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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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## **MAJOR AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF PROPERTIES AND NOTICE OF SPECIAL GENERAL MEETING**

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

**Beijing Securities**  
Beijing Securities Limited  
北京證券有限公司

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A letter from the Board is set out on pages 4 to 12 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 13 to 14 of this circular. A letter from Beijing Securities, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice in respect of the Agreement is set out on pages 15 to 34 of this circular.

A notice convening the SGM to be held at 20th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong on Friday, 20 April 2018 at 12:00 noon is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). 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 case, the form of proxy shall be deemed to be revoked.

29 March 2018

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## DEFINITIONS

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

“Agreement”	a sale and purchase agreement dated 7 February 2018 entered into between East Run as vendor, the Company as guarantor and Guidepost Investments as purchaser in respect of, among other things, the Disposal
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Wang On Properties Limited 宏安地產有限公司, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1243)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration for the Disposal, being HK\$350,000,000
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the sale by East Run of all the shares in, and shareholder’s loans owed by, the Target Companies pursuant to the Agreement
“East Run”	East Run Investments Limited, a company incorporated in the BVI and an indirectly wholly-owned subsidiary of the Company, and the vendor under the Agreement
“Group”	the Company and its subsidiaries
“Guidepost Investments”	Guidepost Investments Limited, a company incorporated in the BVI and an indirectly wholly-owned subsidiary of WYT, and the purchaser under the Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all of the independent non-executive Directors formed for the purpose of advising the Independent Shareholder(s) on the Agreement and the transactions contemplated thereunder

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## DEFINITIONS

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“Independent Financial Adviser” or “Beijing Securities”	Beijing Securities Limited, a corporation licensed under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Agreement and the transactions contemplated thereunder, and as to voting at the SGM
“Independent Shareholders”	Shareholders other than (i) WOG and its associates; and (ii) those other Shareholders who are required to abstain from voting on the resolution(s) to be proposed at the SGM
“Joint Announcement”	the joint announcement dated 7 February 2018 published by the Company and WYT in relation to, among other things, the Agreement and the transactions contemplated thereunder
“Latest Practicable Date”	27 March 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for the inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Oriental Sino”	Oriental Sino Investments Limited, a company incorporated in Hong Kong and a directly wholly-owned subsidiary of East Run
“PRC”	the People’s Republic of China, which for the purpose of this circular, does not include Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Precious Investments”	Precious Investments Limited, a company incorporated in Hong Kong and a directly wholly-owned subsidiary of East Run
“Properties”	the respective commercial properties held by the Target Companies
“SFO”	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 at 12:00 noon on Friday, 20 April 2018 at 20th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong to consider and approve, among other things, the Agreement and the transactions contemplated thereunder
“Shareholder(s)”	the holder(s) of the ordinary share(s) of HK\$0.001 each in the issued share capital of the Company

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## DEFINITIONS

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“Shiny World”	Shiny World Investment Limited, a company incorporated in Hong Kong and a directly wholly-owned subsidiary of East Run
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Target Companies”	collectively, Oriental Sino, Precious Investments, Shiny World and Wang To
“Wang To”	Wang To Investments Limited, a company incorporated in Hong Kong and a directly wholly-owned subsidiary of East Run
“WOG”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)
“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 and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897)
“%”	per cent.

\* For identification purpose only



**WANG ON PROPERTIES LIMITED**

**宏安地產有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1243)**

*Executive Directors:*

Mr. Wong Yiu Hung Gary, *Chief Executive Officer*  
Mr. Tang Ho Hong

*Non-executive Director:*

Mr. Chan Chun Hong, *Chairman*

*Independent non-executive Directors:*

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

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place  
of business:*

Suite 3201, 32/F., Skyline Tower  
39 Wang Kwong Road  
Kowloon Bay, Kowloon  
Hong Kong

29 March 2018

*To Shareholders*

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION IN RELATION TO  
DISPOSAL OF PROPERTIES**

**INTRODUCTION**

On 7 February 2018, the Company and WYT published the Joint Announcement in relation to, among other things, the Agreement and the transactions contemplated thereunder.

The purpose of this circular is to provide you with, amongst other things, (i) further details of the Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respects of the Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Agreement and the transactions contemplated thereunder; and (iv) a notice convening the SGM at which the relevant resolution(s) will be proposed to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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### THE AGREEMENT

On 7 February 2018 (after trading hours), Guidepost Investments, an indirectly wholly-owned subsidiary of WYT, entered into the Agreement with the Company and East Run, an indirectly wholly-owned subsidiary of the Company, in respect of the sale by East Run and the purchase by Guidepost Investments of the entire issued share capital in, and all shareholder's loans owed by, each of the Target Companies. The sole assets of the Target Companies are the Properties. A summary of the terms of the Agreement is set out as follows:

- Date : 7 February 2018
- Parties : East Run, as the vendor  
the Company, as the guarantor  
Guidepost Investments, as the purchaser
- Subject Matter : Guidepost Investments agreed to acquire, and East Run agreed to dispose of, all the entire issued share capital in, and all shareholder's loans owed by, each of the Target Companies.

The Target Companies are the respective registered owner of the Properties, which are commercial properties subject to mortgage:

Registered owner	Address	Saleable floor area (square feet)	Original acquisition costs to the Group (HK\$ million)
Shiny World	Shop B on Ground Floor, Nos. 106–108 Shau Kei Wan Road, Hong Kong	791	13.0
Wang To	Shop 3 on Level 1, Jade Plaza, No. 3 On Chee Road, Tai Po, New Territories	712	19.7
Oriental Sino	Shop AB on Ground Floor, Po Wing Building, Nos. 61, 63, 65, 67, 71 & 73 Lee Garden Road, Nos. 108, 110, 112, 116, 118 & 120 Percival Street, Hong Kong	1,204	210.0
Precious Investments	Ground and Mezzanine Floor, No. 166 Sai Yeung Choi Street South, Kowloon	1,318	83.3

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## LETTER FROM THE BOARD

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The Properties are currently subject to existing tenancies with a subsidiary of WYT (in respect of the Property owned by Oriental Sino) and independent third parties (in respect of the Properties owned by Shiny World, Wang To and Precious Investments).

Consideration : The Consideration in respect of the Disposal is HK\$350,000,000, which is payable in cash subject to adjustments by reference to the net current asset value of the Target Companies at completion (being the Target Companies' total assets (excluding the Properties and any deferred tax) minus their total liabilities (excluding deferred tax, shareholder's loans and existing bank loans) as at the completion date).

As some of the income and outgoings by the Target Companies are accrued monthly, the aforesaid adjustments may involve apportionment of those income and expenses as between the vendor and the purchaser taking into account when the completion date actually falls in the relevant monthly period. For illustrative purpose only and based on information currently available to the Company, assuming completion of the Agreement takes place on 30 September 2017, there will be a downward adjustment to the Consideration in the amount of approximately HK\$0.7 million.

Guidepost Investments has paid a deposit of HK\$35,000,000, being 10% of the Consideration, to East Run upon signing of the Agreement and the balance of the Consideration (subject to adjustments) is payable on completion.

The Consideration was determined after arm's length negotiation between the vendor and the purchaser under the Agreement on normal commercial terms after taking into account a number of factors including (i) the portfolio of Properties held by the Target Companies, and (ii) the indicative preliminary valuation prepared by independent professional valuers in respect of the Properties.

Conditions : Completion of the transactions under the Agreement is  
Precedent conditional upon the satisfaction of the following conditions:

- (i) Guidepost Investments having completed its due diligence findings against the Properties and the business, financial, tax, legal and other aspects of each of the Target Companies and being reasonably satisfied in all respects with then results thereof;



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## LETTER FROM THE BOARD

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- (ii) the independent shareholders of WYT having approved the Agreement and the transactions contemplated thereunder at the special general meeting of WYT to be convened for this purpose; and
- (iii) the Independent Shareholders having approved the Agreement and the transactions contemplated thereunder at the SGM.

Conditions (ii) and (iii) above are incapable of being waived. As at the Latest Practicable Date, none of the above conditions has been fulfilled.

- Completion : Subject to the fulfilment (or waiver, as the case may be) of the conditions stated above, completion of the transaction under the Agreement is expected to take place on or before 29 March 2018 (or such other date as East Run and Guidepost Investments may agree in writing), upon which the Target Companies will cease to be subsidiaries of the Company and will become subsidiaries of WYT.
- Guarantee : the Company has agreed to provide a guarantee and indemnity in favour of Guidepost Investments in respect of East Run's obligations under the Agreement and other related documents underlying the Disposal.

### REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The principal businesses of the Group primarily comprise (i) development of residential and commercial properties for sale; and (ii) investment in industrial and commercial premises for rent or for sale.

For the six months ended 30 September 2017, the Group has recorded an unaudited segment profit before tax of approximately HK\$896.2 million for its property development segment, which is nearly 16 times the segment profit before tax of approximately HK\$56.2 million for its property investment segment for the same period. As the Group's property development business has proved to be more profitable than its property investment business, the Directors intend to focus the deployment of the Group's resources to its property development segment which is capital intensive in nature. As at the Latest Practicable Date, the Group has a total of six active property development projects with a development land portfolio with an approximate site area of 261,400 square feet and expected projects completion ranging from 2018 to 2020. The Group will therefore require manpower and resources from management to operate the property development business which has proven to be more profitable. Further, the Group has proactively submitted several potential tenders and is also actively evaluating other project development projects in Hong Kong. These potential property development projects include new residential developments and other redevelopment projects and which would require significant capital

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## LETTER FROM THE BOARD

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commitment by the Group, as well as management time, if they materialise. Therefore, the Disposal will provide the Group with greater financial flexibility and increase the readily available cash on hand to take on new and sizeable property development projects and will allow the management to devote most of its time and attention in the more profitable property development business. After the Disposal, the Group will have seven investment properties remaining and upon which the Group will also consider disposing any of them if suitable purchaser(s) is/are identified.

The Disposal also allows the Group to reduce its gearing ratio (by approximately 6% as a result of expected decrease in the Group's total bank borrowings) and further optimising the Group's capital structure by increasing its cash position.

In addition, since WYT is already a willing purchaser of the Properties, the Group will not therefore be required to engage a property agent to seek and identify another potential purchaser who may be willing to purchase all the four Properties in one instance. This will save the Group's agency fees in the region of approximately HK\$7.0 million if the Disposal were to be conducted through a property agent.

Although the Consideration is at a discount of approximately 12.4% to the valuation of the Properties (as set out in Appendix II to this circular), in light of the aforesaid benefits and cost-savings to the Group, as well as (i) the volatility of the retail property market, (ii) the downward trend in the prices and rents of prime retail shops, (iii) the uncertainty in the sustainability of the current price level for retail properties, (iv) expected rental reversion to the Properties of not less than 10% given the revisions to rental rates by the Group during renewal of leases in respect of the Properties and the expected continuing downward and unfavorable trend in both the price and rental of retail properties which in turn is expected to adversely impact the value of the Properties, such that commercially achievable sale price in respect of the Properties may be lower than the Consideration if the Properties are disposed of at a later date, and (v) that the proceeds by disposing the four Properties will provide capital for the Group's property development business which has been profitable and therefore is expected to provide enhancement in the Shareholders' value, the Directors consider it to be in the Group's commercial interests to realise all the four Properties simultaneously through the Disposal and thereby diverting its resources in the more profitable property development segment.

After deducting from the Consideration the expected principal amount of outstanding mortgage loans of approximately HK\$156.3 million in respect of the Properties immediately before completion and transaction costs of approximately HK\$1.6 million including the estimated stamp duty and professional fees, the net proceeds to the Group from the Disposal is estimated to be approximately HK\$192.1 million which the Group intends to apply towards working capital and property development purposes.

Taking into account the foregoing, the Directors (including the members of the Independent Board Committee who have taken into account the advice of the Independent Financial Adviser) are of the view that the Agreement is on normal commercial terms and are fair and reasonable, and that the Disposal is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE PARTIES TO THE AGREEMENT AND THE TARGET COMPANIES

Each of Guidepost Investments and East Run is principally engaged in investment holding and the Target Companies are principally engaged in the holding of the respective Properties.

The principal businesses of the WYT Group primarily comprise (i) the manufacturing, processing and retailing of traditional Chinese medicine which includes Chinese medicinal products sold under the brand name of “Wai Yuen Tong” and a range of products manufactured by selected medicinal materials with traditional prescription, mainly in the PRC and Hong Kong; and (ii) the processing and retailing of western pharmaceutical, health food and personal care products under the brand name of “Madame Pearl’s”.

The below table sets out the unaudited aggregate net profits/(loss) before and after taxation attributable to the Target Companies for the years ended 31 March 2016 and 31 March 2017 based on their respective audited financial statements:

	<b>For the year ended 31 March</b>	
	<b>2016</b>	<b>2017</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Net profit/(loss) before taxation	(4,080.3)	9,948.3
Net profit/(loss) after taxation	(4,942.1)	8,925.7

According to the unaudited financial statements of the Target Companies, the unaudited aggregate net asset value of the Target Companies as at 30 September 2017 is HK\$72.2 million.

### EFFECTS OF THE DISPOSAL ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

Upon completion of the Disposal, the Target Companies will cease to be subsidiaries of the Company and their profits and losses, and assets and liabilities, will no longer be consolidated into the Group’s consolidated financial statements.

Taking into account the Consideration, the aggregate net asset value of the Target Companies of approximately HK\$72.2 million as at 30 September 2017, the principal amount of the outstanding mortgage loans as at 30 September 2017 of approximately HK\$160.4 million, shareholder’s loans of approximately HK\$188.8 million owed by the Target Companies as at 30 September 2017, the expected downward adjustment to the Consideration of approximately HK\$0.7 million as referred to above, and the related transaction costs of approximately HK\$1.6 million, the Company expects to record a loss on disposal of approximately HK\$73.7 million, subject to the actual amount of the aforesaid items as at the date of completion, the valuation of the Properties as at the date of completion and further review by the Company’s auditor.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, WOG is the indirect controlling shareholder (and hence a connected person) of both the Company and WYT holding, respectively, 75.0% and approximately 56.5% of all the issued shares in the Company and WYT. Accordingly, each of East Run and Guidepost Investments is an associate of WYT and the Company respectively for the purposes of the Listing Rules, and the transactions contemplated under the Agreement constitute a connected transaction for the Company. As the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Disposal exceed 25% and are below 100% for the Company, the Agreement and the transactions contemplated thereunder constitute a connected transaction and a major transaction for the Company and are therefore subject to the reporting, announcement and the independent shareholders' approval requirements under Chapters 14A and 14 of the Listing Rules.

WOG and its associates will abstain from voting on the resolution(s) approving the Agreement and the transactions contemplated thereunder at the SGM as required under the Listing Rules. Any other Shareholders who have a material interest in the Agreement and the transactions contemplated thereunder are required to abstain from voting on the relevant resolution(s) approving the same to be proposed at the SGM. In light of Mr. Chan Chun Hong's overlapping directorship in both the Company and WYT, he has abstained from voting on the relevant Board resolution(s) approving the Agreement. In addition, Mr. Tang Ho Hong has also voluntarily abstained from voting on the relevant Board resolution(s) approving the Agreement in view of his material interests therein.

The Company has established the Independent Board Committee to advise the Independent Shareholders as to, among other things, whether the Agreement and the transactions contemplated thereunder are: (a) fair and reasonable so far as the Independent Shareholders are concerned; (b) on normal commercial terms and in the ordinary and usual course of business of the Group; and (c) in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. The Company has appointed Beijing Securities as the Independent Financial Adviser (whose appointment has been approved by the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders in these regards. Please refer to pages 13 to 14 and pages 15 to 34 for the respective letters from the Independent Board Committee and the Independent Financial Adviser.

### THE SGM

The notice convening the SGM is set out on pages SGM-1 to SGM-3 of this circular. The SGM will be convened at 20th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong at 12:00 noon on Friday, 20 April 2018 for the Independent Shareholders to consider and, if thought fit, to approve the Agreement and the transactions contemplated thereunder. The record date for the determination of the entitlement to attend and vote at the SGM will be the close of business on Friday, 13 April 2018. In order to qualify for attending the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer

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## LETTER FROM THE BOARD

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office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than Friday, 13 April 2018 at 4:30 p.m., Hong Kong time.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend and vote at the SGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, namely Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment (as the case may be). Completion and return of a 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 case, the form of proxy shall be deemed to be revoked.

### RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 13 to 14 of this circular which contains its recommendation to the Independent Shareholders as to voting at the SGM in relation to the Agreement and the transactions contemplated thereunder.

Your attention is also drawn to the letter from Beijing Securities which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder, as well as the principal factors and reasons considered by it in arriving thereat. The text of the letter from Beijing Securities is set out on pages 15 to 34 of this circular.

The Directors (including the independent non-executive Directors who have considered the advice of the Independent Financial Adviser) consider that the Agreement and the transactions contemplated thereunder are on normal commercial terms and in the Group's ordinary and usual course of business, and that they are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors who have considered the advice of the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder. You are advised to read the letter from the Independent Board Committee and the letter from the Independent Financial Adviser mentioned above before deciding how to vote on the resolution(s) to be proposed at the SGM.

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**LETTER FROM THE BOARD**

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**ADDITIONAL INFORMATION**

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

By Order of the Board  
**Wang On Properties Limited**  
宏安地產有限公司  
**Chan Chun Hong**  
*Chairman*



**WANG ON PROPERTIES LIMITED**

**宏安地產有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1243)**

29 March 2018

*To the Independent Shareholders,*

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION IN RELATION TO  
DISPOSAL OF PROPERTIES**

We refer to the letter from the Board set out in the circular dated 29 March 2018 of the Company (the “**Circular**”) of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to advise the Independent Shareholders as to whether the Agreement and the transactions contemplated thereunder are: (a) fair and reasonable so far as the Independent Shareholders are concerned; (b) on normal commercial terms and in the ordinary and usual course of business of the Group; and (c) in the interests of the Company and the Independent Shareholders as a whole, and to recommend whether or not the Independent Shareholders should vote for the resolution(s) to be proposed at the SGM to approve the proposed the Agreement and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out in the Circular which contains its advice in relation to the Agreement and the transactions contemplated thereunder. We also draw your attention to the letter from the Board set out in the Circular.

Having taken into account the principal factors and reasons considered by, and the opinion of, the Independent Financial Adviser as stated in its letter of advice, we consider that the Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, on normal commercial terms and in the ordinary and usual course of business of the Group, and are in the interests of the

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Company and the Independent Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM approving the Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of the  
**Independent Board Committee**

**Mr. Li Wing Sum Steven**                      **Mr. Sung Tze Wah**                      **Sr Dr. Leung Tony Ka Tung**  
*Independent Non-executive Directors*



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**BEIJING SECURITIES LIMITED**

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14th Floor, Shanghai Industrial Investment Building,  
48 Hennessy Road, Wanchai, Hong Kong

29 March 2018

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

Dear Sirs,

**MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO DISPOSAL OF PROPERTIES**

**INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposal. Details of the Disposal are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 29 March 2018 (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.

On 7 February 2018, Guidepost Investments, an indirectly wholly-owned subsidiary of WYT, entered into the Agreement with the Company and East Run, an indirectly wholly-owned subsidiary of the Company, in respect of the sale by East Run and the purchase by Guidepost Investments of the entire issued share capital in, and all shareholder’s loans owed by, each of the Target Companies. The sole assets of the Target Companies are the Properties. The Consideration for the Disposal is HK\$350.0 million, subject to adjustments by reference to the net current asset value of the Target Companies at completion.

As at the Latest Practicable Date, WOG is the indirect controlling shareholder (and hence a connected person) of both the Company and WYT holding 75.0% and approximately 56.5% of all the issued shares in the Company and WYT respectively. Accordingly, each of East Run and Guidepost Investments is an associate of WYT and the Company respectively for the purposes of the Listing Rules, and the transactions contemplated under the Agreement constitute a connected transaction for the Company. As the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Disposal exceed 25% and are below 100% for the Company, the Agreement and the transactions contemplated thereunder constitute a connected transaction and a major

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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transaction for the Company and are therefore subject to the reporting, announcement and the independent shareholders' approval requirements under Chapters 14A and 14 of the Listing Rules.

The Board currently comprises two executive Directors, one non-executive Directors and three independent non-executive Directors. The Independent Board Committee, which is currently comprising of all the independent non-executive Directors, namely Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung, has been established to advise the Independent Shareholders regarding the on the Agreement and the transactions contemplated thereunder. We have been appointed by the Company 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.

