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WANG ON PROPERTIES LIMITED

宏安地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1243)

DISCLOSEABLE TRANSACTION THE DISPOSAL OF A SUBSIDIARY

THE DISPOSAL

The Board announces that on 29 March 2018, the Vendor, an indirectly wholly-owned subsidiary of the Company and the Purchaser entered into the Provisional Agreement, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell the Sale Share and assign the benefit of the Shareholder Loan for the consideration of HK\$83.8 million.

The Target holds the Property, comprising of the property on Ground Floor including Cockloft, Foon Shing Building, No. 732 Nathan Road, Kowloon, which is currently vacant.

GENERAL

As one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the transaction contemplated under the Provisional Agreement constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements pursuant to Rule 14.06(2) of the Listing Rules.

THE PROVISIONAL AGREEMENT

1. **Date:** 29 March 2018

2. **Parties:**
- i. **Vendor:** East Run Investments Limited, an indirectly wholly-owned subsidiary of the Company and is principally engaged in the business of investment holding; and
 - ii. **Purchaser:** Goldland Enterprises Limited, a company incorporated in Hong Kong with limited liability and is principally engaged in the business of investment holding.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner is a third party independent of and not connected with the Company and its connected persons and there was no previous transaction entered into between the Company and the Purchaser prior to the date of the Provisional Agreement which will need to be aggregated with the Disposal.

3. **Assets to be disposed of**

Pursuant to the Provisional Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Share (representing the entire issued share capital of the Target as at the date of this announcement) and assign the benefit of the Shareholder Loan.

4. **Consideration**

The consideration payable by the Purchaser to the Vendor for the purchase of the Sale Share and the Shareholder Loan shall be HK\$83.8 million, which is subject to adjustment by reference to the net current asset value of the Target at Completion (being the Target's total assets (excluding the Property and any deferred tax) minus its total liabilities (excluding deferred tax, shareholder's loan and existing bank loan) as at the date of Completion, but in any event of not exceeding HK\$83.8 million). The consideration shall be payable by the Purchaser to the Vendor in the following manner:

- (a) an initial deposit in the amount of HK\$3.0 million shall be paid to the Vendor's solicitors upon the execution of the Provisional Agreement, which shall be held by the Vendor's solicitors as stakeholders;

- (b) a further deposit in the amount of HK\$5.38 million shall be paid to the Vendor's solicitors on or before 30 April 2018, which shall be held by the Vendor's solicitors as stakeholders; and
- (c) the balance of the consideration shall be paid by the Purchaser to the Vendor on Completion.

The consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the prevailing market price of similar properties at similar location and the prevailing rental yield as compared to the Property held by the Target.

5. Completion

Pursuant to the Provisional Agreement, Completion will take place on or before 31 July 2018 or such other date as the Purchaser and the Vendor may agree in writing on which Completion takes place.

INFORMATION ON THE TARGET

The Target is a company incorporated in Hong Kong with limited liability and is principally engaged in the business of property investment. As at the date of this announcement, the Target is wholly owned directly by the Vendor.

The Target is principally holding the Property — being the property on Ground Floor including Cockloft, Foon Shing Building, No. 732 Nathan Road, Kowloon, for commercial usage with a saleable floor area of approximately 2,495 square feet.

The Property is currently vacant which shall be delivered in vacant possession upon Completion.

Set out below is the audited financial information of the Target for the two financial years ended 31 March 2017 extracted from the audited financial statements of the Target which are prepared under the generally accepted accounting principles in Hong Kong:

	For the year ended 31 March	
	2017	2016
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(audited)	(audited)
Revenue	2.2	2.2
Net profit/(loss) profit before taxation	4.5	(2.0)
Net profit/(loss) profit after taxation	4.2	(2.2)

The unaudited net asset value of the Target as at 30 September 2017 was approximately HK\$20.9 million.

POSSIBLE FINANCIAL EFFECT ON THE DISPOSAL

Immediately after Completion, the Target will cease to be a subsidiary of the Company and the financial results of the Target will no longer be consolidated into the Group's financial statements.

The net proceeds (after repayment of an outstanding bank loan of approximately HK\$15.8 million and deducting other expenses in relation thereto) arising from the Disposal of approximately HK\$66.8 million, which will be used for general working capital of the Group.

Based on, *inter alia*, the consideration, the unaudited net asset value as at 30 September 2017, the principal outstanding bank loan as at 30 September 2017 of approximately HK\$16.8 million, the Shareholder Loan of approximately HK\$53.9 million owed by the Target as at 30 September 2017 and the related expenses for the Disposal, the Group currently expects to record a loss on disposal of approximately HK\$9.0 million upon Completion.

Shareholders should note that the above figures are for illustrative purpose only. The actual loss on disposal may be different from the above and will be determined based on the financial position of the Target on the date of Completion and the review by the Company's auditors.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the businesses of developing residential and commercial properties for sale and investing in commercial and industrial properties for capital appreciation. The Purchaser is a company incorporated in Hong Kong with limited liability which is principally engaged in the business of investment holding.

The Directors are of the view the Disposal would benefit the Group by indirectly realising its investment in the Property and also improve the liquidity and overall financial position of the Group.

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

GENERAL

As one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the transaction contemplated under the Provisional Agreement constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements pursuant to Rule 14.06(2) of the Listing Rules.

DEFINITIONS

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

“Board”	the board of the Directors
“Company”	Wang On Properties Limited 宏安地產有限公司, an exempted company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1243)
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share and the Shareholder Loan of the Target by the Vendor to the Purchaser pursuant to the Provisional Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Property”	being the property on Ground Floor including Cockloft, Foon Shing Building, No. 732 Nathan Road, Kowloon with a saleable floor area of approximately 2,495 square feet
“Provisional Agreement”	the provisional sale and purchase agreement dated 29 March 2018 entered into between the Purchaser and the Vendor in relation to the Disposal
“Purchaser”	Goldland Enterprises Limited, a company incorporated in Hong Kong with limited liability, the purchaser under the Provisional Agreement
“Sale Share”	one issued ordinary share of the Target, representing the entire issued share capital of the Target beneficially held by the Vendor
“Shareholder Loan”	the loan owing by the Target to the Vendor on the date of Completion (the principal amount of such loan being HK\$53,996,069 as at 28 February 2018 which may be varied before Completion), being an interest free loan and repayable on demand and which, subject to and on the terms and conditions of the Provisional Agreement, shall be assigned by the Vendor to the Purchaser on Completion
“Share(s)”	the ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

“Target”	Antic Investment Limited, a company incorporated in Hong Kong with limited liability and is wholly owned directly by the Vendor as at the date of this announcement
“Vendor”	East Run Investments Limited, a company incorporated in British Virgin Islands with limited liability and an indirectly wholly-owned subsidiary of the Company, which is principally engaged in the business of investment holding

By Order of the Board
WANG ON PROPERTIES LIMITED
宏安地產有限公司
Chan Chun Hong
Chairman

Hong Kong, 29 March 2018

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Wong Yiu Hung Gary and Mr. Tang Ho Hong; one non-executive Director, namely Mr. Chan Chun Hong; and three independent non-executive Directors, namely Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung.