
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 your licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisor.

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

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**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
SALE AND PURCHASE OF TARGET COMPANIES
HOLDING INTEREST IN PROPERTIES
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Advisor to the Independent Board Committee and
the Independent Shareholders**



A letter from the Board is set out on pages 6 to 17 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 18 to 19 of this circular. A letter from Pelican Financial Limited, the Independent Financial Advisor, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 41 of this circular.

A notice convening the SGM to be held at 19th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong on Thursday, 19 October 2023 at 10:30 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

Whether or not you are able to attend and vote in person at the SGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case maybe). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

29 September 2023

* For identification purpose only

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DEFINITIONS

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

“associate(s)”, “connected person(s)”, “controlling shareholder(s)”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning as ascribed to it under the Listing Rules
“Board”	the board of the Directors
“BVI”	British Virgin Islands
“CAP”	China Agri-Products Exchange Limited 中國農產品交易有限公司, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 149)
“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)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Li Wing Sum Steven, Mr. Sung Tze Wah, Sr Dr. Leung Tony Ka Tung and Dr. Chan Ho Wah Terence
“Independent Financial Advisor”	Pelican Financial Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial advisor to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreements and the Transactions
“Independent Shareholders”	the Shareholder(s) who is/are not required to abstain from voting on the resolution(s) to be proposed at the SGM to approve the Sale and Purchase Agreements and the Transactions

DEFINITIONS

“Latest Practicable Date”	25 September 2023, 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
“Mr. Tang”	Mr. Tang Ching Ho, a controlling Shareholder of the Company
“PRC”	the People’s Republic of China, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Properties”	Property I and Property II, and “each Property” or the “relevant Property” shall be construed accordingly
“Property I”	being Shop No. N77, Ground Floor, Nos. 1-11, 15-17, Mount Sterling Mall and Nos. 10-16 Lai Wan Road, (Phase 7), Mei Foo Sun Chuen, Lai Chi Kok, Kowloon, Hong Kong
“Property II”	being Shop F on Ground Floor of Kam Bo Building, No. 2 Tung Lok Street, Yuen Long, New Territories, Hong Kong
“Purchaser”	Guidepost Investments Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of WYT
“Sale and Purchase Agreement I”	the sale and purchase agreement dated 8 September 2023 entered into between Vendor I and the Purchaser in relation to Transaction I
“Sale and Purchase Agreement II”	the sale and purchase agreement dated 8 September 2023 entered into between Vendor II and the Purchaser in relation to Transaction II
“Sale and Purchase Agreements”	the Sale and Purchase Agreement I and the Sale and Purchase Agreement II, and the “relevant Sale and Purchase Agreement” or the “respective Sale and Purchase Agreement” shall be construed accordingly
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for the purpose of, among others, approving the Sale and Purchase Agreements and the Transactions

DEFINITIONS

“Share(s)”	the ordinary share(s) with a nominal value of HK\$0.001 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Target Company I and Target Company II, and “each Target Company” or the “relevant Target Company” shall be construed accordingly
“Target Company I”	Success Vision Limited 誠衛有限公司, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Vendor I as of the Latest Practicable Date, and the sole legal and beneficial owner of Property I
“Target Company II”	Nice Treasure Limited 利晴有限公司, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Vendor II as of the Latest Practicable Date, and the sole legal and beneficial owner of Property II
“Target I Consideration”	an initial sum of HK\$43.8 million, subject to adjustment as set out in the section headed “The Sale and Purchase Agreements – Target I Consideration” in this circular
“Target I NTAV”	the aggregate of all tangible assets of the Target Company I which are readily convertible into cash or cash equivalents (being prepayments, deposits and other receivables, and cash at bank and, for the avoidance of doubt, excluding the Property I, any intangible assets and other fixed assets and deferred tax), less the aggregate of all liabilities (actual, contingent or otherwise but excluding the Target I Shareholder’s Loan and any liability under the existing mortgage on Property I) and provisions of Target Company I as at Transaction I Completion Date
“Target I Sale Share”	one issued ordinary share of Target Company I, representing the entire issued share capital of Target Company I legally and beneficially owned by Vendor I prior to Transaction I Completion
“Target I Shareholder’s Loan”	the shareholder’s loan(s) owing by Target Company I to Vendor I as at the Transaction I Completion Date, being unsecured, interest-free shareholder’s loan(s) repayable on demand, amounting to approximately HK\$20.5 million as at the Latest Practicable Date

DEFINITIONS

“Target II Consideration”	an initial sum of HK\$35.0 million, subject to adjustment as set out in the section headed “The Sale and Purchase Agreements – Target II Consideration” in this circular
“Target II NTAV”	the aggregate of all tangible assets of the Target Company II which are readily convertible into cash or cash equivalents (being prepayments, deposits and other receivables, and cash at bank and, for the avoidance of doubt, excluding the Property II, any intangible assets and other fixed assets and deferred tax), less the aggregate of all liabilities (actual, contingent or otherwise but excluding the Target II Shareholder’s Loan) and provisions of Target Company II as at Transaction II Completion Date
“Target II Sale Share”	one issued ordinary share of Target Company II, representing the entire issued share capital of Target Company II legally and beneficially owned by Vendor II prior to the Transaction II Completion
“Target II Shareholder’s Loan”	the shareholder’s loan(s) owing by Target Company II to Vendor II as at the Transaction II Completion Date, being unsecured, interest-free shareholder’s loan(s) repayable on demand, amounting to approximately HK\$35.7 million as at the Latest Practicable Date
“Transaction I”	the disposal and acquisition of the Target I Sale Share and the assignment of the Target I Shareholder’s Loan between Vendor I and the Purchaser pursuant to Sale and Purchase Agreement I
“Transaction I Completion”	completion of Transaction I pursuant to Sale and Purchase Agreement I
“Transaction I Completion Date”	the date of Transaction I Completion as more particularly disclosed in section headed “The Sale and Purchase Agreements – Completion of Transactions” in this circular
“Transaction II”	the disposal and acquisition of the Target II Sale Share and the assignment of the Target II Shareholder’s Loan between Vendor II and the Purchaser pursuant to Sale and Purchase Agreement II
“Transaction II Completion”	completion of Transaction II pursuant to Sale and Purchase Agreement II
“Transaction II Completion Date”	the date of Transaction II Completion as more particularly disclosed in section headed “The Sale and Purchase Agreements – Completion of Transactions” in this circular

DEFINITIONS

“Transactions”	Transaction I and Transaction II, and “each Transaction”, the “relevant Transaction” or the “respective Transaction” shall be construed accordingly
“Vendor I”	Viva Action Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Vendor II”	Shining Sun Developments Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Vendors”	Vendor I and Vendor II, and the “relevant Vendor” shall be construed accordingly
“WOG”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)
“WOG Group”	WOG and its subsidiaries
“WYT”	Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897) and an approximately 69.19%-owned listed subsidiary of WOG
“WYT Group”	WYT and its subsidiaries
“%”	per cent.

LETTER FROM THE BOARD



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 Tsz Wah
Sr Dr. Leung Tong Ka Tung
Dr. Chan Ho Wah Terence

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

29 September 2023

To the Shareholders

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
SALE AND PURCHASE OF TARGET COMPANIES
HOLDING INTEREST IN PROPERTIES
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement dated 8 September 2023 jointly issued by the Company, WOG and WYT in relation to, among others, the sale and purchase of the Target Companies and hence the Properties.

LETTER FROM THE BOARD

As disclosed in the joint announcement, on 8 September 2023, (i) Vendor I (an indirect wholly-owned subsidiary of the Company) and the Purchaser (an indirect wholly-owned subsidiary of WYT) and (ii) Vendor II (an indirect wholly-owned subsidiary of the Company) and the Purchaser respectively entered into the Sale and Purchase Agreements in relation to the sale and purchase of the Target Companies, pursuant to which:

- (i) Vendor I conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, (a) the Target I Sale Share (representing the entire issued share capital of Target Company I); and (b) the Target I Shareholder's Loan (being the shareholder's loan owing by Target Company I to Vendor I as at the Transaction I Completion Date), at a consideration of HK\$43.8 million (subject to adjustment); and
- (ii) Vendor II conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, (a) the Target II Sale Share (representing the entire issued share capital of Target Company II); and (b) the Target II Shareholder's Loan (being the shareholder's loan owing by Target Company II to Vendor II as at the Transaction II Completion Date), at a consideration of HK\$35.0 million (subject to adjustment),

on the terms and subject to the conditions of the respective Sale and Purchase Agreements.

As of the Latest Practicable Date, Target Company I holds 100% legal and beneficial ownership of Property I and Target Company II holds 100% legal and beneficial ownership of Property II.

The purpose of this circular is to provide you with, among other things, (a) further particulars of the Sale and Purchase Agreements and the Transactions; (b) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Sale and Purchase Agreements and the Transactions; (c) a letter of advice of the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders; (d) a notice convening the SGM; and (e) other information as required by the Listing Rules.

THE SALE AND PURCHASE AGREEMENTS

The principal terms of the Sale and Purchase Agreements are summarized as follows:

Date:	8 September 2023		
Parties to the Sale and Purchase Agreement I:	(1) Vendor I, an indirect wholly-owned subsidiary of the Company, as vendor	Parties to the Sale and Purchase Agreement II:	(1) Vendor II, an indirect wholly-owned subsidiary of the Company, as vendor
	(2) The Purchaser, an indirect wholly-owned subsidiary of WYT, as purchaser		(2) The Purchaser, an indirect wholly-owned subsidiary of WYT, as purchaser

LETTER FROM THE BOARD

Subject Matters: *Sale and Purchase Agreement I*

Pursuant to the Sale and Purchase Agreement I, Vendor I has agreed to sell, and the Purchaser has agreed to purchase, the Target I Sale Share, representing the entire issued share capital of Target Company I, and the Target I Shareholder's Loan owing by Target Company I to Vendor I, both free from encumbrances.

Target Company I holds 100% legal and beneficial ownership of Property I.

Each Property is sold on an "as-is" basis free from encumbrances at completion to the relevant Transaction. Each Property is currently subject to an existing mortgage, respectively. Pursuant to the relevant Sale and Purchase Agreement, the relevant Vendor shall procure repayment of all outstanding amounts and the full release or discharge of the relevant existing mortgage on or before the date of completion of the relevant Transaction.