Beijing Securities Limited is not connected with the directors, chief executive or substantial shareholders of the Company or any of their respective associates and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. In the last two years, there was no engagement between the Company and Beijing Securities Limited. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby Beijing Securities 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.

Our role is to provide you with our independent opinion and recommendation as to whether the terms of the Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business and on normal commercial terms and whether the Disposal is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole and how the Independent Shareholders should vote in respect of the Agreement and the transactions contemplated thereunder.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Directors, the Company and its management.

We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made. We have also 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.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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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, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in 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 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 Disposal, we have considered the following principal factors and reasons:

#### 1. Background and reasons for entering into the Agreement

##### 1.1 Background information of the Group

The principal businesses of the Group primarily comprise of (i) development of residential and commercial properties for sale; and (ii) investment in industrial and commercial premises for rent or for sale.

Set out below is a summary of the audited financial results of the Group for the year ended 31 March 2016 and 2017 respectively as extracted from the Company's annual report for the year ended 31 March 2017 (the "Annual Report") and the unaudited financial results of the Group for the six months ended 30 September 2016 and 2017 as extracted from the Company's interim report for the six months ended 30 September 2017 (the "Interim Report").

##### *Summary consolidated statement of profit or loss*

	For the six months ended		For the year ended	
	30 September		31 March	
	2017	2016	2017	2016
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Turnover	12,071	60,305	152,417	645,486
Profit and total comprehensive income attributable to owners of the Group for the period/year	903,850	11,425	38,816	410,000

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**LETTER FROM INDEPENDENT FINANCIAL ADVISER**

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*Summary consolidated statement of financial position*

	<b>As at 30 September 2017</b>	<b>As at 31 March 2017</b>	<b>2016</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	(Unaudited)	(Audited)	(Audited)
Total assets	11,376,494	8,028,055	4,075,669
Total liabilities	8,080,899	5,636,441	2,044,528
Net assets	3,295,595	2,391,614	2,031,141

For the year ended 31 March 2017, the Group's turnover decreased by approximately 76.4% from approximately HK\$645.5 million for the year ended 31 March 2016 to approximately HK\$152.4 million for the year ended 31 March 2017. The Group's profit and total comprehensive income attributable to owners of the Group also decreased by approximately 90.5% from approximately HK\$410.0 million for the year ended 31 March 2016 to approximately HK\$38.8 million for the year ended 31 March 2017. The decrease in both the turnover and profit and total comprehensive income attributable to owners of the Group was mainly attributable to two Hong Kong residential projects of the Group (i.e., The Met. Blossom project and The Met. Bliss project) which whilst having achieved pre-sale results with total contracted pre-sales amounting to approximately HK\$4 billion as set out in the Annual Report, but as relevant property development projects had not yet been delivered to the purchasers, their results were not consolidated into the Group's financial results and resulted in a decrease in revenue and profit as compared with the prior corresponding year. Further, the decrease of profit recorded by the Group for the year ended 31 March 2017 was also attributable to the decrease in other income recognised from the disposal of properties.

For the six months ended 30 September 2017, the Group's turnover decreased by approximately 80.0% from approximately HK\$60.3 million for the six months ended 30 September 2016 to approximately HK\$12.1 million for the six months ended 30 September 2017. The decrease in turnover was mainly due to the decrease in sale of properties and the two Hong Kong residential projects of the Group as mentioned in the preceding paragraph were still in the final stage of construction and which is expected to be completed and ready for occupation in 2018. The two residential projects have a total contracted pre-sales amounting to approximately HK\$4 billion as set out in the Interim Report. However, the Group recorded an increase of profit and total comprehensive income attributable to owners of the Group of over 7,811% from approximately HK\$11.4 million for the six months ended 30 September 2016 to approximately HK\$903.9 million for the six months ended 30 September 2017. The significant increase in profit and total comprehensive income attributable to owners of the Group was mainly attributable to a gain on the disposal of 50% shareholdings of a subsidiary holding a property development project, Nos. 13 and 15 Sze Shan Street, Yau Tong.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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As at 30 September 2017, the Group recorded total assets, total liabilities and net assets of approximately HK\$11,376.5 million, HK\$8,080.9 million and HK\$3,295.6 million respectively.

Looking forward, as set out in the Interim Report, the Group will continue to monitor the property market in Hong Kong and adjust the investment strategies to capture good development opportunities and aim to achieve solid returns to its shareholders.

### *1.2 Background information of the purchaser*

The purchaser, Guidepost Investments, is an investment holding company and is incorporated in the BVI and an indirectly wholly-owned subsidiary of WYT.

The principal businesses of WYT and its subsidiaries primarily comprise (i) the manufacturing, processing and retailing of traditional Chinese medicine which includes Chinese medicinal products sold under the brand name of “Wai Yuen Tong” and a range of products manufactured by selected medicinal materials with traditional prescription, mainly in the PRC and Hong Kong; and (ii) the processing and retailing of western pharmaceutical, health food and personal care products under the brand name of “Madame Pearl’s”.

### *1.3 Information of the Target Companies and the Properties*

The Target Companies include Shiny World, Wang To, Oriental Sino and Precious Investments which are all incorporated in Hong Kong and are directly wholly-owned subsidiaries of East Run, a company incorporated in the BVI and an indirectly wholly-owned subsidiary of the Company. The Target Companies are principally engaged in the holding of the respective Properties. Set out below is the unaudited aggregate net profits/(loss) before and after taxation attributable to the Target Companies for the two years ended 31 March 2017 based on their respective audited financial statements.

	<b>For the year ended</b>	
	<b>31 March</b>	
	<b>2017</b>	<b>2016</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Net profit/(loss) before taxation	(4,080.3)	9,948.3
Net profit/(loss) after taxation	(4,942.1)	8,925.7

According to the unaudited financial statements of the Target Companies, the unaudited aggregate net asset value of the Target Companies as at 30 September 2017 is HK\$72.2 million.

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**LETTER FROM INDEPENDENT FINANCIAL ADVISER**

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Set out below is the basic information of the Properties.

<b>Registered owner</b>	<b>Address</b>	<b>Saleable floor area (square feet)</b>	<b>Original acquisition costs (HK\$ million)</b>
Shiny World	Shop B on Ground Floor, Nos. 106–108 Shau Kei Wan Road, Hong Kong	791	13.0
Wang To	Shop 3 on Level 1, Jade Plaza, No. 3 On Chee Road, Tai Po, New Territories	712	19.7
Oriental Sino	Shop AB on Ground Floor, Po Wing Building, Nos. 61, 63, 65, 67, 71 & 73 Lee Garden Road, Nos. 108, 110, 112, 116, 118 & 120 Percival Street, Hong Kong	1,204	210.0
Precious Investments	Ground and Mezzanine Floor, No. 166 Sai Yeung Choi Street South, Kowloon	1,318	83.3

The Properties are currently subject to existing tenancies with a subsidiary of WYT (in respect of the Properties owned by Oriental Sino) and independent third parties (in respect of the Properties owned by Shiny World, Wang To and Precious Investments).

The Company acquired the Properties for an aggregate consideration of HK\$326 million and were held for long-term capital appreciation and rental revenues.

As appraised by the independent valuer, the aggregate market value of the Properties was HK\$399.7 million as at 31 January 2018. Details of the valuation of the Properties are set out in Appendix II to the Circular.

*1.4 Reasons for entering into the Agreement*

The Group's principal businesses primarily comprise (i) development of residential and commercial properties for sale; and (ii) investment in industrial and commercial premises for rent or for sale.

As set out above, the Group will continue to monitor the property market in Hong Kong and from time to time will evaluate and make appropriate adjustments to its real estate projects and investment portfolio with a view to create and enhance the Shareholders' value.

As set out in the Letter from the Board, the Group's property development business has proved to be more profitable than its property investment business and hence has been considered as the primary focus of the Group. Also, as set out above, we noted that the Group has a total contracted pre-sales amounting to approximately HK\$4 billion from two Hong Kong residential projects (i.e., The Met. Blossom project and The Met. Bliss project) and this amount is expected to be consolidated into the Group's financial results in the future after the relevant properties have been delivered to the purchasers upon the issue of the relevant occupation permits. We understand that when such result is consolidated into the Group's financial results, it is expected to contribute significantly to the earnings of the Group. As a reference, for the six months ended 30 September 2017, the Group has recorded an unaudited segment profit before tax of approximately HK\$896.2 million for its property development segment, which is approximately 16 times the segment profit before tax of approximately HK\$56.2 million for its property investment segment for the same period. Given that the Group has been having success in the property development business, the Group intends to put more focus in this business segment. However, as property development business is capital intensive in nature, it is in the interest of the Group to maintain sufficient financial resources on hand to take up property development projects when such opportunities arise. Whilst the existing cash and credit resources of the Group are sufficient for the Group to conduct its daily operations and to meet its present working capital requirements, the current financial resources may not be sufficient when the Group continues to expand its property development portfolio. As discussed with the Company, the Group currently has six active property development projects and one redevelopment project where the Group is expected to complete the relevant acquisition of the properties in the first half of 2018. Further, the Group has proactively submitted several potential tenders and is also actively evaluating other project development projects in Hong Kong. These potential property development projects include new residential developments and other redevelopment projects and which would require significant capital commitment by the Group, as well as management time, if they materialise. Therefore, the Disposal will provide the Group with greater financial flexibility and increase the readily available cash on hand to take on new and sizeable property development projects and will allow the management to devote most of its time and attention in the more profitable property development



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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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business. After the Disposal, the Group will have seven investment properties remaining and upon which the Group will also consider disposing any of them if suitable purchaser(s) is/are identified.

