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## **Wah Wo Holdings Group Limited**

**華和控股集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 9938)**

### **MAJOR TRANSACTION ACQUISITION OF THE PROPERTY**

#### **THE ACQUISITION**

The Board is pleased to announce that on 15 November 2021 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Provisional Agreement with, among others, the Vendor, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Property at the Consideration of HK\$45,000,000.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition is 25% or more but is less than 100%, the Acquisition constitutes a major transaction for the Company and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and the transactions contemplated thereunder, and no Shareholder would be required to abstain from voting at a general meeting of the Company for approving the same if the Company were to convene such a general meeting. Accordingly, pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting for approving the Acquisition. As the Company will obtain the Written Approval, in the event the Written Approval is obtained by the Company, the Company is exempted from convening a general meeting to approve the Acquisition and the transactions contemplated thereunder. The Company will make further announcement after it has obtained the Written Approval.

A circular containing, among other things, further particulars of the Acquisition and the transactions contemplated thereunder, will be despatched to the Shareholders on or before 6 December 2021.

**Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction of the Conditions. Therefore, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

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## **MAJOR TERMS OF THE PROVISIONAL AGREEMENT**

Major terms of the Provisional Agreement and the transactions contemplated thereunder are set out below:

- Date** : 15 November 2021
- Parties** : (a) Wah Yu Global Investment Limited (華譽環球投資有限公司) (i.e. the Purchaser);
- (b) Park Place Limited (貴萃有限公司) (i.e. the Vendor); and
- (c) Midland Realty (Comm. & Ind. II) Limited (美聯物業 (工商II) 有限公司) (i.e. the Property Agent)

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and the Property Agent are Independent Third Parties.

- Property to be acquired** : Workspace A and Workspace B on 2/F, Lee King Industrial Building, No. 12 Ng Fong Street, Kowloon, Hong Kong (i.e. the Property)

The Property comprised of two workspaces located on the second floor of Lee King Industrial Building, with total gross floor area of approximately 12,000 sq. ft.. The Property shall be used for non-domestic purpose only.

The Property is sold on an “as is” basis.

**Consideration and payment terms** : The Consideration is in the sum of HK\$45,000,000, which shall be paid in the following manner:

- (a) a sum of HK\$2,250,000, being the initial deposit (the “**Initial Deposit**”), was paid to the Vendor’s solicitor as stakeholder upon signing of the Provisional Agreement;
- (b) a sum of HK\$2,250,000, being the further deposit (together with the Initial Deposit, the “**Deposits**”) shall be paid to the Vendor’s solicitor as stakeholder on or before 31 December 2021; and
- (c) a sum of HK\$40,500,000, being the balance of the Consideration, shall be paid upon Completion.

It is estimated that the transaction cost of the Acquisition including stamp duty, commission to the Property Agent and legal fees will be approximately HK\$2,391,000.

The Consideration was determined after arm’s length negotiations between the parties with reference to, among others, the cost to remove or cause the removal of the UBW and the prevailing market value of comparable properties available in the vicinity. The Directors consider that the terms of the Provisional Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Consideration shall be funded by internal resources and banking facilities available to the Group.

**Conditions** : Without prejudice to the Vendor’s duty to prove and give title in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219), Completion is subject to the satisfactory fulfillment of the following Conditions:

- (a) all necessary approvals by the government and regulatory authorities (including but not limited to the Stock Exchange), corporate approvals and consents for the Acquisition and the transactions contemplated thereunder being obtained;
- (b) in relation to the Acquisition and the transactions contemplated thereunder, all relevant regulatory requirements (including but not limited to those under the Listing Rules) having been complied with and satisfied; and
- (c) the Company having issued and/or despatched the announcement and the circular in relation to the Acquisition and the transactions contemplated thereunder in accordance with the Listing Rules.