**Target I
Consideration:**

The consideration for Transaction I (including the sale and purchase of the Target I Sale Share and the assignment of the Target I Shareholder's Loan) shall be HK\$43.8 million which shall be satisfied by the Purchaser in the following manner:

- (a) HK\$17.52 million shall be paid by the Purchaser as deposit to Vendor I (or a nominee as Vendor I may direct) upon the signing of the Sale and Purchase Agreement I; and
- (b) HK\$26.28 million being the remaining balance of the consideration shall be paid by the Purchaser to Vendor I (or a nominee as Vendor I may direct) on Transaction I Completion.

Sale and Purchase Agreement II

Pursuant to the Sale and Purchase Agreement II, Vendor II has agreed to sell, and the Purchaser has agreed to purchase, the Target II Sale Share, representing the entire issued share capital of Target Company II, and the Target II Shareholder's Loan owing by Target Company II to Vendor II, both free from encumbrances.

Target Company II holds 100% legal and beneficial ownership of Property II.

**Target II
Consideration:**

The consideration for Transaction II (including the sale and purchase of the Target II Sale Share and the assignment of the Target II Shareholder's Loan) shall be HK\$35.0 million which shall be satisfied by the Purchaser in the following manner:

- (a) HK\$14.0 million shall be paid by the Purchaser as deposit to Vendor II (or a nominee as Vendor II may direct) upon the signing of the Sale and Purchase Agreement II; and
- (b) HK\$21.0 million being the remaining balance of the consideration shall be paid by the Purchaser to Vendor II (or a nominee as Vendor II may direct) on Transaction II Completion.

LETTER FROM THE BOARD

The Target I Consideration was determined based on arm's length negotiations between the parties with reference to various factors including but not limited to the Group's investment cost in respect of Property I, the rental income of Property I as well as the market value of Property I in the amounts of HK\$43.8 million and HK\$43.9 million based on the valuations of Property I as at 31 August 2023 arranged by the Company and WYT, respectively.

The Target II Consideration was determined based on arm's length negotiations between the parties with reference to various factors including but not limited to the Group's investment cost in respect of Property II, the rental income of Property II as well as the market value of Property II in the amounts of HK\$35.0 million and HK\$35.3 million based on the valuations of Property II as at 31 August 2023 arranged by the Company and WYT, respectively.

**Consideration
Adjustment:**

Pursuant to the relevant Sale and Purchase Agreement, the relevant Vendor undertakes to deliver to the Purchaser within 30 days from the date of completion of the relevant Transaction the financial statements of the relevant Target Company for the period from the beginning of the current financial year to the date of completion. If the Target I NTAV or the Target II NTAV as shown in such relevant accounts is not zero, the following provisions shall apply:

- (a) if the Target I NTAV or the Target II NTAV as shown in such accounts is more than zero, the Purchaser shall pay such amount equal to the Target I NTAV or the Target II NTAV to the relevant Vendor within five business days from the date of receipt of such relevant accounts; or
- (b) if the Target I NTAV or the Target II NTAV as shown in such accounts is less than zero, the relevant Vendor shall pay the amount equal to the absolute amount of the Target I NTAV or the Target II NTAV to the Purchaser within five business days from the date of delivery of such relevant accounts.

**Conditions
Precedent to
Completions:**

Completion of the relevant Transaction is conditional upon the following conditions precedent being fulfilled or waived (if applicable):

- (a) the approval of the independent shareholders of each of the Company, WOG and WYT, and all other necessary corporate and regulatory consents and approvals required to be obtained on the part of the Company, WOG, WYT, the Vendors, the Purchaser and the Target Companies in respect of the relevant Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;
- (b) any other requirements required to be fulfilled by each of the Company, WOG and WYT in respect of the transactions contemplated under the relevant Sale and Purchase Agreement under the Listing Rules having been fulfilled and complied with;

LETTER FROM THE BOARD

- (c) the Purchaser having completed its due diligence review on the business, financial, legal and other aspects of the relevant Target Company and having been satisfied with the results thereof;
- (d) the relevant Vendor shall and/or procure the relevant Target Company to give good title to and show and provide title to the relevant Property in accordance with Sections 13A and 13 of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong) respectively; and
- (e) each of the warranties given by the relevant Vendor being true and correct in all respects upon completion of the relevant Transaction.

Conditions (c) and (d) may be waived by the Purchaser at its absolute discretion. No other conditions may be waived by any party to the relevant Sale and Purchase Agreement.

If the conditions precedent set out in the relevant Sale and Purchase Agreement have not been fulfilled (or waived by the Purchaser) on or before 31 December 2023 or such other date as has been agreed in writing between the parties, the Purchaser shall be entitled to terminate the relevant Sale and Purchase Agreement. Upon such termination, the relevant Vendor shall return to the Purchaser all the deposits paid under the relevant Sale and Purchase Agreement in full within seven days from the date of such termination without compensation cost or interest.

For the avoidance of doubt, completion of any Transaction is not conditional upon completion of the other Transaction.

Completion of Transactions:

Completion to the relevant Transaction shall take place within five business days following the date on which all of the conditions precedent shall have been fulfilled or waived (as applicable) pursuant to the relevant Sale and Purchase Agreement.

Immediately upon completion to the relevant Transaction, each Target Company will (i) cease to be a subsidiary of the Company, (ii) become a subsidiary of WYT, and (iii) continue to be a subsidiary of WOG.

Fees, Costs and Expenses:

Each party shall bear its own legal and professional fees, costs and expenses, stamp duty and all other taxes in connection with or arising from the relevant Sale and Purchase Agreement and transactions contemplated thereunder.

LETTER FROM THE BOARD

INFORMATION ON THE TARGET COMPANIES AND THE PROPERTIES

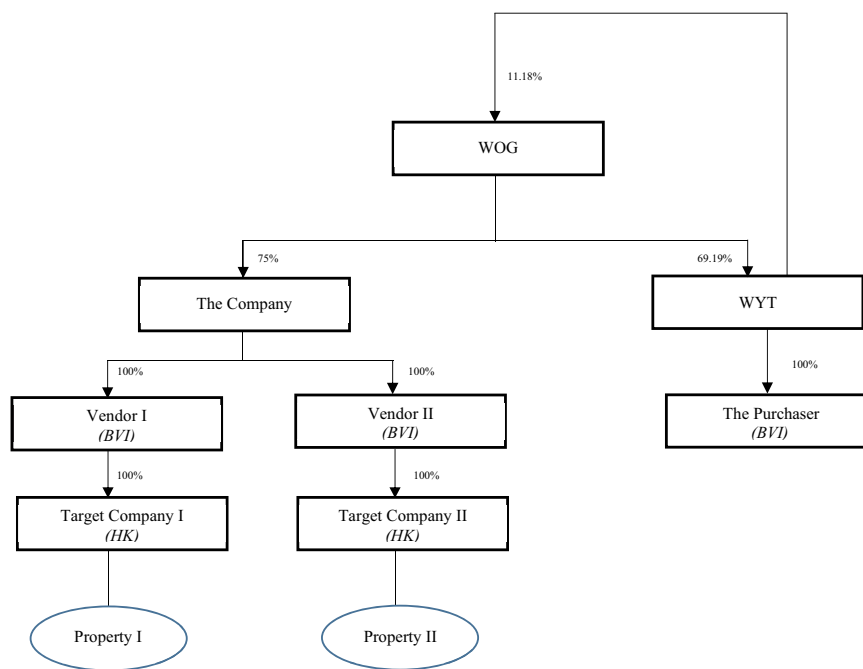
Each Target Company is incorporated in Hong Kong with limited liability for property holding purpose with no other major assets beside its direct interests in the relevant Property. Each Target Company is an indirect wholly-owned subsidiary of the Company as of the Latest Practicable Date and prior to completion of the respective Transactions.

The Properties comprises (i) Property I, being a shop at the addresses of Shop No. N77, Ground Floor, Nos. 1-11, 15-17 Mount Sterling Mall and Nos. 10-16 Lai Wan Road, (Phase 7) Mei Foo Sun Chuen, Lai Chi Kok, Kowloon, Hong Kong; and (ii) Property II, being Shop F on Ground Floor of Kam Bo Building, No. 2 Tung Lok Street, Yuen Long, New Territories, Hong Kong. Property I has a saleable area of 909 square feet, out of which the area of 778 square feet is currently under a lease with another subsidiary of WYT and is operated as a shop under the brand name of “Wai Yuen Tong”. The remaining area of 131 square feet is currently leased to a third party independent of each of the Company, WOG and WYT and is operating business unrelated to the businesses of the Group, the WOG Group and the WYT Group.

Property II has a saleable area of 470 square feet and is currently under a lease with a third party independent of each of the Company, WOG, and WYT. Property II is operated as a franchise shop also under the brand name of “Wai Yuen Tong”.

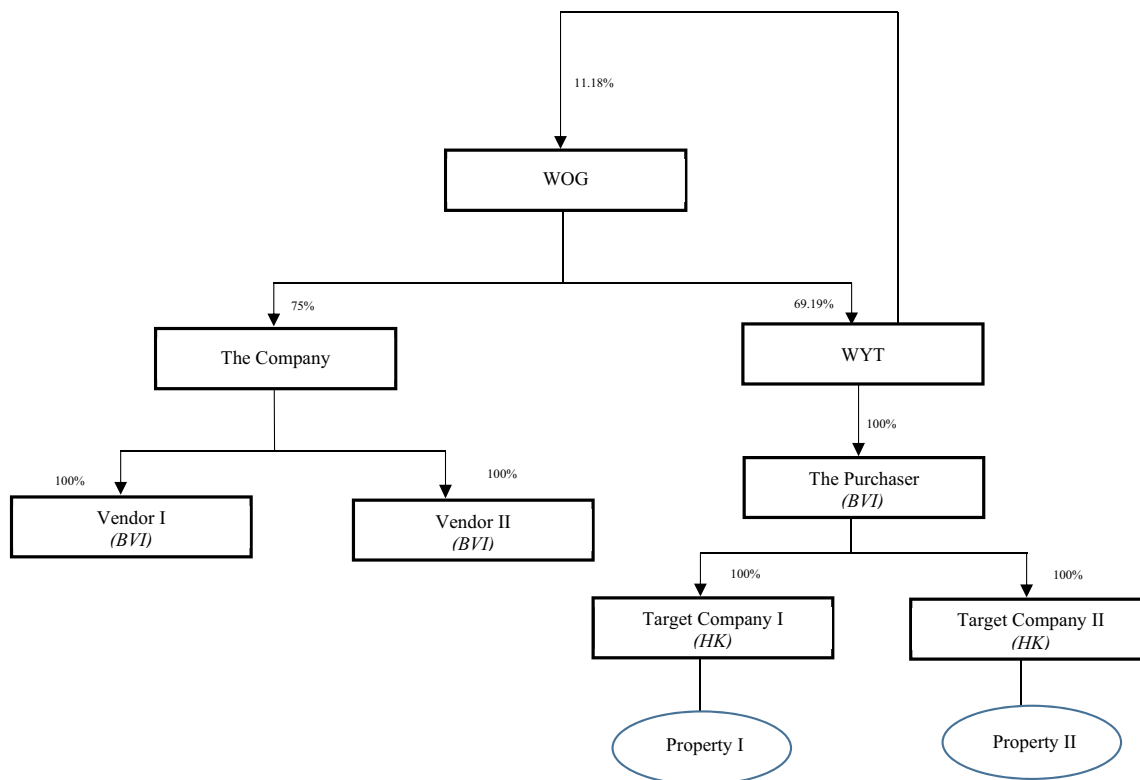
The Properties will be delivered at completion of the respective Transactions subject to the relevant tenancy conditions.