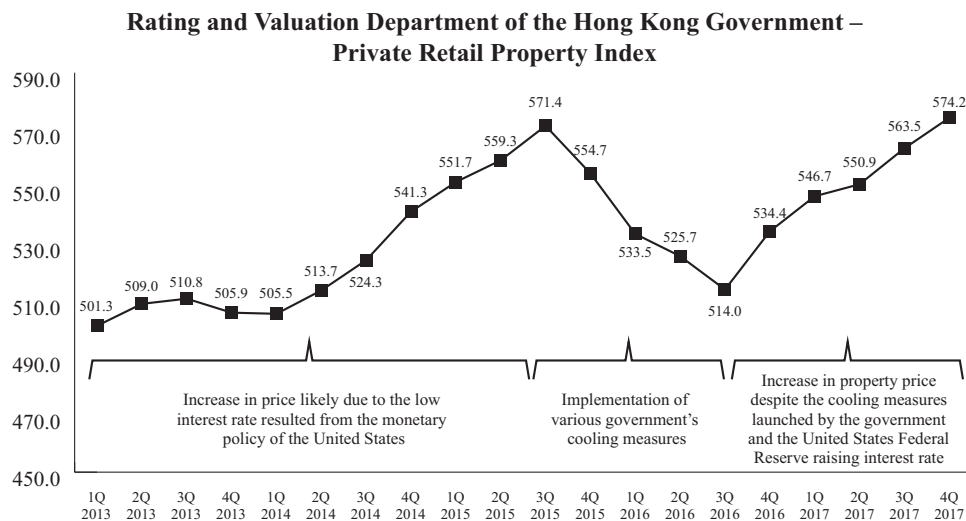
Further, we understand that WYT is already a willing purchaser of the Properties given that WYT is the tenant in respect of the Property owned by Oriental Sino. For the remaining three Properties, we understand that WYT is already leasing shops from other independent third parties in the vicinity of these three Properties and will be able to move in to these three Properties when their current leases expire. In around end of 2017 to early 2018, the Group and WYT were negotiating for the renewal of the lease for the Property owned by Oriental Sino. We understand that during the negotiation, WYT expressed interest to acquire the Property owned by Oriental Sino as well as the other three Properties owned by the Group which are in the vicinity of their existing retail shops with the view of owning them instead of leasing them from other third parties. Since the Group intends to focus its resources on the property development business and also having considered the volatility of the retail property market, the downward trend in the prices and rents of prime retail shops, the uncertainty in the sustainability of the current price level for retail properties and the proceeds by disposing the four Properties will provide capital for the Group's property development business which has been profitable and therefore is expected to provide enhancement in the Shareholders' value, the Group started negotiating with WYT on an arm's length basis and entered into the Agreement to dispose of the four Properties.

In entering into the Agreement, the Group will not be required to engage a property agent to seek and identify another potential purchaser. Further, by directly discussing the Disposal with the purchaser, the Group is expected to save agency fees in the region of approximately HK\$7.0 million if the Disposal were to be conducted through a property agent. Also, whilst the Group does not have any immediate funding need for its property development business, we concurred with the Group that it is beneficial to the Group to put more focus on its property development business over its property investment business where the size and profitability potential is comparatively higher as mentioned above. In addition, as discussed above, the Group intends to expand its project development portfolio. It has proactively submitted tenders and is also actively evaluating other various project development projects in Hong Kong which require significant capital commitment, as well as management time, if they materialise. Further, as at the Latest Practicable Date, the Group has six active property development projects carrying an approximate site area of 261,400 square feet under development and have project completion dates expected to be in 2018 to 2020. Therefore, we concurred with the Group that it will require manpower and resources from management to operate the property development business which is expected to be the primary earning segment of the Group. As such, the Board therefore intends to focus the deployment of the Group's resources to its property development business.



## LETTER FROM INDEPENDENT FINANCIAL ADVISER

As revealed in the statistics data in relation to the average prices of private domestic property and price indices for Hong Kong property market published by the Rating and Valuation Department of The Government of the Hong Kong Special Administration Region, we noted that the overall property prices soared in Hong Kong from year 2011 to 2015 which was likely driven by the low interest rate resulted from the monetary policy of the United States. The overall property prices dropped from the third quarter of year 2015 to first half of year 2016 which was mainly due to the implementation of various government's cooling measures to the property market. However, since the second half of year 2016, the property price in Hong Kong started to pick up again despite the cooling measures launched by the government of Hong Kong and have been rising continuously in year 2017. At the same time, the United States Federal Reserve raised interest rate three times in year 2017 and the reduction in quantitative easing measures taken by the Federal Reserve of the United States is expected to stimulate interest rate to rise further. As an illustration, below is a graph of the private retail property index in Hong Kong to illustrate the trend of the private retail property market in Hong Kong as published by the Rating and Valuation Department of the Hong Kong Government.



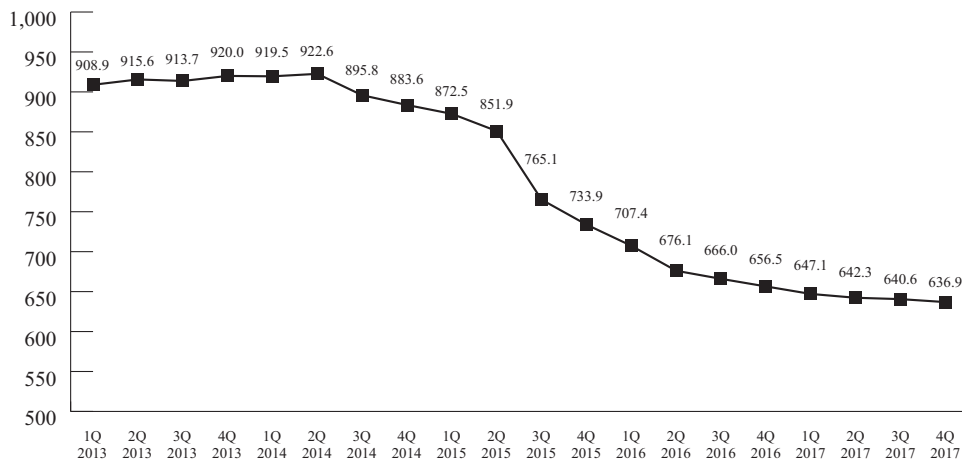
*Source: statistics released by the Rating and Valuation Department of the Hong Kong Government in February 2018.*

As set out in the graph above, the private retail property index was in general in an upward trend prior to the third quarter of 2015 and reached a high of approximately 571.4 in the third quarter of 2015. As discussed earlier, due to the implementation of various government's cooling measures to the property market, the index has dropped to 514.0 in the third quarter of 2016, representing a decrease of approximately 10% from the high of 571.4 in the third quarter of 2015. Since then, the index has increased again and during the tracking period, it reached a record high of 574.2 by the last quarter of 2017, representing an increase of approximately 11.7% from the previous low of 514.0 in the third quarter of 2016 despite of the continued cooling measures by the government of Hong Kong

as well as the United States Federal Reserve rising interest rate. The high low volatility of the private retail property index in the last two years therefore has been above 10%.

Further, we understand that the above current increase in the private property index was mainly driven by the increase in retail property prices in the New Territories such as in Sheung Shui, Yuen Long and Fanling. According to researches conducted by property advisers such as the Hong Kong branch of Knight Frank, a providers of property-related services in Hong Kong and China, they expressed in their research note titled “Hong Kong Monthly Review and Commentary on Hong Kong’s Property Market” published in February 2018 that Hong Kong’s retail sales value has not recovered to its previous high-performing levels and prime street shop rents in core retail districts shall continue to adjust downwards and such finding is also in line by the researches conducted by Savills (Hong Kong), a group member of a global real estate services provider. The following is a graph of the prime street shop price retail index in Hong Kong (shops from Causeway Bay, Mongkok, Tsim Sha Tsui and Central), from 2013 to 2017 by Savills (Hong Kong).

**Savills (Hong Kong) — Prime Street Shop Price Index**

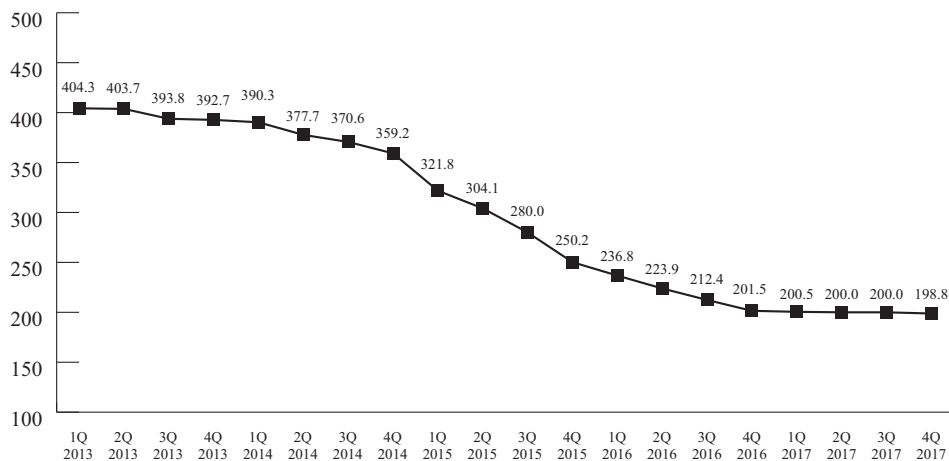


*Source: Savills (Hong Kong)*

As set out in the graph above, the prime street shop price index was in general in a downward trend since reaching a high of 922.6 in the second quarter of 2014. As at the fourth quarter of 2017, the index was 636.9, representing a decrease of approximately 31% from the high in the second quarter of 2014.

In addition, the rent of prime street shop has also been decreasing. The following is a graph of the prime street shop price rent index in Hong Kong from 2013 to 2017 by Savills (Hong Kong).

**Savills (Hong Kong) — Prime Street Shop Rent Index**



*Source: Savills (Hong Kong)*

As set out in the graph above, the prime street shop rent index was also in general in a downward trend. As at the first quarter of 2013, the index was 404.3 and by the fourth quarter of 2017, the index was 198.8, representing a decrease of approximately 51%. Further, the rent index has also continued to decrease in 2017 and since rental rate has a significant correlation to property prices, it is expected that property prices would be affected.

As such, there is uncertainty in whether the current price as well as rental level for retail properties, in particular prime street shops, are sustainable. Although it is impossible to predict the prospects of the property market in Hong Kong, however, having considered the uncertainty brought by the factors mentioned in the above and also as illustrated in the graph above, the entering into of the Agreement allows the Group to dispose the Properties at the current uncertain retail property market condition in Hong Kong in particular the downward trend of the prices and rents of prime street shops and to allow the Group to concentrate its resources in its property development business.

After deducting the transaction costs including the estimated stamp duty and professional fees and the outstanding mortgage loans in respect of the Properties from the Consideration, the net proceeds to the Company from the Disposal is estimated to be approximately HK\$192.1 million which the Group intends to apply towards the working capital of the Group and for its property development purposes.