If the Conditions have not been fulfilled at or before 12:00 noon on 28 February 2022 (or such later date as all parties may agree in writing) (the “**Long Stop Date**”), the Provisional Agreement (and the Formal Agreement, if applicable) shall lapse, whereupon all rights and obligations of the parties shall cease to have effect except in respect of any accrued rights and obligations of the parties. The Purchaser and the Vendor shall enter into a cancellation agreement in such form to be agreed by the Purchaser and the Vendor to cancel the Acquisition which shall contain a provision to the effect that if the failure to fulfill any one or more of the Condition(s) is not caused by the Vendor or such failure to fulfill is related to the Listing Rules compliance of the Purchaser or the Company, the Purchaser will be responsible for all legal fee(s) for both the Vendor and Purchaser in relation to the Acquisition and estate agent’s commission in the event any one or more of the Condition(s) are not fulfilled on or before the Long Stop Date (the “**Agreement for Cancellation**”). If the Purchaser fails to enter into the Agreement for Cancellation, the Vendor shall have the right, if the Provisional Agreement had been registered at the Land Registry, to register at the Land Registry an instrument to be signed by the Vendor alone to rescind the Acquisition and to vacate registration of the Provisional Agreement; and upon registration of such an instrument, any tenants, purchaser, mortgagee or any person dealing with the Vendor shall not be bound, or be entitled, to see or enquire whether the Vendor was entitled to determine the Provisional Agreement, or to enquire into the propriety or regularity or otherwise of the steps taken by the Vendor in the determination and, so far as regards the safety and protection of any such tenants, purchaser, mortgagee or any other person, the Provisional Agreement shall be deemed to have been duly determined and the remedy of the Purchaser (if any) shall be against the Vendor in damages only.

**Formal Agreement** : The Purchaser and the Vendor shall enter into the Formal Agreement on or before 31 December 2021.

**Completion** : Completion shall take place on or before 15 February 2022 which shall not be later than the Long Stop Date or such other day as all parties may agree in writing. The Vendor shall deliver vacant possession of the Property to the Purchaser upon Completion.

The Purchaser shall take the Property subject to the unauthorised building works mentioned in a notice issued by the Buildings Department dated 28 May 2019 (the “**UBW**”), and shall at its own cost to remove or cause the removal of the UBW. The Purchaser waives its right to raise requisitions on title made pursuant to the UBW.

If the Purchaser shall insist on any objection or requisition in respect of the title or otherwise which the Vendor shall be unable or (on the grounds of difficulty, delay or expense or other reasonable grounds) unwilling to remove or comply with, the Vendor shall notwithstanding any previous negotiation or litigation be at liberty on giving to the Purchaser or its solicitors not less than five days' notice in writing to annul the Acquisition in which case, unless the objection or requisition shall have been in the meantime withdrawn, the Acquisition shall at the expiration of the notice be annulled, the Purchaser being in that event entitled to a return of the Deposits and other money already paid, if any, on account of the purchase money within seven days after the expiration of the said notice but without interest, costs or compensation.

If the Purchaser fails to complete the Acquisition in accordance with the Provisional Agreement, the Deposits, to the extent already paid by the Purchaser pursuant to the Provisional Agreement, shall be forfeited to the Vendor and the Vendor shall not sue the Purchaser for any liabilities and/or damages caused by the Purchaser's default of the Provisional Agreement. Notwithstanding the foregoing, if one or more of the Conditions have not been fulfilled from the date of signing the Provisional Agreement until the date of signing the Formal Agreement or the date of payment of further deposit(s) under the Provisional Agreement (in case the Formal Agreement is not signed), the Deposits and other money already paid by the Purchaser shall be returned and it shall not be regarded as Purchaser's failure to perform. The parties shall enter into the Agreement for Cancellation as aforesaid.

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

The Directors consider that the Acquisition constitutes a desirable and medium to long-term investment for the Company given the current state of the property market in Hong Kong. The Property is located San Po Kong district, one of the prime industrial areas in Hong Kong. It is also approximate to Diamond-Hill and Kai Tak MTR Stations of the MTR Shatin to Central Link.

In view of the current market value of the Property in comparison with the prevailing market value of other industrial property of similar nature in the nearby area, the current property market conditions, and the market demand for industrial properties in Hong Kong in the near future, the Directors consider that this is a good opportunity to acquire the Property and are optimistic that there will be a good potential for capital appreciation in the medium to long-run.

As such, the Directors consider that the Acquisition will constitute a good investment opportunity that will offer a reasonable and attractive rate of return for the Company.

Principally engaging in provision of design and build services for new buildings and renovation services for built premises, the Acquisitions will also provide the Group's room for future expansion and development in the sense that the Property can be re-designated as the Group's self-used workshop and/or warehouse if the need arises in the future. As such, in light of the commercial viability and potential investment return of the Property, the Directors consider that the Acquisition will constitute a reasonable and effective utilisation of the capital of the Company, which will enable the Company to enhance the Company's capital gain, asset base and overall financial position. The Directors have assessed the capital requirement for its daily operations and other expenditures, and are of the view that the Acquisition will not adversely affect the operation or working capital needs of the Group in any material respect.