The following diagram illustrates the simplified shareholding and ownership structure of the Company, WOG, WYT and the Target Companies as of the Latest Practicable Date:



LETTER FROM THE BOARD

The following diagram illustrates the simplified shareholding and ownership structure of the Company, WOG, WYT and the Target Companies immediately upon the Transaction I Completion and Transaction II Completion:



Financial information of the Target Companies

Set out below is a summary of the financial information of Target Company I for the two years ended 31 March 2022 and 2023 and for the four months ended 31 July 2023:

Target Company I

	Year ended 31 March 2022 <i>HK\$('000)</i> (audited)	Year ended 31 March 2023 <i>HK\$('000)</i> (audited)	Four months ended 31 July 2023 <i>HK\$('000)</i> (unaudited)
Revenue	1,224	1,680	538
Net profit/(loss) before taxation	1,659	(305)	142
Net profit/(loss) after taxation	1,659	(305)	142

The unaudited net assets value of the Target Company I as at 31 July 2023 was approximately HK\$1,492,000.

LETTER FROM THE BOARD

The acquisition cost to Vendor I of Property I was HK\$38.0 million.

Set out below is a summary of the financial information of the Target Company II for the period from 3 November 2021 (date of incorporation) to 31 March 2022 and the year ended 31 March 2023 and for the four months ended 31 July 2023:

Target Company II

	Period from 3 November 2021 (date of incorporation) to 31 March 2022	Year ended 31 March 2023	Four months ended 31 July 2023
	<i>HK\$('000)</i>	<i>HK\$('000)</i>	<i>HK\$('000)</i>
	(audited)	(audited)	(unaudited)
Revenue	–	900	400
Net profit/(loss) before taxation	(2,419)	49	393
Net profit/(loss) after taxation	(2,419)	49	393

The unaudited net liabilities of Target Company II as at 31 July 2023 was approximately HK\$1,977,000.

The acquisition cost to Vendor II of Property II was HK\$33.8 million.

FINANCIAL IMPACT OF THE TRANSACTIONS TO THE COMPANY AND USE OF PROCEEDS BY THE COMPANY

Having considered the considerations of the Transactions and the unaudited net asset value or liabilities of each of the Target Companies as at 31 July 2023, it is estimated that upon completion of the Transactions, the total assets of the Group will decrease by approximately HK\$37.4 million. The total liabilities of the Group will decrease by approximately HK\$40.5 million. It is estimated that the net assets of the Group will have an increase of approximately HK\$3.1 million, being the net effect of the changes of the total assets and total liabilities of the Group.

It is estimated that the Group will record a gain on the disposal of the Target Companies pursuant to the Transactions in the amount of approximately HK\$3.1 million, which is calculated based on the initial consideration for the Transactions in the amount of HK\$78.8 million and taking into account the following items as at 31 July 2023: (i) the net assets or liabilities of the Target Companies, (ii) the amounts outstanding under the Target I Shareholder's Loan and the Target II Shareholder's Loan, (iii) the repayment of the principal amount under the outstanding bank loans owed by the Target Company I; and (iv) the estimated related expenses of the Transactions. The actual gain will be subject to review by the auditor of the Company.

LETTER FROM THE BOARD

The net proceeds, after repayment of the relevant existing mortgage loans, in the amount of approximately HK\$38.1 million arising from the Transactions will be used as working capital of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE SALE AND PURCHASE AGREEMENTS

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

The Board (including the independent non-executive Directors) is of the view that the terms of the Sale and Purchase Agreements and the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as the Company and its Shareholders are concerned, and thus the entering into of the Sale and Purchase Agreements is in the interests of each of the Group and its Shareholders as a whole.

INFORMATION ON THE VENDORS, THE GROUP, THE PURCHASER, THE WYT GROUP AND THE WOG GROUP

The Vendors and the Group

Each of the Vendors is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company principally engaged in investment holding.

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 and asset management. The Company is owned by WOG as to 75.00%, which is in turn ultimately owned by Mr. Tang (together with his associates) as to approximately 50.67%.

The Purchaser and the WYT Group

The Purchaser is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of WYT principally engaged in investment holding.

The WYT Group is principally engaged in (i) the manufacturing and retailing of traditional Chinese pharmaceutical and health food products, including Chinese medicinal products sold under the brand name of "Wai Yuen Tong", mainly in the PRC and Hong Kong; (ii) the manufacturing and sale of Western pharmaceutical and health food and personal care products under the brand names of "Madame Pearls" and "Pearls"; (iii) property investment; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP, an approximately 53.37%-owned listed subsidiary of WYT. WYT is owned by WOG as to approximately 69.19%, which is in turn ultimately owned by Mr. Tang (together with his associates) as to approximately 50.67%.

LETTER FROM THE BOARD

The WOG Group

The WOG Group is principally engaged in (i) management and sub-licensing of fresh markets and treasury management in Hong Kong and the PRC; (ii) property investment, property development and asset management in Hong Kong through the Company, its 75.00%-owned listed subsidiary; (iii) manufacturing and retailing of pharmaceutical and health food products through WYT, its approximately 69.19%-owned listed subsidiary; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP, an approximately 53.37%-owned listed subsidiary of WYT. WOG is ultimately owned by Mr. Tang (the chairman, an executive director and controlling shareholder of WOG) (together with his associates) as to approximately 50.67%.

LISTING RULES IMPLICATIONS

The Purchaser is a subsidiary of WYT and each of the Vendors is a subsidiary of the Company. Each of WYT and the Company is a subsidiary of WOG. Therefore the Purchaser is a connected person of the Company.

As the highest applicable percentage ratio in respect of the Transactions (on an aggregated basis) exceeds 5% but is less than 25%, the Transactions constitute a discloseable and connected transaction for the Company and are therefore subject to the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under the Listing Rules.

In view of the factors that Mr. Tang Ho Hong is the son of Mr. Tang (a director and controlling shareholder of WOG, and also the chairman and an executive director of WYT), the elder brother of Ms. Tang Wai Man (a director of WYT and the Purchaser) and the spouse of Ms. Stephanie (an executive director of WOG), Mr. Tang Ho Hong is considered to have material interest in the Sale and Purchase Agreements and the Transactions, and has abstained from voting on the Board resolution(s) approving the Sale and Purchase Agreements and the Transactions.

The Shareholders who have a material interest in the Sale and Purchase Agreements and the Transactions and their respective close associates (as defined in the Listing Rules) are required to abstain from voting on the relevant resolution(s) at the SGM. As WYT is a subsidiary of WOG, WOG and its close associates will abstain from voting on the relevant resolution(s) in relation to the Sale and Purchase Agreements and the Transactions.

As at the Latest Practicable Date, Earnest Spot Limited ("**Earnest Spot**"), being an associate of WOG, held 11,400,000,000 Shares. Accordingly, Earnest Spot will abstain from voting at the SGM in respect of 11,400,000,000 Shares, representing 75.00% of the total issued Shares.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, save as disclosed above, no other Shareholder has a material interest in relation to the Sale and Purchase Agreements and the Transactions and is required to abstain from voting at the SGM.

LETTER FROM THE BOARD

SPECIAL GENERAL MEETING

The SGM will be held for the purpose of considering and, if thought fit, approving, among other things, the Sale and Purchase Agreements and the Transactions.

The register of members of the Company will be closed from Monday, 16 October 2023 to Thursday, 19 October 2023 (both dates inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM. No transfer of Shares will be registered during the book closure periods.

A notice convening the SGM at which ordinary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve, among other things, the provision of the Sale and Purchase Agreements and the Transactions, is contained on pages SGM-1 to SGM-3 of this circular.

A form of proxy for the use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the SGM (i.e. at or before 10:30 a.m. on Tuesday, 17 October 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

In accordance with Rule 13.39(4) of the Listing Rules and the bye-laws of the Company, the voting of the Shareholders at the SGM will be taken by poll. The results of the poll will be published on the websites of the Company and the Stock Exchange.

RECOMMENDATION

Your attention is drawn to:

(a) the letter from the Independent Board Committee, the text of which is set out on pages 18 to 19 of this circular; and (b) the letter from Pelican Financial Limited, being the Independent Financial Advisor, to advise the Independent Shareholders and the Independent Board Committee with respect to the provision of the Sale and Purchase Agreements and the Transactions, the text of which is set out on pages 20 to 41 of this circular.

The Independent Shareholders are advised to read the aforesaid letters before deciding how to vote at the SGM.

The Independent Board Committee, having taken into account the advice of the Independent Financial Advisor, considers that the Sale and Purchase Agreements and the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as the Company and the Shareholders are concerned, and thus the entering into of the Sale and Purchase Agreements and the Transactions are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Sale and Purchase Agreements and the Transactions.

For the reasons set out above, the Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreements and the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as each of the Company and the Shareholders are concerned, and thus the Sale and Purchase Agreements and the Transactions are 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 resolution(s) at the SGM for the Sale and Purchase Agreements and the Transactions.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
WANG ON PROPERTIES LIMITED
宏安地產有限公司
Tang Ho Hong
Executive Director and Chief Executive Officer

 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)

29 September 2023

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
SALE AND PURCHASE OF TARGET COMPANIES
HOLDING INTEREST IN PROPERTIES**

We refer to the circular of the Company dated 29 September 2023 (the “**Circular**”) of which this letter forms part. Unless specified otherwise, capitalized terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board to form the Independent Board Committee to consider, and advise you on, the terms of the Sale and Purchase Agreements and the Transactions. Pelican Financial Limited has been appointed as the Independent Financial Advisor to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving their advice, are set out on pages 20 to 41 of the Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendices thereto.

Having considered the terms of the Sale and Purchase Agreements and the Transactions and taking into account the independent advice of the Independent Financial Advisor set out in its letter on pages 20 to 41 of the Circular and the relevant information contained in the letter from the Board, we consider that the terms of the Sale and Purchase Agreements and the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as the Company and the Shareholders are concerned, and thus the Sale and Purchase Agreements and the Transactions are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we, representing the Independent Board Committee, recommend that you vote in favour of the ordinary resolutions to be proposed at the SGM in relation to the Sale and Purchase Agreements and the Transactions.

Yours faithfully,
Independent Board Committee
Mr. Li Wing Sum Steven
Mr. Sung Tsz Wah
Sr Dr. Leung Tony Ka Tung
Dr. Chan Ho Wah Terence
Independent non-executive Directors

** For identification purpose only*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR



PELICAN FINANCIAL LIMITED

28/F, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong

29 September 2023

*To the Independent Board Committee and the Independent Shareholders of
Wang On Properties Limited*

Dear Sirs or Madams,

DISCLOSEABLE AND CONNECTED TRANSACTION SALE AND PURCHASE OF TARGET COMPANIES HOLDING INTEREST IN PROPERTIES

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Sale and Purchase Agreements and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular of the Company dated 29 September 2023 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the joint announcement dated 8 September 2023 jointly issued by the Company, WOG and WYT (the “**Joint Announcement**”) in relation to, among others, the sale and purchase of the Target Companies and hence the Properties. On 8 September 2023 (after trading hours of the Stock Exchange), (i) Vendor I (an indirect wholly-owned subsidiary of the Company) and the Purchaser (an indirect wholly-owned subsidiary of WYT) and (ii) Vendor II (an indirect wholly-owned subsidiary of the Company) and the Purchaser respectively entered into the Sale and Purchase Agreements in relation to the sale and purchase of the Target Companies, pursuant to which, (i) Vendor I conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, (a) the Target I Sale Share (representing the entire issued share capital of Target Company I); and (b) the Target I Shareholder’s Loan (being the shareholder’s loan owing by Target Company I to Vendor I as at the Transaction I Completion Date), at a consideration of HK\$43.8 million (subject to adjustment), and (ii) Vendor II conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, (a) the Target II Sale Share (representing the entire issued share capital of Target Company II); and (b) the Target II Shareholder’s Loan (being the shareholder’s loan owing by Target Company II to Vendor II as at the Transaction II Completion Date), at a consideration of HK\$35.0 million (subject to adjustment), on the terms and subject to the conditions of the respective Sale and Purchase Agreements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

As the highest applicable percentage ratio in respect of the Transactions (on an aggregated basis) exceeds 5% but is less than 25% for the Company, the Transactions constitute a discloseable transaction for the Company. Each of the Vendors is an indirect wholly-owned subsidiary of the Company. The Purchaser is a subsidiary of WYT. Each of WYT and the Company is a subsidiary of WOG. As such, under Chapter 14A of the Listing Rules, the Purchaser is a deemed connected person of the Company and as the highest applicable percentage ratio in respect of the disposal of the Target Companies is greater than 5%, the disposal of the Target Companies constitutes a discloseable and connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

In view of the factors that Mr. Tang Ho Hong is a son of Mr. Tang (a director and controlling shareholder of WOG, and also the chairman and an executive director of WYT) and Ms. Yau Yuk Yin (a director of WOG), the elder brother of Ms. Tang Wai Man (a director of WYT and the Purchaser) and the spouse of Ms. Stephanie (an executive director of WOG), Mr. Tang Ho Hong is considered to have material interest in the Sale and Purchase Agreements and the Transactions, and has abstained from voting on the Board resolution(s) approving the Sale and Purchase Agreements and the Transactions.

The Shareholders who have a material interest in the Sale and Purchase Agreements and the Transactions and their respective close associates (as defined in the Listing Rules) are required to abstain from voting on the relevant resolution(s) at the SGM. As WYT is a subsidiary of WOG, WOG and its close associates will abstain from voting on the relevant resolution(s) in relation to the Sale and Purchase Agreements and the Transactions.

As at the Latest Practicable Date, Earnest Spot Limited, being an associate of WOG, held 11,400,000,000 Shares. Accordingly, Earnest Spot Limited will abstain from voting at the SGM in respect of 11,400,000,000 Shares, representing 75.00% of the total issued Shares of the Company.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, save as disclosed above, no other Shareholder has a material interest in relation to the Sale and Purchase Agreements and the Transactions and is required to abstain from voting at the SGM.

The Board currently comprises three executive Directors and four independent non-executive Directors. Accordingly, the Independent Board Committee, comprising Mr. Li Wing Sum Steven, Mr. Sung Tze Wah, Sr Dr. Leung Tony Ka Tung and Dr. Chan Ho Wah Terence, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the terms of the Sale and Purchase Agreements and the Transactions. We have been appointed by the Independent Board Committee as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect and such appointment has been approved by the Independent Board Committee.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

OUR INDEPENDENCE

As at the Latest Practicable Date, we are not connected with the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates and we are not aware of any relationships or interests between us and the Group, the Purchaser, the WYT Group, the WOG Group, or any of their respective substantial shareholders, directors or chief executives, or of their respective associates, or any circumstance as set out in Rule 13.84, that could reasonably be regarded as relevant to our independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreements and the Transactions.

In the last two years, there was no engagement between the Company and us. Apart from normal professional fees payable to us in connection with this appointment of us as independent financial adviser, no arrangement exists whereby Pelican Financial Limited will receive any fees or benefits from the Company or the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates, and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the terms of the Sale and Purchase Agreements and the transactions contemplated thereunder.

Our role is to provide you with our independent opinion and recommendation as to (i) whether the Sale and Purchase Agreements and the Transactions are entered into in the ordinary and usual course of business and is in the interests of the Company and the Shareholders as a whole; (ii) whether the terms and conditions of the Sale and Purchase Agreements and the Transactions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution(s) on the Sale and Purchase Agreements and the Transactions at the SGM.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have performed relevant procedures and those steps which we deemed necessary in forming our opinions including, among other things, review of relevant agreements, documents as well as information provided by the Company and verified them, to an extent, to the relevant public information, statistics and market data, the relevant industry guidelines and rules and regulations as well as information, facts and representations provided, and the opinions expressed, by the Company and/or the Directors and/or the management of the Group. The documents reviewed include, but are not limited to, (i) the Sale and Purchase Agreements, (ii) the Joint Announcement, (iii) the annual report of the Company for the financial year ended 31 March 2023 (the “**2023 Annual Report**”), (iv) the valuation report of the Properties (the “**Valuation Report**”) issued by an independent valuer, Asset Appraisal Limited (the “**Valuer**”), in respect of the market value of the Properties as at 31 August 2023, and (v) the Circular. We have assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in the 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 therein or the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the management of the Group nor have we conducted any form of an in-depth investigation into the business and affairs or the future prospects of the Group.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the Sale and Purchase Agreements and the transactions contemplated thereunder, we have considered the following principal factors and reasons.

1. Information of the Group

The Company is incorporated in Bermuda with limited liability and the Shares are listed on the Main Board of the Stock Exchange. The principal activity of the Company is investment holding. 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 and asset management.

Set out below is a summary of the audited financial information of the Group for the two years ended 31 March 2022 and 2023 as extracted from the 2023 Annual Report.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Table 1: Financial information of the Group

	For the year ended 31 March	
	2023	2022
	(Audited) <i>HK\$'000</i>	(Audited) <i>HK\$'000</i>
Revenue by segment		
– Property development	1,971,145	–
– Property investment	3,684	8,080
– Asset management	17,011	30,777
	<u>1,991,840</u>	<u>38,857</u>
Total revenue	<u>1,991,840</u>	<u>38,857</u>
Gross Profit	329,607	15,538
Other income and gains, net	93,498	125,405
Selling and distribution expenses	(179,493)	(25,621)
Administrative expenses	(108,169)	(114,714)
Other expenses	(20,974)	(37,903)
Impairment losses on financial assets, net	(17,217)	(637)
Finance costs	(126,760)	(71,210)
Fair value gains on investment properties, net	11,880	3,749
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	3,010	(47,486)
Write-down of properties under development	(25,583)	—
Write-down of properties held for sale	(58,688)	—
Share of profits and losses of joint ventures	316,775	430,630
	<u>210,854</u>	<u>284,912</u>
Profit for the year	<u>210,854</u>	<u>284,912</u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

According to the 2023 Annual Report, the revenue of the Group increased by about 5,026.1%, from approximately HK\$38.9 million for the year ended 31 March 2022 to approximately HK\$1,991.8 million for the year ended 31 March 2023. The significant increase in revenue was mainly due to the increase in revenue derived from the property development segment in the year ended 31 March 2023, which had amounted to approximately HK\$1,971.1 million. The increase was mainly attributable to the completion of “The Met. Azure” project. As stated in the 2023 Annual Report, all residential units of the Met. Azure project were sold out as at 31 March 2023 and resulting in total sales proceeds of approximately HK\$1,600 million. Despite the increase of revenue, the Group recorded a net profit of approximately HK\$210.9 million for the year ended 31 March 2023, representing a decrease of approximately HK\$74.1 million from the net profit of approximately HK\$284.9 million of the previous year. Such decrease in profit was mainly attributable to (i) the decrease in share of profits of joint ventures for the year ended 31 March 2023, reducing HK\$113.9 million or 26.4% to approximately HK\$316.8 million from approximately HK\$430.6 million for the year ended 31 March 2022, due to the decrease in sales recognition of two joint venture projects, namely “maya” and “Altissimo” for the year ended 31 March 2023; (ii) the increase in selling and distribution expenses, which surged from approximately HK\$25.6 million for the year ended 31 March 2022 to approximately HK\$179.5 million for the year ended 31 March 2023, was mainly due to the increase of sales commission of the Met. Azure project; and (iii) a write-down of properties held for sale of approximately HK\$58.7 million was recorded for the year ended 31 March 2023 when no such write down was recorded in the previous year.

Meanwhile, the consolidated assets and liabilities of the Group as at 31 March 2022 and 31 March 2023 as extracted from the 2023 Annual Report are summarized as follows:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Table 2: Financial position of the Group

	As at 31 March 2023 (Audited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Total assets		
– non-current assets	6,109,196	4,940,337
– current assets	3,636,828	5,665,309
	9,746,024	10,605,646
 Total liabilities		
– non-current liabilities	2,044,590	2,646,066
– current liabilities	2,418,746	2,775,704
	4,463,336	5,421,770
 Net current assets	1,218,082	2,889,605
 Net assets	5,282,688	5,183,876

The Group recorded total assets of approximately HK\$9,746.0 million as at 31 March 2023. The non-current assets of the Group, amounted to approximately HK\$6,109.2 million, mainly comprised of (i) interests in joint ventures of approximately HK\$3,538.2 million; (ii) properties under development of approximately HK\$1,992.5 million; (iii) deposits and other receivables of approximately HK\$156.3 million; (iv) investment properties of approximately HK\$147.0 million; and (v) debt investments at fair value through other comprehensive income of approximately HK\$101.7 million.