Having considered the above and in particular that (i) the Group's intention to focus on the property development business where the Group has achieved favourable results; (ii) the entering into the Agreement allows the Group to dispose the Properties at the current uncertain property market condition in Hong Kong and in particular the downward trend of the prices and rents of prime street shops; and (iii) the proceeds from the Disposal will be applied towards the

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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Group's property development business which will be the main focus of the Group going forward, we are of the view that the entering into of the Agreement is in the ordinary and usual course of the business of the Group and the Disposal is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

### 2. The Agreement

- Date: 7 February 2018
- Parties: East Run, as the vendor  
the Company, as the guarantor  
Guidepost Investments, as the purchaser
- Subject Matter: Guidepost Investments agreed to acquire, and East Run agreed to dispose of, all the entire issued share capital in and all shareholder's loans owed by each of the Target Companies. Further information of the Properties is set out in the sub-section "Information of the Target Companies and the Properties" of this letter.
- Consideration: The Consideration in respect of the Disposal is HK\$350.0 million, which is payable in cash subject to adjustments by reference to the net current asset value of the Target Companies at Completion (being the aggregate amount of the assets of the Target Companies (excluding the Properties and any deferred tax) minus their aggregate liabilities (excluding deferred tax, shareholder's loans and existing bank loans) as at the completion date.
- Completion: Subject to the fulfilment (or waiver, as the case may be) of the conditions stated above, completion of the transaction under the Agreement is expected to take place on or before 29 March 2018 (or such other date as East Run and Guidepost Investments may agree in writing), upon which the Target Companies will cease to be subsidiaries of the Company and will become subsidiaries of WYT.
- Guarantee: The Company agreed to provide a guarantee and indemnity in favour of Guidepost Investments in respect of East Run's obligations under the Agreement and other related documents underlying the Disposal.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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Further details of the principal terms of the Agreement including the conditions precedent are also set out in the Letter from the Board.

### *Analysis on the fairness and reasonableness of the Consideration*

The Consideration was determined after arm's length negotiation between the vendor and the purchaser under the Agreement on normal commercial terms. The Consideration in respect of the Disposal is HK\$350.0 million, subject to adjustments by reference to the net current asset value of the Target Companies as at completion.

#### *(i) Valuation methodology and assumptions*

The Target Companies are the legal and beneficial owners of the Properties. As at 31 January 2018, an independent valuer, Asset Appraisal Limited, has valued the Properties with an aggregate amount of approximately HK\$399.7 million (the "Valuation"). The following is the valuation of each of the Properties.

<b>Registered owner</b>	<b>Address</b>	<b>Valuation (HK\$ million)</b>
Shiny World	Shop B on Ground Floor, Nos. 106–108 Shau Kei Wan Road, Hong Kong	52.2
Wang To	Shop 3 on Level 1, Jade Plaza, No. 3 On Chee Road, Tai Po, New Territories	39.9
Oriental Sino	Shop AB on Ground Floor, Po Wing Building, Nos. 61, 63, 65, 67, 71 & 73 Lee Garden Road, Nos. 108, 110, 112, 116, 118 & 120 Percival Street, Hong Kong	224.0
Precious Investments	Ground and Mezzanine Floor, No. 166 Sai Yeung Choi Street South, Kowloon	83.6
<b>Total:</b>		<b>399.7</b>

For our due diligence of the Valuation, we have discussed with the independent valuer the basis of the Valuation and raised questions on areas where we require further explanation. We noted that the Valuation has been carried out using the comparison method where comparison was based on prices realised or market prices of comparable properties (the "Comparable

**Transactions**”). 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 the capital values. We understand that the comparison method a commonly adopted valuation methodology for the valuation of properties similar to the Disposal. In this regard, we have reviewed similar transactions to the Disposal conducted by other listed companies on the Stock Exchange and noted that the comparison method is the a commonly adopted valuation methodology in their property valuation. In view of the above, we concurred with the independent valuer in adopting the comparison method for the purposes of the Valuation.

As stated above, Comparable Transactions are used by the independent valuer in valuing the Properties. We have obtained from the independent valuer details of the Comparable Transactions and noted that the Comparable Transactions are various recent property transactions in the nearby of and also having similar characteristics to the Properties. Based on our review of the Comparable Transactions and our discussion with the independent valuer, we are of the view that the Comparable Transactions are representative and relevant in providing a fair and reasonable basis for the independent valuer to value the Properties.

In addition, we have enquired the independent valuer as to its qualifications, expertise and independence. We have also reviewed the independent valuer’s terms of engagement (including its scope of work). We were not aware of any irregularities during our discussion with the independent valuer or in our review of its qualification and works.

*(ii) Fairness and reasonableness of the Consideration*

As set out above, the Consideration in respect of the Disposal is HK\$350.0 million and shall be subject to adjustments by reference to the net current asset value of the Target Companies as at completion. As such, we consider the Valuation serves as a reference for the Consideration (excluding the adjustments to be made on the net current asset value as at completion). Based on the above, the Consideration represents the agreed value of the Properties of HK\$350 million, which was determined after arm’s length negotiation among the parties to the Agreement and a discount of approximately 12.4% to Valuation of the Properties, and the adjustments to the net current asset value of the Target Companies to be made as at completion. We understand that a discount is offered to the purchaser after arm’s length negotiation and for the purchaser to enter into the Agreement so that the Group is able to dispose of all the four Properties simultaneously whereby the Group can focus on its property development business which it has been achieving favourable results and also to deploy such proceeds arising out of the Disposal to its property development business as well.

Further, we are of the view that it is beneficial to the Group to dispose of all the four Properties simultaneously as the Group will be able to save significant time through the Disposal as the Group will not be required to find other suitable buyers for each of the Property as well as to negotiate the terms thereunder separately. Further, as discussed above, WYT is already a willing purchaser of the Properties and the Group will not be required to engage a property agent to seek and identify another potential purchaser who would be willing to purchase all the four Properties in one instance. As discussed in the section “Reasons for entering into the Agreement” above, whilst the Group has tried to approach independent property agencies to dispose the Properties, no appropriate purchaser(s) was/were met. Besides saving agency fees in the region of approximately HK\$7.0 million, the Disposal would also remove uncertainties in finding purchaser(s) to take up all four Properties simultaneously or in a short period of time and therefore less negotiation time would be required by the management. In addition, as discussed in the section “Reasons for entering into the Agreement” above, the overall prices of retail properties is volatile and in particular the prices and rents of prime street shops have continued to adjust downward with prices and rentals of prime street shops decreased by approximately 31% and 51% respectively from their high during the 2013 to 2017 period according to the prime street shop price and rent index by Savills (Hong Kong). Further, we understand that whilst the Group was renewing certain leases of the Properties owned by Shiny World, the Group has revised the rental rate downward by approximately 10%. Assuming the rental yield rate remains similar, the downward rental reversion is expected to have a direct impact to the prices of the Properties. If the Group is to further spend time to locate other potential buyers and to negotiate terms which will be acceptable between the parties for the sale and purchase of the Properties, it is possible that the prices as well as rents of the Properties may be adjusted downward. Also, by disposing all the four Properties in one instance, the Group will be able to better focus on its property development business which has a total of six active property development projects with an approximate site area of 261,400 square feet under development and have project completion dates expected to be in 2018 to 2020. This is expected to be the primary earning segment of the Group in the coming years whereas there shall be uncertainty in whether the Group is able to maintain the current rental income given the continued downward adjustments in the rental rate. In addition, the property development business has achieved favourable results as illustrated by the unaudited segment profit before tax of approximately HK\$896.2 million for its property development segment for the six months ended 30 September 2017. Further, the Group currently has six active property development projects and one redevelopment project where the Group is expected to complete the relevant acquisition of the properties in the first half of 2018. Further, the Group has proactively submitted several potential tenders and is also actively evaluating other various project development projects in Hong Kong which are expected to require significant capital commitment, as well



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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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as management time, if they are materialised. The Disposal will enable the Group to create a healthy war chest with cash on hand to take up suitable property development projects when opportunities arise.

The Board noted that the Consideration is at a discount of approximately 12.4% to the valuation of the Properties, however, having considered the saving in the agency fees in the region of approximately HK\$7.0 million and the expected rental reversion to the Properties of not less than 10% given that the Group has revised the rental rate of the leases of the Properties previously by approximately 10% and the expected continuing downward and unfavourable trend in both the price and rental of retail properties, in particular prime street shops, in Hong Kong and which are expected to have a direct downward impact of not less than 10% to the valuation as well as the market value of the Properties, therefore the Board expects that the price of the Properties may be lower than the Consideration if it is disposed at a late date and also considers that the Consideration is a fair and reasonable price to dispose the Properties.

In this regard, we have reviewed the existing and previous leases of the Properties and noted that the Group has revised the rental rate downward by approximately 10% for the Property owned by Shiny World. Further, we noted there was a continuing downward adjustment in the rental rate from our review of the prime street shop index as out in the section “Reasons for entering into the Agreement” above. In addition, we also noted that that the prime street shop index has decreased by approximately 16% since the first quarter of 2016 (most of the existing leases of the Properties was entered into in around 2015 and 2016) and therefore, in our view, it is reasonable to expect there would be a downward adjustment to the rental rate of the leases of the Properties of not less than 10%. Having considered the above, we concurred with the Board that the Consideration represents a fair and reasonable price to dispose the Properties.

In addition, we have researched on the website of the Stock Exchange of similar transactions to the Disposal (i.e., disposal of investment properties in Hong Kong by listed companies on the Stock Exchange which was classified as major transaction) in the 12-month period prior to the date of the Agreement with transaction size between HK\$100 million to HK\$500 million, being similar to the size of the Disposal (the “**Disposal Transactions**”). In this regard, four Disposal Transactions are identified based on our research in the website of the Stock Exchange in accordance with the above criteria which we consider to be exhaustive. The following table shows a summary of the Disposal Transactions.