The Directors (including the independent non-executive Directors) consider that the Acquisition and the terms of the Provisional Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition is 25% or more but is less than 100%, the Acquisition constitutes a major transaction for the Company and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and the transactions contemplated thereunder, and no Shareholder would be required to abstain from voting at a general meeting of the Company for approving the same if the Company were to convene such a general meeting. Accordingly, pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting for approving the Acquisition. As the Company will obtain the Written Approval, in the event the Written Approval is obtained by the Company, the Company is exempted from convening a general meeting to approve the Acquisition and the transactions contemplated thereunder. The Company will make further announcement after it has obtained the Written Approval.

A circular containing, among other things, further particulars of the Acquisition and the transactions contemplated thereunder, will be despatched to the Shareholders on or before 6 December 2021.

## **GENERAL INFORMATION**

### **The Company**

The Company is an investment holding company and its subsidiaries are principally engaged in provision of design and build services for new buildings and renovation services for built premises.

## **The Purchaser**

The Purchaser is a limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. It is a property holding company.

## **The Vendor**

The Vendor is a company incorporated in Hong Kong with limited liability and is wholly owned by one Lubbermann Chu Kuei Hwa (朱貴華). The Vendor's principal business is property investment. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor is an Independent Third Party.

## **The Property Agent**

The Property Agent is a limited company incorporated in Hong Kong, and a wholly owned subsidiary of Midland IC&I Limited, a company incorporated in the Cayman Islands with limited liability, the share of which are listed on the Main Board of the Stock Exchange (Stock Code: 459). The Property Agent is principally engaged in property agency in Hong Kong.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Property Agent is an Independent Third Party.

**Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction of the Conditions. Therefore, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Acquisition”	the acquisition of the Property by the Purchaser pursuant to the Provisional Agreement
“associate(s)”	shall have the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Wah Wo Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (Stock code: 9938)
“Completion”	completion of the Acquisition

“Condition(s)”	the conditions precedent to Completion pursuant to the Provisional Agreement, as further described under the section headed “Major terms of the Provisional Agreement — Conditions”
“Consideration”	the sum of HK\$45,000,000, being the purchase price of the Property
“Director(s)”	the directors of the Company
“Formal Agreement”	the formal sale and purchase agreement to be entered into between the Purchaser and the Vendor on or before 31 December 2021 in relation to the Acquisition
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party or third parties independent of and not connected with (within the meaning of the Listing Rules) any directors, chief executive, substantial shareholders of the Company, its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Property”	Workspace A and Workspace B on 2/F, Lee King Industrial Building, No. 12 Ng Fong Street, Kowloon, Hong Kong
“Property Agent”	Midland Realty (Comm. & Ind. II) Limited (美聯物業 (工商 II) 有限公司), a limited company incorporated in Hong Kong, and a wholly-owned subsidiary of Midland IC&I Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 459)
“Provisional Agreement”	the provisional sale and purchase agreement dated 15 November 2021 and entered into between the Purchaser, the Vendor and the Property Agent in relation to the Acquisition



“Purchaser”	Wah Yu Global Investment Limited (華譽環球投資有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Park Place Limited (貴萃有限公司), a company incorporated in Hong Kong with limited liability and is wholly owned by one Lubbermann Chu Kuei Hwa (朱貴華)
“Written Approval”	the written approval from Ornate Bright Limited, which holds 750,000,000 issued ordinary Shares (representing 75% of the entire issued share capital of the Company as at the date of this announcement), in respect of the Acquisition and the transactions contemplated thereunder
“sq. ft.”	square feet
“%”	per cent.

By order of the Board  
**Wah Wo Holdings Group Limited**  
**CHEN Yuet Wa**  
*Chairman and Executive Director*

Hong Kong, 15 November 2021

*As at the date of this announcement, the Board comprises five members, of which Mr. CHEN Yuet Wa and Mr. CHAN Fai are the executive Directors; and Mr. CHOW Chi Fai, Mr. CHAN Hon Ki and Mr. YU Chi Wing are the independent non-executive Directors.*