Meanwhile, the Group's current assets, amounted to approximately HK\$3,636.8 million as at 31 March 2023, mainly consisted of (i) properties under development of approximately HK\$2,243.4 million; (ii) cash and bank balances of approximately HK\$869.2 million; (iii) properties held for sale of approximately HK\$245.8 million; and (iv) prepayments, other receivables and other assets of approximately HK\$221.6 million.

On the other hand, the Group recorded total liabilities of approximately HK\$4,463.3 million as at 31 March 2023. The non-current liabilities of the Group, amounted to approximately HK\$2,044.6 million, mainly comprised of (i) interest-bearing bank and other borrowings of approximately HK\$2,037.4 million; (ii) other payables of approximately HK\$6.7 million; and (iii) deferred tax liabilities of approximately HK\$0.5 million. The Group's current liabilities, amounted to approximately HK\$2,418.7 million as at 31 March 2023, mainly consisted of (i) interest-bearing bank and other borrowings of approximately

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

HK\$2,167.9 million; (ii) other payables and accruals of approximately HK\$128.6 million; (iii) trade payables of approximately HK\$73.7 million; (iv) contract liabilities of approximately HK\$43.4 million; and (v) tax payable of approximately HK\$5.1 million.

As such, the consolidated net current assets of the Group amounted to approximately HK\$1,218.1 million, which represents a decrease of 57.8% compared to the previous year. Such decrease was largely attributed to the decrease in current assets including a decrease in (i) properties under development of approximately HK\$942.9 million, (ii) properties held for sale of approximately HK\$359.6 million, and (iii) prepayments, other receivables and other assets of approximately HK\$142.7 million. The Group's current ratio, which was calculated by dividing its current assets by its current liabilities, was approximately 1.5 as at 31 March 2023 as compared with approximately 2.0 as at 31 March 2022, indicating the Company's decreased ability in meeting its short-term obligations during the period of time.

2. Information of the Vendors

Vendor I, Viva Action Limited, is a company incorporated in the BVI with limited liability and is an indirectly wholly-owned by the Company principally engaged in investment holding.

Vendor II, Shining Sun Developments Limited, is a company incorporated in the BVI with limited liability and is an indirectly wholly-owned by the Company principally engaged in investment holding.

3. Information of the Purchaser and the WYT Group

The Purchaser, Guidepost Investments Limited, is a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of WYT, is principally engaged in investment holding.

The WYT Group is principally engaged in (i) the manufacturing and retailing of traditional Chinese pharmaceutical and health food products, including Chinese medicinal products sold under the brand name of "Wai Yuen Tong", mainly in the PRC and Hong Kong; (ii) the manufacturing and sale of Western pharmaceutical and health food and personal care products under the brand names of "Madame Pearls" and "Pearls"; (iii) property investment; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP, an approximately 53.37% owned listed subsidiary of WYT. WYT is owned by WOG as to approximately 69.19%, which is in turn ultimately owned by Mr. Tang Ching Ho (together with his associates) as to approximately 50.67%.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

4. The WOG Group

The WOG Group is principally engaged in (i) management and sub-licensing of fresh markets and treasury management in Hong Kong and the PRC; (ii) property investment, property development and asset management in Hong Kong through the Company, its 75.00%-owned listed subsidiary; (iii) manufacturing and retailing of pharmaceutical and health food products through WYT, its approximately 69.19%-owned listed subsidiary; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP, an approximately 53.37%-owned listed subsidiary of WYT. WOG is ultimately owned by Mr. Tang (the chairman, an executive director and controlling shareholder of WOG) (together with his associates) as to approximately 50.67%.

5. Information of the Target Companies and the Properties

Target Company I

Target Company I is a company incorporated in Hong Kong with limited liability for property holding purpose with no other major assets beside its direct interests in the Property I. It is a direct wholly-owned subsidiary of Vendor I as at the Latest Practicable Date, and the sole legal and beneficial owner of Property I.

Set out below is a summary of the financial information of Target Company I for the two years ended 31 March 2022 and 2023 and for the four months ended 31 July 2023.

Table 3: Financial information of the Target Company I

	For the year ended 31 March 2022 (audited) HK\$'000	For the year ended 31 March 2023 (audited) HK\$'000	Four months ended 31 July 2023 (unaudited) HK\$'000
Revenue	1,224	1,680	538
Net profit/(loss) before taxation	1,659	(305)	142
Net profit/(loss) after taxation	1,659	(305)	142

The unaudited net assets value of the Target Company I as at 31 July 2023 was approximately HK\$1,492,000.

The acquisition cost to Vendor I of Property I was HK\$38.0 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Property I is a shop at the address of Shop No. N77, Ground Floor, Nos. 1-11, 15-17 Mount Sterling Mall and Nos. 10-16 Lai Wan Road, (Phase 7) Mei Foo Sun Chuen, Lai Chi Kok, Kowloon, Hong Kong. Property I has a saleable area of 909 square feet, out of which the area of 778 square feet is currently under a lease with another subsidiary of WYT and is operated as a shop under the brand name of “Wai Yuen Tong”. The remaining area of 131 square feet is currently leased to a third party independent of each of WOG, WYT and the Company, and is operating business unrelated to the businesses of the WYT Group, the WOG Group and the Group. The fair market value of the Property was HK\$43.8 million as at 31 August 2023 as reported by the Valuer.

Target Company II

Target Company II is a company incorporated in Hong Kong with limited liability for property holding purpose with no other major assets beside its direct interests in the Property II. It is a direct wholly-owned subsidiary of Vendor II as at the Latest Practicable Date, and the sole legal and beneficial owner of Property II.

Set out below is a summary of the financial information of the Target Company II for the period from 3 November 2021 (date of incorporation) to 31 March 2022 and the year ended 31 March 2023 and for the four months ended 31 July 2023.

Table 4: Financial information of the Target Company II

	Period from 3 November 2021 (date of incorporation) to 31 March 2022	For the year ended 31 March 2023	Four months ended 31 July 2023
	(audited)	(audited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000
Revenue	–	900	400
Net profit/(loss) before taxation	(2,419)	49	393
Net profit/(loss) after taxation	(2,419)	49	393

The unaudited net liabilities of Target Company II as at 31 July 2023 was approximately HK\$1,977,000.

The acquisition cost to Vendor II of Property II was HK\$33.8 million.

Property II is operated as a franchise shop also under the brand name of “Wai Yuen Tong”, located at Shop F on the Ground Floor of Kam Bo Building, No. 2 Tung Lok Street, Yuen Long, New Territories, Hong Kong. Property II has a saleable area of 470 square feet and is currently under a lease with a third party independent of each of WOG, WYT and the Company. The fair market value of the Property was HK\$35.0 million as at 31 August 2023 as reported by the Valuer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

For details of the valuation of the Properties, please refer to the Valuation Report as set out in Appendix I of this Circular.

6. Reasons for and benefits of the disposal of the Target Companies

As stated in the Board Letter, the Directors undertake a strategic review of the Company's respective assets from time to time with a view to maximise returns to its Shareholders. The Directors consider that the current market presents a good opportunity for the Company to realise its investment in the Properties. Accordingly, the Directors believe that the disposal of the Target Companies (hence the Properties) will enable the Company to reallocate its resources into future investment opportunities and pursue other growth opportunities.

The Board is of the view that the terms of the Sale and Purchase Agreements and the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as the Company and its Shareholders are concerned, and thus the entering into of the Sale and Purchase Agreements is in the interests of each of the Group and its Shareholders as a whole.

Taking into account that (i) the disposal of the Target Companies is an opportunity to reallocate its resources by realising the appreciated value of the Properties; (ii) the net proceeds of approximately HK\$38.1 million (subject to adjustments) from the disposal of the Target Companies will be used as working capital of the Company, which can provide more liquidity flexibility to the Group and better allocate its capital for further investment opportunities; (iii) sufficient internal control measures had been taken by the Company, as the relevant Directors with potential conflict of interest and/or roles in the disposal of Target Companies had all abstained from voting on the relevant board resolution(s) during the approval procedure in the Company's board meeting; and (iv) the disposal of the Target Companies would not have a substantial adverse impact on the Group as the Properties, being the principal assets of the Target Companies, do not represent a major proportion in its total asset, we concur with the Directors that the disposal of the Target Companies is on normal commercial terms, is fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

7. The Sale and Purchase Agreements

On 8 September 2023 (after trading hours of the Stock Exchange), each of the Vendors entered into the relevant Sale and Purchase Agreements with the Purchaser respectively. The principal terms of the Sale and Purchase Agreements are summarized as follows.

7.1 *The Sale and Purchase Agreement I*

Date

8 September 2023

Parties

- 1) Vendor I, an indirect wholly-owned subsidiary of the Company (as vendor); and
- 2) the Purchaser, an indirect wholly-owned subsidiary of WYT (as purchaser)

Subject matter

Pursuant to the Sale and Purchase Agreement I, Vendor II has agreed to sell, and the Purchaser has agreed to purchase, (a) the Target I Sale Share, representing the entire issued share capital of Target Company I, and (b) the Target I Shareholder's Loan owing by Target Company I to Vendor I, both free from encumbrances.

Target Company I holds 100% legal and beneficial ownership of Property I.

Consideration

The consideration for Transaction I (including the sale and purchase of the Target I Sale Share and the assignment of the Target I Shareholder's Loan) shall be HK\$43.8 million which shall be satisfied by the Purchaser in the following manner:

- a) HK\$17.52 million shall be paid by the Purchaser as deposit to Vendor I (or a nominee as Vendor I may direct) upon the signing of the Sale and Purchase Agreement I; and
- b) HK\$26.28 million being the remaining balance of the consideration shall be paid by the Purchaser to Vendor I (or a nominee as Vendor I may direct) on Transaction I Completion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The Target I Consideration was determined based on arm's length negotiations between the parties with reference to various factors including but not limited to the Group's investment cost in respect of Property I, the rental income of Property I as well as the market value of Property I in the amounts of (i) HK\$43.8 million based on the valuations of Property I as at 31 August 2023 arranged by the Company and (ii) HK\$43.9 million based on the valuations of Property I as at 31 August 2023 arranged by WYT.