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**LETTER FROM INDEPENDENT FINANCIAL ADVISER**

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Announcement date	Company (stock code)	Transaction details	Consideration (HK\$ million)	Appraised value (HK\$ million)	Premium/ (Discount) of consideration over/to the appraised value
26 Jan 2018	National Electronics Holdings Limited (213)	Commercial property in One Island South, No. 2 Heung Yip Road, Hong Kong	500	490	2%
25 Oct 2017	Winfair Investment Company Limited (287)	Shop spaces on ground floor and 1/F, No. 4 Nam Kok Road, Kowloon and ground floor, Nos. 6 and 6A Nam Kok Road, Kowloon and ground floor, Nos. 8 and 10 Nam Kok Road, Kowloon	320	133	141%
13 Jun 2017	Winfull Group Holdings Limited (183)	Shop Nos. 23A & 23B on G/F, Flat No. 23 on G/F, Portion No. 4 on G/F and No. 23 on Mezzanine Floor of Wing Lee Building, Nos. 27, 29, 31, 31A, 31B & 31C Kimberley Road, Kowloon	206	206	0%
20 Mar 2017	Burwill Holdings Limited (24)	Unit 1402, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong	265	285	(7%)

As noted in the table above, there was a significant variance in the consideration of the Disposal Transactions with the consideration being a premium of approximately 141% over the appraised value to a discount of approximately 7% to the appraised value. In our view, there are a few factors which may affect the consideration being different from the appraised value. This includes the timing of the disposal, the market volatility and the property index at the time of disposal, the number of properties included in the disposal and the size of the disposal. Therefore, the appraised value only served as a reference to the consideration and the final consideration can be above or below the appraised value. Whilst we noted that the discount of the Consideration is above the range of the Disposal Transactions, we consider that the additional discount is justifiable having considered the following factors:

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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- the Consideration was determined after arm's length negotiations and was made with reference to the Valuation of the Properties;
- the volatile property market in the last two years in Hong Kong with high low volatility of over 10% from the private retail property index;
- the recent record high of the private retail property index was mainly driven by the retail properties in New Territories and the prices and rents of prime street shops have seen continued downward adjustments;
- the Group may not be able to dispose the four Properties simultaneously and additional management time and effort are required to find other suitable buyers for each Property separately;
- the Group will be able to save agency fees through the Disposal;
- the Group intends to stay focus on its property development business which has achieved favourable results as illustrated by the unaudited segment profit before tax of approximately HK\$896.2 million for its property development segment for the six months ended 30 September 2017 and the Group having six active property development projects with an approximate site area of 261,400 square feet under development which have project completion dates expected to be in 2018 to 2020; and
- the proceeds from the Disposal will be applied towards the working capital of the Group and primarily for its property development purposes.

In light of above and in particular that (i) the Consideration was determined after arm's length negotiation and was made with reference to the Valuation of the Properties; (ii) the Group is able to dispose of the Properties simultaneously rather than facing the uncertainties in seeking more purchaser(s) and negotiations; (iii) net proceeds from the Disposal will be applied towards the Group's property development business which have been achieving favorable results and where the Group intends to focus on; (iv) the general volatility of the retail properties market and the downward trend of prices and rentals of prime street shops; (v) the time required to find other suitable buyers for each Property separately; and (vi) the time and effort saved to dispose of the Properties simultaneously rather than one by one, we are of the view that the Consideration, being set at a discount of approximately 12.4% to the Valuation of the Properties in order for the purchaser to enter into the Agreement, is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

### **3. Financial effects of the Disposal**

Upon completion of the Disposal, the Target Companies will cease to be subsidiaries of the Company and their profits and losses, and assets and liabilities, will no longer be consolidated into the Group's consolidated financial statements.

Taking into account the Consideration, the aggregate net asset value of the Target Companies of approximately HK\$72.2 million as at 30 September 2017, the principal amount of the outstanding mortgage loans owned by the Target Companies as at 30 September 2017 of approximately HK\$160.4 million, shareholder's loans of approximately HK\$188.8 million owed by the Target Companies as at 30 September 2017, the expected downward adjustment to the Consideration of approximately HK\$0.7 million as referred to above, and the related transaction costs of approximately HK\$1.6 million, the Company expects to record a loss on disposal of approximately HK\$73.7 million, subject to the actual amount of the aforesaid items as at the date of completion. Of the loss of HK\$73.7 million, the majority of which was due to the fair value increase recognised in the previous years. However, the estimated net proceeds from the Disposal shall be amounted to approximately HK\$192.1 million and it is expected that the Disposal will have a positive effect on the cash and working capital of the Group and also allows the Group to apply such proceeds primarily towards the property development business of the Group. In balance, given that the Group intends to focus on its property development business and the proceeds from the Disposal will be applied towards this business, we are of the view that the Disposal is in the interests of the Company and the Shareholders as a whole.

### **RECOMMENDATION**

Having considered the principal factors discussed above and in particular the following:

- (i) the Group's principal businesses primarily comprise of development of residential and commercial properties for sale and investment in industrial and commercial premises for rent or for sale and the Group's intention to stay focus on the property development business where the Group has achieved favourable results;
- (ii) the entering into the Agreement allows the Group to dispose the Properties at the current favorable property market condition in Hong Kong which may not prevail;
- (iii) the proceeds from the Disposal will be applied towards the working capital of the Group and primarily for its property development purposes;
- (iv) the Consideration was determined after arm's length negotiation and was made with reference to the Valuation of the Properties;
- (v) the opportunities may not be available readily to dispose of the four Properties simultaneously and the time and effort saved by the Group rather than selling them one by one;

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**LETTER FROM INDEPENDENT FINANCIAL ADVISER**

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(vi) the proceeds from the Disposal shall be used on the property development business that the Group is intending to put more focus on; and

(vii) the decreasing trend in the prices and rental of prime street shops,

we consider that the terms of the Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business and on normal commercial terms and the Disposal is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the resolution(s) in respect of the Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Beijing Securities Limited**  
**Charles Li**  
*Director*

## 1. FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the years ended 31 March 2015, 31 March 2016 and 31 March 2017, including the independent auditors' report thereon and the notes thereto, have been published in the respective annual reports of the Company and the interim results for the six months ended 30 September 2017 have been published in the 2017 interim report of the Company referred to in the following links:

- (i) for the years ended 31 March 2015 and 31 March 2016 (pages 35 to 92)  
(<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0706/LTN20160706869.pdf>)
- (ii) for the year ended 31 March 2017 (pages 49 to 117)  
(<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0727/LTN20170727682.pdf>)
- (iii) for the six months ended 30 September 2017 (pages 17 to 42)  
(<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/1220/LTN20171220178.pdf>)

The above annual reports and interim report are also available on the Company's website at <http://www.woproperties.com>.

## 2. INDEBTEDNESS STATEMENT

As at the close of business on 31 January 2018, being the latest practicable date for the purpose of ascertaining information contained in this indebtedness statement set out in this circular, the Group had outstanding bank and other loans of approximately HK\$3,156.7 million, of which bank loans with an aggregate amount of approximately HK\$1,671.4 million were secured by the Group's investment properties and certain rental income generated therefrom, properties under development, share charges in respect of the entire interests of two subsidiaries of the Group, which are engaged in property development. The carrying values of the Group's investment properties and properties under development as at 31 January 2018, which were pledged to secure the Group's bank loans, amounted to approximately HK\$1,525.3 million and HK\$1,657.6 million, respectively. In addition, the Group's unsecured bank loans with an aggregate amount of approximately HK\$1,471.9 million were guaranteed by corporate guarantees provided by the Company as at 31 January 2018. The Group's unsecured other loans of approximately HK\$13.4 million as at 31 January 2018. The Group's secured bank loans bear contractual interest rate ranging from Prime Rate minus 2.75% or HIBOR plus 1.1% to 2.0%, whilst the Group's unsecured bank and other loans bear contractual interest rate at HIBOR plus 2.05% and 6%, respectively. The Group provided guarantees to banks in respect of banking facilities extended to joint ventures in an amount not exceeding HK\$2,158.8 million.

Save as otherwise disclosed above, and apart from intra-group liabilities and normal trade payables, the Group did not have, at the close of business on 31 January 2018, any other debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, any other mortgages and charges or any guarantees or material contingent liabilities.

### 3. WORKING CAPITAL SUFFICIENCY

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

### 4. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material change in the financial or trading position or outlook of the Group since 31 March 2017, the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

### 5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The principal businesses of the Group primarily comprise (i) development of residential and commercial properties for sale; and (ii) investment in industrial and commercial premises for rent or for sale. There is no change in the Group's principal activities since 31 March 2017, being the date on which the latest published audited consolidated financial statements of the Group were made up, and there is not expected to be any change to the Group's principal business as a result of completion of the Disposal.

The Hong Kong residential market recorded continuous growth in both property price and number of transactions. The Centa-City Leading Index has increased by approximately 11% during the first three quarters of 2017. Nonetheless, the various uncertainties such as planned scale-back of balance sheet of U.S. Federal Reserve, Brexit negotiations, control measures released by Hong Kong government may impact the development pace. The Group is confident on the property market and believes that moderate adjustments would be healthy to the market growth in the long run.

The Group will also continue to seek suitable property investment opportunities with steady recurrent income and capital appreciation to strengthen the property investment portfolio. Having said that, however, the Group will focus on deploying the Group's resources to its more profitable property development segment in the near-term.

The Group will continue to monitor the market changes and adjust the investment strategies to capture the development opportunities and aim to achieve solid returns to Shareholders.

*The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation as at 31 January 2018 of the Properties to be disposed by the Group.*



**Asset Appraisal Limited**  
**中誠達資產評值顧問有限公司**

Rm 901 9/F On Hong Commercial Building  
No.145 Hennessy Road Wanchai HK  
香港灣仔軒尼詩道145號安康商業大廈9樓901室  
Tel: (852) 2529 9448 Fax: (852) 3521 9591

29 March 2018

**The Board of Directors**  
**Wang On Properties Limited**  
Suite 3201, 32/F, Skyline Tower  
39 Wang Kwong Road  
Kowloon Bay  
Kowloon, Hong Kong

Dear Sirs,

**Re: Valuation of property interests situated in Hong Kong**

In accordance with the instructions from Wang On Properties Limited (the “**Company**”) to value the property interests (the “**Properties**”) to be disposed by the Company or its subsidiaries (altogether referred to as the “**Group**”) situated in Hong Kong, we confirm that we have carried out inspections 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 January 2018 (the “**date of valuation**”).

**BASIS OF VALUATION**

Our valuation of the Properties represents the market value 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 and where 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 ownership 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**

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

**ASSUMPTIONS**

Our valuation has been made on the assumption that the Group sell the 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.

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

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

**LIMITING CONDITIONS**

No allowance has been made in our report for any charges, mortgages or amounts owing on the Properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature, 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 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 inspected on 9 to 12 February 2018 by Tse Wai Leung, who is a member of HKIS. However, no structural survey has been made for them. In the course of our inspection, we did not note any apparent defects. 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.



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 and The HKIS Valuation Standards (2017 Edition) published by The Hong Kong Institute of Surveyors.

We enclose herewith our summary of valuation and valuation certificates.

