his corporate interest via Caister Limited, a corporation controlled by him; and (iv) his interest being an appointer of a discretionary trust, namely Tang's Family Trust. Ms. Yau Yuk Yin, spouse of Mr. Tang Ching Ho, was also deemed to be interested in approximately 46.71 % of the total issued share capital of WOG through (i) her personal interest; (ii) Mr. Tang Ching Ho's interest in WOG; and (iii) being a beneficiary of the Tang's Family Trust. Therefore, each of Mr. Tang Ching Ho and Ms. Yau Yuk Yin were deemed to be interested in all 11,400,000,000 shares of the Company held by WOG for the sole purpose of Part XV of the SFO.
- (3) The percentages were disclosed pursuant to the relevant disclosure forms filed under the SFO as at the Latest Practicable Date.

Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates were considered to have any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

4. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest, direct or indirect, in any assets which have been, since 31 March 2021 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has a service contract with any member of the Group which was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, the Group was not engaged in any litigation or claims of material importance, and so far as the Directors are aware, no litigation or claims of material importance is pending or threatened against the Group.

7. MATERIAL CONTRACTS

Within the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group which are or may be material:

- (a) the Provisional Agreement;
- (b) the Formal Agreement;
- (c) a binding term sheet dated 30 March 2021 entered into between the Company and Turbo Holdings Ltd (“**Turbo Holdings**”) in relation to (i) the subscription of one new share in Merry Cottage Ltd. (“**Merry Cottage**”) by Turbo Holdings at a subscription price of US\$1.00; and (ii) the formation of a joint venture between the Company and Turbo Holdings in relation to Merry Cottage; a sale and purchase agreement dated 30 March 2021 entered into between Star Loyal Limited, an indirect wholly-owned subsidiary of Merry Cottage, and Million World Development Limited in relation to the acquisition of 11 shop units and certain lift, lift lobby(ies) and staircase(s) on the ground floor and first floor of THE PARKVILLE (天生樓), which is located at No. 88, Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories, Hong Kong, the details of such binding term sheet and sale and purchase agreement which were set out in the joint announcement of the Company and WOG dated 30 March 2021; and a supplemental binding term sheet dated 21 June 2021 entered into between the Company, Turbo Holdings, Able Sentry Limited (“**Able Sentry**”) and Stealth Eagle Holdings Limited (“**Stealth Eagle**”), pursuant to which, Solar Ranger Limited, an indirect wholly-owned subsidiary of the Company, Turbo Maltese Investment Limited, Able Sentry and Stealth Eagle shall subscribe for 6,399, 2,999, 335 and 265 shares in Merry Cottage for considerations of US\$6,399, US\$2,999, US\$335 and US\$265, respectively, the details of which were set out in the joint announcement of the Company and WOG dated 21 June 2021; and
- (d) on 3 March 2021, Twist Pioneer Limited (“**Twist Pioneer**”), an indirect wholly-owned subsidiary of the Company, received a confirmation of acceptance of its subscription for the 11.95% senior notes due 2023 issued by China South City Holdings Limited (Stock Code: 1668) in the principal amount of US\$5.0 million for a total consideration of approximately US\$4.8 million, the details of which were set out in the announcement of the Company dated 3 March 2021.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion and advice, which is contained in this circular:

Name	Qualification
Asset Appraisal Limited	Independent professional valuer

As at the Latest Practicable Date, the expert referred to above (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 March 2021 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

9. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company in Hong Kong is at Suite 3201, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.
- (b) The company secretary of the Company is Ms. Wong Chin Han. She graduated from The Hong Kong University of Science and Technology with a degree of Bachelor of Business Administration. She is a member of the American Institute of Certified Public Accountants.
- (c) The share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Suite 3201, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong on any business day for a period of 14 days from the date of this circular:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the material contracts disclosed in the paragraph under the heading “Material Contracts” in this Appendix;
- (c) the valuation report on the Property prepared by Asset Appraisal Limited as set out in Appendix II to this circular;
- (d) the letter of consent referred to in the paragraph headed “Expert and Consent” in this appendix;
- (e) the annual reports of the Company for the two financial years ended 31 March 2020 and 2021; and
- (f) this circular.