7.2 *The Sale and Purchase Agreement II*

Date

8 September 2023

Parties

- 1) Vendor II, an indirect wholly-owned subsidiary of the Company (as vendor); and
- 2) the Purchaser, an indirect wholly-owned subsidiary of WYT (as purchaser)

Subject matter

Pursuant to the Sale and Purchase Agreement II, Vendor II has agreed to sell, and the Purchaser has agreed to purchase, (a) the Target II Sale Share, representing the entire issued share capital of Target Company I, and (b) the Target II Shareholder's Loan owing by Target Company II to Vendor II, both free from encumbrances.

Target Company II holds 100% legal and beneficial ownership of Property II.

Consideration

The consideration for Transaction II (including the sale and purchase of the Target II Sale Share and the assignment of the Target II Shareholder's Loan) shall be HK\$35.0 million which shall be satisfied by the Purchaser in the following manner:

- a) HK\$14.0 million shall be paid by the Purchaser as deposit to Vendor II (or a nominee as Vendor II may direct) upon the signing of the Sale and Purchase Agreement II; and
- b) HK\$21.0 million being the remaining balance of the consideration shall be paid by the Purchaser to Vendor II (or a nominee as Vendor II may direct) on Transaction II Completion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The Target II Consideration was determined based on arm's length negotiations between the parties with reference to various factors including but not limited to the Group's investment cost in respect of Property II, the rental income of Property II as well as the market value of Property I in the amounts of (i) HK\$35.0 million based on the valuations of Property II as at 31 August 2023 arranged by the Company and (ii) HK\$35.3 million based on the valuations of Property II as at 31 August 2023 arranged by WYT.

Each Property is sold on an "as-is" basis free from encumbrances at completion to the relevant Transaction. Each Property is currently subject to an existing mortgage, respectively. Pursuant to the relevant Sale and Purchase Agreement, the relevant Vendor shall procure repayment of all outstanding amounts and the full release or discharge of the relevant existing mortgage on or before the date of completion of the relevant Transaction.

(i) Consideration Adjustment

Pursuant to the relevant Sale and Purchase Agreement, the relevant Vendor undertakes to deliver to the Purchaser within 30 days from the date of completion of the relevant Transaction the financial statements of the relevant Target Company for the period from the beginning of the current financial year to the date of completion. If the Target I NTAV or the Target II NTAV as shown in such relevant accounts is not zero, the following provisions shall apply:

- (a) if the Target I NTAV or the Target II NTAV as shown in such accounts is more than zero, the Purchaser shall pay such amount equal to the Target I NTAV or the Target II NTAV to the relevant Vendor within five business days from the date of receipt of such relevant accounts; or
- (b) if the Target I NTAV or the Target II NTAV as shown in such accounts is less than zero, the relevant Vendor shall pay the amount equal to the absolute amount of the Target I NTAV or the Target II NTAV to the Purchaser within five business days from the date of delivery of such relevant accounts.

(ii) Conditions precedent to Completions

Completion of the relevant Transaction is conditional upon the following conditions precedent being fulfilled or waived (if applicable):

- (a) the approval of the independent shareholders of each of the Company, WOG and WYT, and all other necessary corporate and regulatory consents and approvals required to be obtained on the part of the Company, WOG, WYT, the Vendors, the Purchaser and the Target Companies in respect of the relevant Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

- (b) any other requirements required to be fulfilled by each of WOG, WYT and the Company in respect of the transactions contemplated under the relevant Sale and Purchase Agreement under the Listing Rules having been fulfilled and complied with;
- (c) the Purchaser having completed its due diligence review on the business, financial, legal and other aspects of the relevant Target Company and satisfied with the results thereof;
- (d) the relevant Vendor shall and/or procure the relevant Target Company to give good title to and show and provide title to the relevant Property in accordance with Sections 13A and 13 of the Conveyancing and Property Ordinance respectively (Chapter 219 of the Laws of Hong Kong); and
- (e) each of the warranties given by the relevant Vendor being true and correct in all respects upon completion of the relevant Transaction.

Conditions (c) and (d) may be waived by the Purchaser at its absolute discretion. No other conditions may be waived by any party to the relevant Sale and Purchase Agreement.

If the conditions precedent set out in the relevant Sale and Purchase Agreement have not been fulfilled (or waived by the Purchaser) on or before 31 December 2023 or such other date as has been agreed in writing between the parties, the Purchaser shall be entitled to terminate the relevant Sale and Purchase Agreement. Upon such termination, the relevant Vendor shall return to the Purchaser all the deposits paid under the relevant Sale and Purchase Agreement in full within seven days from the date of such termination without compensation cost or interest.

For the avoidance of doubt, completion of any Transaction is not conditional upon completion of the other Transaction.

(iii) Other principal terms of the Sale and Purchase Agreement

We have also reviewed other principal terms (i.e. payment terms, Fees, Costs and Expenses, etc.) of the Sale and Purchase Agreements and compared them to those in other transactions similar to the Transactions, particularly property disposal transactions, conducted by other companies listed on the Stock Exchange, and noted that similar principal terms were also adopted by other listed companies. Accordingly, we are of the view that other principal terms of the Sale and Purchase Agreements are in line with the market practice, and we consider that they are fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

8. Assessment of the considerations

8.1 Valuation Report

Given that as at the Latest Practicable Date, the Target Companies principally serve as investment holding vehicles of the Company and that their principal assets lie in the Properties, in assessing the fairness and reasonableness of the consideration for the Disposals, we have focused on analysing the valuation of the Properties and the Valuation Report.

We have performed the works as required under Note 1(d) to Rule 13.80 of the Listing Rules and paragraph 5.3 of the Corporate Finance Adviser Code of Conduct in respect of the Valuation Report, which included (i) assessment of the Valuer's experiences in valuing properties in Hong Kong similar to the Properties; (ii) obtaining information on the Valuer's track records on other property valuations; (iii) inquiry on the Valuer's current and prior relationship with the Group and other parties to the Sale and Purchase Agreements; (iv) review of the terms of the Valuer's engagement, in particular its scope of work, for the assessment of the Valuation Report; and (v) discussion with the Valuer regarding the bases, methodology and assumptions adopted in the Valuation Report.

a) Valuer

We understand that Ms. Sandra Lau ("**Ms. Lau**"), the director of the Valuer and the signor of the Valuation Report, among others, 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. Ms. Lau is a qualified general practice surveyor with over 10 years of experience in the valuation of properties in Hong Kong, Macau and PRC. The Valuer is one of the surveying firms on the list of the Hong Kong Institute of Surveyors. We have also obtained information on the Valuer's track records on other property valuations and noted that the Valuer had been the valuer for a wide range of companies listed on the Stock Exchange. As such, we are of the view that the Valuer and Ms. Lau are qualified, experienced and competent in performing property valuations and providing a reliable opinion in respect of the valuation of the Properties.

We have also enquired with the Valuer as to its independence from the Group and the parties to the Sale and Purchase Agreements and were given to understand that the Valuer is an independent third party of the Group and its connected persons. The Valuer also confirmed to us that it was not aware of any relationship or interest between itself and the Group or any other parties that would reasonably be considered to affect its independence to act as an independent valuer for the Company. The Valuer confirmed to us that apart from normal professional fees payable to it in connection with their engagement for the valuation, they had no other engagement with the Company.

Furthermore, we note from the engagement letter entered into between the Company and the Valuer that, the scope of work was appropriate for the Valuer to form the opinion required to be given and there were no limitations on the scope of work which might adversely impact the degree of assurance given by the Valuer in the Valuation Report.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

b) *Valuation standards and basis*

We have reviewed the Valuation Report and understand that it was prepared in accordance with the HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors (the “HKIS”) effective from 31 December 2020, and all the requirements set out in Chapter 5 of the Listing Rules issued by The Stock Exchange of Hong Kong Limited.

The valuation has been undertaken on the basis of 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 and where the parties had each acted knowledgeably, prudently and without compulsion”. Since no unusual matters had come to our attention that led us to believe that the Valuation Report was not prepared on a reasonable basis, we believe that the valuation fairly represents the market value of the Properties and forms a fair and reasonable basis for our further assessment on the consideration for the disposal.

c) *Valuation methodology*

As disclosed in the Valuation Report, in valuing the Properties, the Valuer has adopted market approach assuming sale of each of the Properties in its existing state by making reference to comparable sales transactions of similar properties as identified on the market. 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. Based on our interview with the Valuer, we understand that given the data on comparable premises/properties in the Hong Kong property market are mostly publicly available, the Valuer considered the adoption of the market approach as the most appropriate as it would provide a more objective result. In fact, the market approach is the most widely used valuation method in Hong Kong as well as other mature markets, as it is generally considered that the best evidence of value is the price paid for similar properties. Given that Hong Kong has an active and well-publicised property market and that there already exists sufficient samples of comparable premises/properties available for analysis, we are of the view that these comparable premises/properties provide good and objective benchmarks for the valuation of the Property. Accordingly, we agree with the Valuer that the market approach was appropriate for the valuation of the Property.

We noted that Valuer has adopted the average unit rate of HK\$48,200 per square foot and multiplied the saleable area of Property I thereto, and reached the appraised value of Property I of HK\$43.8 million as at 31 August 2023. On the other hand, the Valuer has used an average unit rate of HK\$74,056 per square foot, and multiplied the saleable area of Property II thereto, and reached the appraised value of Property II of HK\$35.0 million as at 31 August 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Below are the details of the comparable transactions for the valuation of Property I and Property II:

Property I

No.	Location	Property type	Date of transaction	Unit rate (approximate) (HK'000 square feet)	Adjusted unit rate (approximate) (HK'000 square feet)
1	Mei Foo Sun Chuen – Unit 72, G/F, Ph III	Commercial unit	14 March 2023	75.3	46.4
2	Mei Foo Sun Chuen – Unit 48B, G/F, Ph II	Commercial unit	13 March 2023	56.7	49.1
3	Mei Foo Sun Chuen – Unit 47B2, G/ F, Ph II	Commercial unit	28 April 2023	39.3	49.3
4	Mei Foo Sun Chuen – Unit 49A2, G/ F, Ph II	Commercial unit	15 May 2023	50.0	47.7
				Average	<u>48.2</u>
				Assessed value of Property I (909 square feet)	<u><u>HK\$43.8 million</u></u>

Note:

Adjustments are made by the Valuer with reference to, among other things, the transaction time, location, frontage and size of the comparable transactions. The adjustment range of (i) time is +0.42% to +1.65%; (ii) location is -30% to +30%; and (iii) frontage and size is -5% to -10%, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Property II

No.	Location	Property type	Date of transaction	Unit rate <i>(approximate)</i> <i>(HK'000 square feet)</i>	Adjusted unit rate <i>(approximate)</i> <i>(HK'000 square feet)</i>
1	Hong Lok Square – Unit 2, G/F	Commercial unit	23 March 2023	88.4	89.8
2	Fu Loy Garden – Unit 18, G/F	Commercial unit	29 March 2023	45.1	61.6
3	Fu Loy Garden – Unit 17, G/F	Commercial unit	03 April 2023	39.2	53.1
4	Wun Fat Building – Unit 1, G/F	Commercial unit	08 November 2022	59.3	73.4
5	Fu Shing Building – Unit 95 to 100, G/F	Commercial unit	09 April 2023	40.6	51.0
6	Kar Shing Building – Unit G03 & G011, G/F	Commercial unit	31 May 2023	120.6	109.1
7	Kam Lung Mansion – Unit 20D, G/F	Commercial unit	28 September 2022	65.8	80.4
				Average	<u>74.1</u>
				Assessed value of Property II (470 square feet)	<u><u>HK\$35.0 million</u></u>

Note:

Adjustments are made by the Valuer with reference to, among other things, the transaction time, location, frontage and size of the comparable transactions. The adjustment range of (i) time is -0.28% to +1.65%; and (ii) location is -10% to +35%, respectively.