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

Properties	Market Value in existing state as at 31 January 2018
<b>Properties to be Disposed by the Group</b>	
1. Shop AB on Ground Floor, Po Wing Building, Nos. 61, 63, 65, 67, 71 & 73 Lee Garden Road, Nos. 108, 110, 112, 116, 118 & 120 Percival Street, Hong Kong	HK\$224,000,000
2. Ground Floor & Mezzanine Floor, No. 166 Sai Yeung Choi Street South, Kowloon	HK\$83,600,000
3. Shop 3 on Level 1, Jade Plaza, No. 3 On Chee Road, Tai Po, New Territories	HK\$39,900,000
4. Shop B on Ground Floor, Nos. 106–108 Shau Kei Wan Road, Hong Kong	HK\$52,200,000
<b>Grand Total:</b>	<b><u>HK\$399,700,000</u></b>

## VALUATION CERTIFICATE

## Properties to be Disposed by the Group

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2018 HK\$
1. Shop AB on Ground Floor, Po Wing Building, Nos. 61, 63, 65, 67, 71 & 73 Lee Garden Road, Nos. 108, 110, 112, 116, 118 & 120 Percival Street, Hong Kong  1187/1643 of 2/197th shares of and in the Section Z of Inland Lot No. 29	<p>The property comprises a shop unit on Ground Floor of a 14-storey tenement building completed in about 1967.</p> <p>The total saleable area of the property is approximately 1,204 square feet.</p> <p>The property is held under Government Lease for a term of 982 years commencing on 25 June 1860.</p> <p>The determined rent is HK\$44 per annum for the whole Section Z of Inland Lot No. 29.</p>	As advised by the Company, the property was tenanted for a term of 3 years expiring on 15 February 2018 at a monthly rent of HK\$900,000 exclusive of rates and management fees but inclusive of government rent.	224,000,000

*Notes:*

1. The registered owner of the property is Oriental Sino Investments Limited, a wholly-owned subsidiary of the Company, vide memorial no.15030602650144 dated 16 February 2015. The cost of acquisition of the property was HK\$210,000,000.
2. Deed of Mutual Covenant of the subject development is registered vide memorial no. UB579272 dated 29 March 1967.
3. Deed Poll with Plan of the subject property is registered vide memorial no. 14070801720016 dated 5 June 2014.
4. Sub-deed of mutual Covenant of the subject property is registered vide memorial no. 15030602650150 dated 16 February 2015.
5. The property is subject to mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited registered vide memorial no. 15030602650161 dated 16 February 2015.
6. The property is subject to rental assignment in favour of The Hongkong and Shanghai Banking Corporation Limited registered vide memorial no. 15030602650171 dated 16 February 2015.
7. The property falls within an area zoned as “Commercial (1)” under Causeway Bay Outline Zoning Plan no. S/H6/16 dated 26 January 2018.
8. The locality is a well established residential and commercial area. Developments in the vicinity comprise mainly residential tenements and commercial buildings. Comprehensive shopping facilities are available within the nearby shopping arcades such as Hysan Place, Times Square, Lee Garden One and Causeway Bay Plaza. Public transports serving the vicinity include buses and taxi. MTR Causeway Bay station is situated within a short walking distance.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2018 <i>HK\$</i>
2. Ground Floor & Mezzanine Floor, No. 166 Sai Yeung Choi Street South, Kowloon	The property comprises a shop unit on Ground Floor together with the mezzanine thereto of a 9-storey tenement building completed in about 1966.	As advised by the Company, the property was subject to a tenancy for a term of 3 years commencing on 8 February 2018 at a monthly rent of HK\$163,000 exclusive of rates and management fee.	83,600,000
3/11th shares of and in the Remaining Portion of Kowloon Inland Lot No. 1708	The saleable area of the property is approximately 770 square feet plus a mezzanine floor area of approximately 548 square feet.  The property is held under Government Lease for a term of 75 years and renewable for another 75 years commencing on 8 January 1924.  The new rent is HK\$40,680 per annum.		

*Notes:*

1. The registered owner of the property is Precious Investments Limited, a wholly-owned subsidiary of the Company, vide memorial no. 17011902590277 dated 30 December 2016. The cost of acquisition of the property was HK\$83,300,000.
2. Deed of Mutual Covenant of the subject development is registered vide memorial no. UB563884 dated 29 November 1966.
3. The property is subject to an Order No. UBSCN/14-34-0002-11 by the Building Authority under Section 24(1) of the Buildings Ordinance registered vide memorial no. 15101600760254 dated 12 August 2015.
4. The property is subject to an Order No. UBSCN/14-34-0001-11 by the Building Authority under Section 24(1) of the Buildings Ordinance registered vide memorial no. 15112000870327 dated 12 August 2015.
5. The property is subject to mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited registered vide memorial no. 17011902590283 dated 30 December 2016.
6. The property is subject to rental assignment in favour of The Hongkong and Shanghai Banking Corporation Limited registered vide memorial no. 17011902590292 dated 30 December 2016.
7. The property is subject to an Order No. "DR00458/K/17" by the Building Authority under S.28(3) of the Buildings Ordinance registered vide memorial no.17112200680077 dated 31 October 2017.

8. The property falls within an area zoned as “Residential (A)” under Mong Kok Outline Zoning Plan no. S/K3/30 dated 31 May 2013.
9. The locality is a well established residential and commercial area. Developments in the vicinity comprise mainly residential tenements and commercial buildings. Comprehensive shopping facilities are available within the nearby shopping arcades such as Sin Tat Plaza, Langham Place Office Tower, Grand Tower and Allied Plaza. Public transports serving the vicinity include buses and taxi. MTR Mong Kok station is situated within a short walking distance.
10. The property is subject to several building orders issued by the Building Authority. In arriving at our valuation, we have not considered any cost required to comply with the order. As advised by the Company, the approximate cost to comply the Building Order is as follows:
  1. An Order No. UBSCN/14-34/0001/11: the approximate cost to comply this order is HK\$54,000.
  2. An Order No. UBSCN/14-34/0002/11: the approximate cost to comply this order is HK\$45,000.
  3. An Order No. DR00458/K/17: the works has done and the cost is HK\$5,454.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2018 <i>HK\$</i>
3. Shop 3 on Level 1, Jade Plaza, No. 3 On Chee Road, Tai Po, New Territories  118/5500 of 5500/16800th shares of and in Tai Po Town Lot No. 7	The property comprises a shop unit on Level 1 of a 2-storey commercial podium completed in about 1986.  The saleable area of the property is approximately 712 square feet.  The property is held under New Grant No. TP11899 for a term of 99 years commencing on 1 July 1898. It was statutorily extended to 30 June 2047 with a condition of annual rent payment assessed by 3% of the rateable value.	As advised by the Company, the property was tenanted for a term of 2 years expiring on 18 September 2019 at a total monthly rent of HK\$100,000 exclusive government rent, management fees and rates.	39,900,000

*Notes:*

1. The registered owner of the property is Wang To Investments Limited, a wholly-owned subsidiary of the Company, vide memorial no. 10020202490067 dated 20 January 2010.
2. Deed of Mutual Covenant of the subject development is registered vide memorial no. TP242036 dated 24 February 1986.
3. The property is subject to legal charge/mortgage in favour of Citic Bank International Limited for the consideration of all moneys vide memorial no. 10062202200190 dated 18 June 2010.
4. The property is subject to assignment in rentals in favour of Citic Bank International Limited vide memorial no. 10062202200202 dated 18 June 2010.
5. The property falls within an area zoned as "Residential (A) 4" under Tai Po Outline Zoning Plan no. S/TP/27 dated 4 August 2017.
6. The locality is an established residential and commercial area. Developments in the vicinity comprise mainly residential estate and industrial/commercial buildings. Comprehensive shopping facilities are available within the nearby shopping arcades and Tai Yuen Market. Public transports serving the vicinity include buses and taxi. MTR Tai Wo station is situated within walking distance.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2018 HK\$
4. Shop B on Ground Floor, Nos. 106–108 Shau Kei Wan Road, Hong Kong  20/107th shares of and in the Remaining Portion of Shaukiwan Inland Lot No. 472	The property comprises a shop unit on ground floor of a 6-storey tenement building completed in about 1976.  The saleable area of the property is approximately 791 square feet.  The property is held under Government Lease for a term of 75 years renewable for 75 years commencing on 31 January 1921.  The new rent is HK\$12,780 per annum.	As advised by the Company, the property was tenanted for a term expiring on 6 August 2019 at a monthly rent of HK\$122,000 exclusive of rates and management fees but inclusive of government rent.	52,200,000

*Notes:*

1. The registered owner of the property is Shiny World Investment Limited, a wholly-owned subsidiary of the Company, vide memorial no. 05062801090104 dated 31 May 2005.
2. Deed of Mutual Covenant of the subject development is registered vide memorial no. UB1307248 dated 24 September 1976.
3. The property is subject to legal charge/mortgage to secure all sums of money in favour of China Everbright Bank Co., Ltd., Hong Kong Branch vide memorial no. 13090901510185 dated 20 August 2013.
4. The property is subject to assignment of rentals in favour of China Everbright Bank Co., Ltd., Hong Kong Branch vide memorial no. 13090901510195 dated 20 August 2013.
5. The property is subject to a Fire Safety Compliance Order by the Magistrate under S.6(1) of Fire Safety (Buildings) Ord. (Chapter. 572) vide memorial no. 16050900770028 dated 25 February 2016.
6. The property falls within an area zoned as “Residential (A) 2” under Shau Kei Wan Outline Zoning Plan no. S/H9/18 dated 17 April 2015.
7. The locality is an established residential and commercial area. Developments in the vicinity comprise mainly residential estate and commercial buildings. Comprehensive shopping facilities are available within the nearby shopping arcades. Public transports serving the vicinity include buses and taxi. MTR Sai Wan Ho station is situated within walking distance.
8. The property is subject to a Fire Safety Compliance Order. In arriving at our valuation, we have not considered any cost required to comply the order.



## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' interests

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

***Long positions in the underlying shares of an associated corporation, namely Easy One Financial Group Limited (“EOF”)***

Name of Director	Date of grant	Nature of interest	Exercise price per share HK\$	Number of share options outstanding or underlying shares	Exercise period	Approximate percentage of EOF's total issued share capital (Note)
Mr. Chan Chun Hong, Thomas	23.2.2018	Personal interest	0.48	4,600,000	23.2.2018– 22.2.2025	0.83%

*Note:* The percentage represented the number of shares underlying such share options over the total number issued shares of EOF as at the Latest Practicable Date of 556,432,500 shares.