We have reviewed the lists of comparable properties and noted that the selection of comparable properties was based on the following criteria: (i) retail units located in the same district of each Property; and (ii) transactions that occurred within one year from the valuation date. We are of the view that the criteria of the comparable properties are fair and reasonable as they ensure that they are similar to the Properties in terms of location and recent market activity. We understand that the Valuer made adjustments, based on its judgement and experience, to the comparable properties, taking into account differences in transaction time, location, frontage and size, among other things. We have reviewed these adjustments and discussed with the Valuer about the rationale and methodology for the adjustments. From our understanding, if the subject property is better than the comparable property, an upward adjustment would be made, and conversely, a downward adjustment would be made if it is inferior to the comparable property. We noted that (i) the time adjustment accounts for price changes between the transaction and valuation dates, with reference to the Rental and Price Indices as published by Rating and Valuation Department in Hong Kong; (ii) the location

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

adjustment, the most crucial factor impacting property values, factored in the intensity of pedestrian flows at the locality, prominence, visibility and exposure of the retail shop to customers; and (iii) the frontage and size adjustment is determined by the shop's frontage-to-size ratio, a higher ratio of shop frontage to size often indicates a higher value. We found that the adjustments are in line with the market practice and hence, consider them reasonable in deriving the valuation of the Properties.

d) Valuation assumptions

According to the Valuation Report, the valuation of the Properties was made on the assumption that the owner sells the Properties 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 Properties. In addition, the Valuer assumed that no allowance for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation may be incurred in effecting a sale. Unless otherwise stated, it is also assumed that the Properties is free of encumbrances, restrictions, outgoings of an onerous nature and any third party rights that could affect its value in the Valuation Report. In this regard, we noted from the Valuer that these assumptions are commonly adopted in the valuation of properties. Given that we consider it objective and appropriate to appraise the Properties the same way as other similar properties on the open market, and that nothing material has come to our attention, we are of the view that these valuation assumptions are fair and reasonable.

8.2 Section conclusion

Given that (i) the principal assets of the Target Companies mainly lie in each Property and hence their value are determined with reference to the appraised value of the Property I of HK\$48.3 million, and Property II of HK\$35.0, as at 31 August 2023, and that we consider the Valuation Report an appropriate reference for determining the valuation of the Properties upon our review; (ii) the considerations for the disposal of the Target Companies were determined after arm's length negotiation between each Vendor and the Purchaser on normal commercial terms with reference to the management accounts in which each Property is the principal asset and the relevant adjustments including the aforementioned valuation of each Property; and (iii) the net proceeds of approximately HK\$38.1 million (subject to adjustments) from the disposal of the Target Companies, after repayment of the relevant existing mortgage will be applied towards the working capital of the Group and better capital allocation for future investment opportunities, we consider that the considerations of the Transactions are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

9. Possible financial effect of the Transactions to the Company

As at the Latest Practicable Date, each of the Target Companies is indirectly wholly-owned by the Company. Immediately after Completion, the Target Companies will cease to be subsidiaries of the Company and the Company will cease to have any equity interest in the Target Companies.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Having considered the considerations of the Transactions and the unaudited net asset value or liabilities of each of the Target Companies as at 31 July 2023, it is estimated that upon completion of the Transactions, the total assets of the Group will decrease by approximately HK\$37.4 million. The total liabilities of the Group will decrease by approximately HK\$40.5 million. It is estimated that the net assets of the Group will have an increase of approximately HK\$3.1 million, being the net effect of the changes of the total assets and total liabilities of the Group.

It is estimated that the Group will record a gain on the disposal of the Target Companies pursuant to the Transactions in the amount of approximately HK\$3.1 million, which is calculated based on the initial consideration for the Transactions in the amount of HK\$78.8 million and taking into account the following items as at 31 July 2023, (i) the net assets or liabilities of the Target Companies, (ii) the amounts outstanding under the Target I Shareholder's Loan and the Target II Shareholder's Loan, (iii) the repayment of the principal amount under the outstanding bank loans owed by the Target Company I; and (iv) the estimated related expenses of the Transactions. The actual gain will be subject to review by the auditors of the Company.

RECOMMENDATION

Having considered the principal factors and reasons referred to above, our views are summarised below:

- (i) the disposal of the Target Companies is an opportunity for the Group to reallocate its resources by realising the appreciated value of the Properties and that the net proceeds from the disposal of the Target Companies will be applied towards the working capital of the Group and better capital allocation for future investment opportunities;
- (ii) along with the disposal of the Target Companies, the associated mortgage liabilities will also be removed, which will result in an increase in the Group's net assets by approximately HK\$3.1 million, thereby reducing the Group's overall liabilities and financial obligations;
- (iii) the consideration for the disposal of Properties was determined after arm's length negotiation between the Vendors and the Purchaser on normal commercial terms and was made with reference to the Valuation Report, which we consider as an appropriate reference for determining the valuation of the Properties upon our review;
- (iv) sufficient internal control measures had been taken by the Company, as the relevant Directors with potential conflict of interest and/or roles in the disposal of the Target Companies had all abstained from voting on the relevant Board resolution(s) approving Sale and Purchase Agreements and the Transactions;
- (v) the disposal of the Target Companies would not have a substantial adverse impact on the Group since each Property, being the only asset of each of the Target Company, do not represent a major proportion of its total assets; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

- (vi) the principal terms of the Sale and Purchase Agreements including but not limited to the terms of payment, conditions precedent and completion thereto, are reviewed and are in line with the market practice.

Having taken into consideration the factors and reasons as stated above, we are of the opinion that, (i) the Sale and Purchase Agreements and the Transactions are entered into in ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; and (ii) the terms and conditions of the Sale and Purchase Agreements and the Transactions are on normal commercial terms and are fair and reasonable so far as the Company and Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution(s) approving the Sale and Purchase Agreements and the Transactions at the SGM. We also recommend the Independent Shareholders to vote in favour of the resolution(s) relating to the Sale and Purchase Agreements and the Transactions at the SGM.

Yours faithfully,
For and on behalf of
Pelican Financial Limited
Charles Li*
Managing Director

* *Charles Li is a responsible person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for Pelican Financial Limited and has over 30 years of experience in the accounting and financial services industry.*

The following is the text of a letter, summary of valuation 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 Properties as at 31 August 2023.



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
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29 September 2023

The Board of Directors
Wang On Properties Limited
Suite 3201 32/F
Skyline Tower
No. 39 Wang Kwong Road
Kowloon Bay Kowloon

Dear Sirs,

Re: Valuation of Two Properties situated in Hong Kong

In accordance with the instructions from **Wang On Properties Limited** (the “**Company**”) to value certain property development sites (the “**Properties**”) held by the Company or its subsidiaries (altogether referred to as the “**Group**”), we confirm that we have carried out inspection of the Properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the Properties as at 31 August 2023 (the “**Valuation Date**”).

BASIS OF VALUATION

Our valuation of the Properties represents their market values which we would define as intended to mean “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 wherein the parties had each acted knowledgeably, prudently, and without compulsion”.

TITLESHIP

We have caused searches to be made at the appropriate Land Registry for the Properties. However, we have not verified ownerships of the Properties or to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

VALUATION METHODOLOGY

In valuing the Properties we have adopted the Market Approach assuming sale of each of the Properties in its existing state by making reference to comparable sales transactions of similar properties as identified on the market. Comparable properties of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

As the Properties were subject to existing tenancies as at the Valuation Date, we have also valued them by the Rental Capitalization Method by which the market value of a property represents the summation of the term interest value and the reversionary interest value. Term interest is arrived at by capitalizing the contractual rental incomes of the property over the remaining lease term of the existing tenancy whilst reversionary interest is the market value of the property on vacant possession basis (as determined by the Market Approach mentioned above) discounted to present value with discounting tenure matching with the remaining lease term of the existing tenancy.

ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the Properties 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 Properties.

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 Properties nor for any expenses or taxation which may be incurred in holding them. It is assumed that the Properties are free from encumbrances, restrictions, outgoings of an onerous nature and any third party rights, which could affect their values.

We have relied to a very considerable extent on the information given by the Company 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 Properties but have assumed that the site areas and the floor 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 Properties were last inspected on between 7 September 2023 by the undersigned. She has inspected the exterior and, where possible, the interior of the buildings and structures of the Properties. 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, she has ascertained the following matters of the Properties as at the date of site inspection:

- the general environment and development conditions of the area in which the Properties are situated;
- the existing uses of the Properties;
- the occupancy of the Properties;
- the facilities provided by the Properties; and
- the existence of any closure order and resumption order affixed to the Properties.

The market value estimate contained within this report specifically excludes the impact of environmental contamination resulting from earthquakes 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 Company. We have also sought confirmation from the Company 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 Properties, we have complied with all the requirements contained in Chapter 5 to 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.

All market values of the Properties are denominated in Hong Kong Dollars.

Our summary of valuation and valuation certificate are attached herewith.

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.