**(b) Substantial shareholders' interest**

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

***Long Positions in Shares***

Name	Nature of interest/Capacity	Number of Shares	Percentage in the Company's total issued share capital <i>(Note 1)</i>
WOG	Interest of controlled corporations <i>(Note 2)</i>	11,400,000,000	75.0%
Mr. Tang Ching Ho	Other interest <i>(Note 3)</i>	11,400,000,000	75.0%
Ms. Yau Yuk Yin	Interest of spouse <i>(Note 3)</i>	11,400,000,000	75.0%

*Notes:*

- The percentage represented the percentage of the Company's share capital as stated in the relevant disclosure of interests forms filed by the above persons.
- WOG held the entire issued share capital of Wang On Enterprises (BVI) Limited ("WOG"), which in turn held the entire issued share capital of Earnest Spot Limited ("Earnest Spot"). Earnest Spot beneficially held 11,400,000,000 Shares. Under the SFO, each of WOG and Earnest Spot was deemed to be interested in all the aforesaid Shares held by Earnest Spot for the sole purpose of Part XV of the SFO.
- Under the SFO, Mr. Tang Ching Ho was deemed to be interested in approximately 52.75% of the total issued share capital of WOG through (i) his personal interest; (ii) his spouse's interest; (iii) his corporate interest via Caister Limited, a corporation controlled by him; and (iv) his interest being an appointer of a discretionary trust, namely Tang's Family Trust. Ms. Yau Yuk Yin, spouse of Mr. Tang Ching Ho, was also deemed to be interested in approximately 52.75% of the total issued share capital of WOG through (i) her personal interest; (ii) Mr. Tang Ching Ho's interest; and (iii) being a beneficiary of the Tang's Family Trust. Therefore, each of Mr. Tang Ching Ho and Ms. Yau Yuk Yin was 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.

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 had any interest, direct or indirect, in any assets which have been, since 31 March 2017 (being the date to 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. EXPERTS AND CONSENTS

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

<b>Name</b>	<b>Qualification</b>
Beijing Securities	a licensed corporation to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined 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 2017 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of

the Group; and (iii) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

## 7. LITIGATION

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

## 8. MATERIAL CONTACTS

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

- (a) the Agreement;
- (b) a supplemental facility letter agreement dated 15 January 2018 (the “**Supplemental Agreement**”) entered into between More Action Investments Limited (“**More Action**”) (an indirectly wholly-owned subsidiary of the Company), Clear Idea International Limited (“**Clear Idea**”) and Angel View International Limited (“**Angel View**”) to novate the Vendor Loan (as hereinafter defined) from Clear Idea to Country Garden Properties (Hong Kong) Ltd. and to execute a new share charge and guarantee to replace the previous executed share charge and guarantee upon the terms and conditions set out in the Supplemental Agreement;
- (c) a conditional sale and purchase agreement dated 8 September 2017 entered into between More Action as the vendor, Sparkle Hope Limited (an indirectly wholly-owned subsidiary of the Company) as the vendor’s guarantor, Clear Idea as the purchaser and Angel View as the purchaser’s guarantor in relation to the disposal of the sale shares and the assignment of the shareholder’s loan by the Vendor to the Purchaser pursuant to the agreement (the “**CG Disposal**”);
- (d) a conditional facility agreement dated 8 September 2017 entered into between More Action, Clear Idea and Angel View as guarantor in relation to the secured term loan facility in the principal amount of HK\$600,000,000 to be advanced by More Action to Clear Idea for a term of 24 months (the “**Vendor Loan**”) for completion of the CG Disposal;
- (e) a sale and purchase agreement dated 7 June 2017 entered into between Swift Prosper Limited (an indirectly wholly-owned subsidiary of the Company), as the vendor and Xu Qi Co. Limited, as the purchaser, pursuant to which the vendor agreed to sell one issued ordinary share (representing 50% of the entire issued

share capital) of Wonder Sign Limited and assign a shareholder loan at a consideration of HK\$664,485,000, the details are set out in the announcement jointly issued by the Company and WOG dated 7 June 2017;

- (f) a sale and purchase agreement dated 20 February 2017 entered into between Joyful Lake Limited, an indirectly wholly-owned subsidiary of the Company, as the purchaser, and independent third party individuals, as the vendors, in relation to the sale of the entire issued share capital of PT Harvest Holdings Limited beneficially held by the vendors and the assignment of the benefit of the loan owed by PT Harvest Holdings Limited to the vendors for a total consideration of HK\$274,549,000;
- (g) a sale and purchase agreement dated 7 November 2016 entered into between Delight Keen Limited, an indirectly wholly-owned subsidiary of the Company, as the purchaser and Thing On Group Limited as the vendor and Mr. Wong Fung Hing as the guarantor in relation to the acquisition of Fession Group Limited and its subsidiary for a consideration of HK\$512,225,000;
- (h) a provisional sale and purchase agreement dated 4 November 2016 entered into between Precious Investments Limited, an indirectly wholly-owned subsidiary of the Company, as the purchaser and World Success Limited as the vendor in relation to the acquisition of a property located at G/F. & M/F., No. 166 Sai Yeung Choi Street South, Kowloon for a consideration of HK\$83.3 million;
- (i) an underwriting agreement dated 6 April 2016 entered into by WOG, the Company, Wong Yiu Hung Gary, Tang Ho Hong, Earnest Spot, WOE, CLC International Limited, Kingston Corporate Finance Limited (“KCF”), Kingston Securities Limited (“KSL”), VMS Securities Limited, Get Nice Securities Limited and CLC Securities Limited, relating to the placing of 342 million Shares;
- (j) a deed of non-competition dated 29 March 2016 entered into by WOG in favour of the Company (for itself and for each of its subsidiaries), pursuant to which WOG agreed not to, among other things, engage or participate in any business which is in competition with the Company’s business;
- (k) an underwriting agreement dated 29 March 2016 entered into by WOG, the Company, Wong Yiu Hung Gary, Tang Ho Hong, Earnest Spot, WOE, CLC International Limited, KCF, KSL, VMS Securities Limited, Get Nice Securities Limited and CLC Securities Limited, relating to the issue and offer of 38 million new Shares by the Company for subscription in Hong Kong;
- (l) a sale and purchase agreement dated 16 March 2016 entered into between Sparkle Hope and WOE in respect of the acquisition by Sparkle Hope of the entire issued share capital of, and shareholders’ loans owed by, East Run and More Action at a consideration of HK\$2,047,989,378;

- (m) a deed of assignment of loan dated 16 March 2016 entered into between WOE, Earnest Spot and Sparkle Hope under which WOE assigned the full benefits and advantages of, and all rights, interests, benefits, entitlements and title in the sum owed by Sparkle Hope to WOE in the amount of HK\$2,047,989,378 to Earnest Spot absolutely, in consideration of which Earnest Spot issued to WOE one share, credited as fully paid, in its issued share capital; and
- (n) a deed of assignment of loan dated 16 March 2016 entered into between Earnest Spot, the Company and Sparkle Hope under which Earnest Spot assigned the full benefits and advantages of, and all rights, interests, benefits, entitlements and title in the sum owed by Sparkle Hope to Earnest Spot in the amount of HK\$2,047,989,378 to WOG absolutely, for a consideration of HK\$1.00.

## 9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours (Saturdays and public holidays excepted) at Suite 3201, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong from the date of this circular up to and including Friday, 20 April 2018:

- (a) the memorandum of association and bye laws of the Company;
- (b) the annual reports of the Company for the years ended 31 March 2016 and 2017;
- (c) the interim report of the Company for the six months ended 30 September 2017;
- (d) the letter from Beijing Securities, the text of which is set out on pages 15 to 34 of this circular;
- (e) the letter, valuation certificates and valuation report relating to the Properties, the text of which is set out in Appendix II to this circular;
- (f) the material contracts as referred to in the section headed “material contracts” in this appendix;
- (g) the written consent referred to in the paragraph headed “Experts and Consents” in this appendix;
- (h) a copy of the circular dated 12 October 2017 issued by the Company pursuant to the requirements set out in Chapter 14 of the Listing Rules; and
- (i) this circular.

## 10. MISCELLANEOUS

- (a) 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.

- (b) The Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited, located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.





**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 the special general meeting (the “**SGM**”) of Wang On Properties Limited 宏安地產有限公司 (the “**Company**”) will be held at 20th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong on Friday, 20 April 2018 at 12:00 noon for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution:

**ORDINARY RESOLUTION**

**“THAT**

- (a) the sale and purchase agreement dated 7 February 2018 entered into between Guidepost Investments Limited (“**Guidepost Investments**”), East Run Investments Limited (“**East Run**”, an indirectly wholly-owned subsidiary of the Company) and the Company (the “**Agreement**”, a copy of which has been tabled to the SGM marked “**A**” and initialed by the chairman of the SGM for the purpose of identification) in relation to, among other things, the sale by East Run to Guidepost Investments the entire issued capital in, and shareholder’s loans owed by, (i) Shiny World Investment Limited, (ii) Wang To Investments Limited, (iii) Oriental Sino Investments Limited and (iv) Precious Investments Limited, for a consideration of HK\$350,000,000 (subject to adjustments pursuant to the terms and conditions therein), together with the transactions contemplated thereunder (including but not limited to the provision of guarantee by the Company in favour of Guidepost Investments), be and are hereby approved; and

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## NOTICE OF THE SGM

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- (b) any one director of the Company be and is hereby authorised to take such action and execute such documents (with any further amendments as any one director of the Company may approve) as he may consider appropriate and expedient in respect of the transactions contemplated under the Agreement, including the approval of variation orders, for the purpose of implementation or giving effect to the Agreement 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 March 2018

*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. Any member of the Company (“**Members**”) entitled to attend and vote at the SGM 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 represent him and vote on his behalf at the SGM. A proxy need not be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
4. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, 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 may be). 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.

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## NOTICE OF THE SGM

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5. Where there are joint holders of any shares, 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 holders.
6. In order to qualify for attending the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than Friday, 13 April 2018 at 4:30 p.m., Hong Kong time. The record date for the determination of the entitlement to attend and vote at the SGM will be the close of business on Friday, 13 April 2018.
7. The above resolution will be voted on by way of poll at the SGM.