SUMMARY OF VALUATION

Property	Market value in existing state as at 31 August 2023 HK\$
Property interests held by the Group for investment	
1. Shop No. N77 on Ground Floor Nos. 1-11, 15-17 Mount Sterling Mall Nos. 10-16 Lai Wan Road Mei Foo Sun Chuen Kowloon Hong Kong	43,800,000
2. Shop F on Ground Floor Kam Bo Building No. 2 Tung Lok Street Yuen Long New Territories Hong Kong	35,000,000
Grand Total:	78,800,000

VALUATION CERTIFICATE

Property interests held by the Group for investment

Property No. 1	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 August 2023 HK\$
<p>Shop No. N77 on Ground Floor Nos. 1-11, 15-17 Mount Sterling Mall Nos. 10-16 Lai Wan Road Mei Foo Sun Chuen Kowloon Hong Kong</p> <p>1/860 shares of and in the New Kowloon Inland Lot No. 5086</p>	<p>The property comprises a shop unit on the ground floor within a 3-level commercial podium surmounted by 6 blocks of 17-storey residential buildings. The development was completed in 1976.</p> <p>The property is falling within one of the early developed private housing estate namely Mei Foo Sun Chuen which is featured with various medium rise residential buildings and retail facilities in the form of commercial/carparking podium underneath the residential buildings. Ample sport and leisure communal facilities including the Lai Chi Kok Park (Stage 1 to Stage 3), the Lai Chi Kok Park Sport Centre, the Lai Chi Kok Park Swimming Pool and the Mei Foo Government Complex are lying adjacent to the housing estate. The area is well served by public transports. The Mei Foo Bus Terminus and the MTR (Mei Foo) Station of the Tsuen Wan Line and the Tuen Ma Line are found within the housing estate.</p> <p>The saleable area of the property is 909 square feet. It commands a shop frontage of approximately 18 feet opening onto internal corridor.</p> <p>The property is held under Conditions of Exchange UB9081 for a term of 99 years commencing on 1 July 1898 with the lease term statutorily extended to 30 June 2047.</p> <p>The prevailing quarter Government rent of the property is HK\$7,470.</p>	<p>The property is currently subject to 2 existing tenancies. Portion A of the property with a saleable area of 778 square feet is leased for a term of 3 years from 3 June 2021 to 2 June 2024 at a monthly rent of HK\$115,000. Portion B of the property with a saleable area of 131 square feet is leased for a term of 3 years from 16 July 2023 to 15 July 2026 at a monthly rent of HK\$30,000.</p> <p>All monthly rental amounts mentioned are exclusive of management fee, rates and Government rent.</p>	<p>43,800,000</p>

Notes:

1. The registered owner of the property is Success Vision Limited registered via memorial no. 21060301320035 dated 11 May 2021.
2. The property is subject to a Mortgage in favour of Hang Seng Bank Limited registered via memorial no. 21081902530179 dated 2 August 2021.
3. Notice No. "UMB/50D151/1601-506/0001" registered via memorial no. 21032501770094 dated 31 August 2017 was issued by the Building Authority under Section 30B(3) of the Buildings Ordinance relating to the common part(s) of the subject development.
4. Notice No. "UMB/50D151/1601-506/0001" registered via memorial no. 21032501770109 dated 31 August 2017 was issued by the Building Authority under Section 30C(3) of the Buildings Ordinance relating to the common part(s) of the subject development.
5. The property falls within an area zoned "Residential (Group A)" under the Approved Lai Chi Kok Outline Zoning Plan No. S/K16/16.

VALUATION CERTIFICATE

Property interests held by the Group for investment

Property No. 2	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 August 2023 HK\$
Shop F on Ground Floor Kam Bo Building No. 2 Tung Lok Street Yuen Long New Territories Hong Kong	The property comprises a shop unit on the ground floor of a 6-storey residential buildings with its ground floor and 1st floor designated for commercial use and office use respectively. The subject building was completed in 1973.	The property is currently subject to an existing tenancy for a term of 3 years from 1 May 2022 to 30 April 2025 at a monthly rent of HK\$100,000 exclusive of management fee, rates and Government rent. The tenant has an option to renew the tenancy for a term of 3 years.	35,000,000
1/41 shares of and in the Remaining Portion of Lot No. 3825 in Demarcation District No. 120	<p>The property is falling within an early developed residential area which is concerned with various medium rise tenement blocks or residential buildings intermingling with some high-rise residential buildings or pure commercial developments of various ages. The lowest floor levels of most of the development are devoted for commercial uses. Communal facilities including the Yuen Long Government Offices, basketball courts, children playgrounds, tennis courts, football field and health centre are provided within the subject locality. The area is well served by public transports. The MTR (Yuen Long) Station of the Tuen Ma Line is about 1.6 kilometres at the east of the subject building. Bus terminus and public light bus terminus are within walking distance of the subject building.</p> <p>The saleable area of the property is 470 square feet. It commands a shop frontage of approximately 10.5 feet opening onto Sau Fu Street.</p> <p>The property is held under New Grant No. YL1069 for a term of 99 years commencing on 1 July 1898 with the lease term statutorily extended to 30 June 2047.</p> <p>The prevailing quarter Government rent of the property is HK\$3,915.</p>		

Notes:

1. The registered owner of the property is Nice Treasure Limited registered via memorial no. 22031101810470 dated 1 March 2022.
2. The property is subject to a Mortgage and a Rental Assignment both in favour of United Overseas Bank Limited respectively registered via memorial no. 22051302420151 dated 3 May 2022 and memorial no. 22051302420168 dated 3 May 2022.
3. Fire Safety Compliance Order registered via memorial nos. 23061500440115, 23061500440128, 23061500440218 and 23061500440221 all dated 10 March 2023 is issued by the Magistrate under Section 6(1) of Fire Safety (Building) Ordinance (Chapter 572) in relation to common areas of the subject building.
4. The property falls within an area zoned "Residential (Group A)" under the Draft Yuen Long Outline Zoning Plan No. S/YL/26.

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 Group. 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 and chief executives of the Company and/or any of their respective associates had any interests or short positions 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), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code under the Listing Rules.

(b) Persons who have interests or short positions in the Shares or underlying Shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO

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 Shareholders	Capacity	Number of Shares	Percentage of the Company's total issued share capital (Note a) %
Mr. Tang (Note b)	Other interest	11,400,000,000	75.00
Ms. Yau Yuk Yin (Note b)	Other interest	11,400,000,000	75.00
WOG (Note c)	Interest of controlled corporation	11,400,000,000	75.00

Notes:

- (a) The percentages were disclosed pursuant to the relevant disclosure forms filed under the SFO as at the Latest Practicable Date.
- (b) Under the SFO, Mr. Tang was deemed to be interested in approximately 50.67% 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, was also deemed to be interested in approximately 50.67% of the total issued share capital of WOG through (i) her personal interest; (ii) Mr. Tang's interest in WOG; and (iii) being a beneficiary of the Tang's Family Trust. Therefore, each of Mr. Tang 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.
- (c) 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. Earnest Spot directly held 11,400,000,000 Shares. Under the SFO, each of WOE and WOG was deemed to be interested in all the aforesaid Shares held by Earnest Spot for the sole purpose of Part XV of the SFO.

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 2023, being the date on which the latest published audited financial statements of the Company 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. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no material adverse change in the financial or trading position of the Group since 31 March 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. EXPERT AND CONSENT

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

Name	Qualification
Pelican Financial Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Asset Appraisal Limited	an independent professional valuer

As at the Latest Practicable Date, each of the experts 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 2023 (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 or opinion or report and the reference to its name included herein in the form and context in which it appears.

8. 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 Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The English texts of this circular and the accompanying form of proxy shall prevail over their Chinese texts in case of inconsistencies.

9. DOCUMENTS ON DISPLAY

Copies of the Sale and Purchase Agreements are available on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.woproperties.com from the date of this circular up to and including 19 October 2023 (the date of the SGM).

NOTICE OF THE SGM



WANG ON PROPERTIES LIMITED

宏安地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1243)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of Wang On Properties Limited (the “**Company**”) will be held at 19th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong on Thursday, 19 October 2023 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

(1) “**THAT:**

- (a) the Sale and Purchase Agreement I (as defined in the circular of the Company dated 29 September 2023 of which this notice forms part (the “**Circular**”)) (a copy of which has been produced in this meeting and marked “**A**” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified; and
- (b) the entering into of the Sale and Purchase Agreement I (as defined in the Circular) be approved, confirmed and ratified and any one director of the Company (the “**Director**”) be and is hereby authorised to do all such acts and things as the Director in his/her sole and absolute discretion deems necessary, desirable or expedient to implement, give effect to and/or complete the Sale and Purchase Agreement I (as defined in the Circular) and the transactions contemplated thereunder.”

(2) “**THAT:**

- (a) the Sale and Purchase Agreement II (as defined in the Circular) (a copy of which has been produced in this meeting and marked “**B**” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified; and

NOTICE OF THE SGM

- (b) the entering into of the Sale and Purchase Agreement II (as defined in the Circular) be approved, confirmed and ratified and any one Director be and is hereby authorised to do all such acts and things as the Director in his/her sole and absolute discretion deems necessary, desirable or expedient to implement, give effect to and/or complete the Sale and Purchase Agreement II (as defined in the Circular) and the transactions contemplated thereunder.”

By Order of the Board
WANG ON PROPERTIES LIMITED
宏安地產有限公司
Wong Chin Han
Company Secretary

Hong Kong, 29 September 2023

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

Notes:

1. A form of proxy for use at the SGM is enclosed.
2. The register of members of the Company will be closed from Monday, 16 October 2023 to Thursday, 19 October 2023 (both days inclusive) during which period no transfer of share(s) will be effected. In order to determine the eligibility to attend and vote at the SGM or any adjourned meeting thereof (as the case may be), all transfer of share(s), accompanied by the relevant share certificate(s) with the properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m., on Friday, 13 October 2023.
3. A member entitled to attend and vote at the SGM convened by the above notice is entitled to appoint one proxy or, if such member is a holder of more than one share of the Company, more than one proxy to attend and to vote in his stead. A proxy need not be a member of the Company.
4. In order to be valid, a form of proxy, together with any power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as practicable and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be).
5. Completion and delivery of the form of proxy will not preclude members from attending and voting at the SGM or any adjournment thereof (as the case may be) should they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

NOTICE OF THE SGM

6. Where there are joint holders of any shares of the Company, any one of such holders may vote at the SGM either personally or by proxy in respect of such shares as if he/she was solely entitled thereto provided that if more than one of such joint holders be present at the SGM whether personally or by proxy, the person whose name stands first on the register of members of the Company in respect of such shares shall be accepted to the exclusion of the votes of the other joint holder.

7. The above resolutions will be voted by way of a poll at the SGM.

** For identification purpose only*