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If you are in 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 Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*) you should at once hand this circular to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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WAI YUEN TONG MEDICINE HOLDINGS LIMITED
(位元堂藥業控股有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 897)

MAJOR TRANSACTION

IN RELATION TO DISPOSAL OF PROPERTY

* *For identification purpose only*

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DEFINITIONS

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

“associate(s)”	has the meaning as ascribed thereto under the Listing Rules
“Board”	the board of the Directors
“close associate(s)”	has the meaning as ascribed thereto under the Listing Rules
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	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 whose Shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897)
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	the consideration of HK\$102,800,000 for the sale and purchase of the Property
“controlling shareholder”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Property contemplated under the Formal Agreement
“Formal Agreement”	the formal agreement dated 17 May 2019 entered into between the Vendor and the Purchaser in relation to the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	21 May 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information for the inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

* *For identification purpose only*

DEFINITIONS

“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers
“PRC”	the People’s Republic of China, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Preliminary Agreement”	the binding preliminary sale and purchase agreement dated 28 March 2019 entered into between the Vendor and the Purchaser in relation to the Disposal
“Property”	being a shop located at Ground and Mezzanine Floor, No. 166 Sai Yeung Choi Street South, Kowloon with a total saleable floor area of approximately 1,318 square feet
“Purchaser”	Gloryway Capital Investment Limited, a company incorporated in Hong Kong with limited liability and principally engaged in property investment
“Rich Time”	Rich Time Strategy Limited, an indirect wholly-owned subsidiary of WOG and the controlling shareholder of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 (each) in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance
“Tenancy Agreement”	the tenancy agreement dated 25 March 2019 entered into between the Vendor and WYTR for a term of three years expiring on 31 January 2022 at a monthly rent of HK\$250,000, exclusive of rates and management fee
“Vendor”	Precious Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date, which is principally engaged in property holding

DEFINITIONS

“WOG”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)
“WOP”	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)
“WYTR”	Wai Yuen Tong (Retail) Limited, a company incorporated in Hong Kong with limited liability and an indirect subsidiary of the Company as at the Latest Practicable Date, which is principally engaged in retail and sale of Chinese pharmaceutical and health food product business
“%”	per cent.

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WAI YUEN TONG MEDICINE HOLDINGS LIMITED
(位元堂藥業控股有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 897)

Executive Directors:

Mr. Tang Ching Ho, *SBS, JP*
(Chairman and Managing Director)
Mr. Chan Chun Hong, Thomas
Ms. Tang Mui Fun
Ms. Tang Wai Man

Independent non-executive Directors:

Mr. Leung Wai Ho, *MH*
Mr. Siu Man Ho, Simon
Mr. Cho Wing Mou
Mr. Li Ka Fai, David

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business:*

Suite 3101, 31/F., Skyline Tower
39 Wang Kwong Road
Kowloon Bay, Kowloon
Hong Kong

24 May 2019

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION
IN RELATION TO DISPOSAL OF PROPERTY

1. INTRODUCTION

The Board announced on 28 March 2019 (after trading hours) that the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Preliminary Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Property for the Consideration. Under the Preliminary Agreement, the Vendor and the Purchaser further agreed to enter into the Formal Agreement. After arm's length negotiations on the detailed terms and conditions of the Formal Agreement, the Vendor and the Purchaser entered into the Formal Agreement on 17 May 2019 pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Property upon the terms contained therein. The Formal Agreement, which sets out the terms of the Disposal in more detail, supersedes the Preliminary Agreement.

* *For identification purposes only*

LETTER FROM THE BOARD

The Disposal constitutes a major transaction for the Company under the Listing Rules.

As the Company has received from Rich Time, which is interested in 715,322,940 Shares as at the Latest Practicable Date, a written Shareholder's approval approving the Disposal pursuant to Rule 14.44(2) of the Listing Rules, the Company will not convene any general meeting of the Shareholders to approve the Disposal.

The purpose of this circular is to provide you with, amongst other things, further information in relation to the Disposal and other information in compliance with the requirements of the Listing Rules.

2. THE FORMAL AGREEMENT

Date: 17 May 2019

Vendor: Precious Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, which is principally engaged in property holding.

Purchaser: Gloryway Capital Investment Limited, a company incorporated in Hong Kong with limited liability, which is principally engaged in property investment.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons and there was no previous transaction entered into between any member of the Group and the Purchaser prior to the Latest Practicable Date which will need to be aggregated with the Disposal.

Asset to be disposed of: Pursuant to the Formal Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Property for the Consideration.

The Property is located at the Ground and Mezzanine Floor, No. 166 Sai Yeung Choi Street South, Kowloon. The Property has a total saleable floor area of approximately 1,318 square feet.

Prior to completion of the Formal Agreement, the Property has been leasing to WYTR, an indirect subsidiary of the Company, as a retail shop under the Tenancy Agreement. Upon Completion, the Property will be delivered to the Purchaser subject to the lease under the Tenancy Agreement.

LETTER FROM THE BOARD

Consideration: HK\$102,800,000

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the rental yield for leasing of the Property, the recent transactions of similar types of properties in the market and the preliminary valuation of the Property indicated by an independent property valuer.

The Consideration represents a premium of approximately 53.2% over the unaudited carrying value of the Property as at 28 February 2019. The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Terms of Payment: The Consideration has been paid/shall be payable by the Purchaser in the following manner:

- (a) a sum of HK\$5,000,000 as deposit has been paid by the Purchaser to the Vendor upon the signing of the Preliminary Agreement;
- (b) a sum of HK\$5,280,000 as further deposit has been paid by the Purchaser to the Vendor on 9 April 2019; and
- (c) the balance payment of the Consideration in the sum of HK\$92,520,000 will be paid by the Purchaser to the Vendor upon Completion.

Completion: Completion will take place on 30 May 2019.

LETTER FROM THE BOARD

If the Purchaser shall (other than due to the default of the Vendor) fail to complete the purchase in accordance with the terms of the Formal Agreement, without prejudice to any other rights that the Vendor may have under the Formal Agreement, the deposits paid by the Purchaser to the Vendor shall be absolutely forfeited to the Vendor who may (without being obliged to tender an assignment to the Purchaser) rescind the Formal Agreement and either retain the Property or resell the same as the Vendor may think fit. Any deficiency arising from such resale and all reasonable expenses attending the same, if the same cannot be covered by the deposits so forfeited, be made good and paid by the Purchaser and any increase in price realised by such resale shall belong to the Vendor. The Vendor shall also be entitled to recover further damages representing interest lost by it by reason of the Purchaser's failure if the same cannot be covered by the deposits so forfeited.

In the event of the Vendor failing to complete the sale in accordance with the terms of the Formal Agreement (other than due to the default of the Purchaser), without prejudice to any other rights that the Purchaser may have under the Formal Agreement, all deposits paid by the Purchaser to the Vendor shall forthwith be returned to the Purchaser who shall also be entitled to recover from the Vendor damages which the Purchaser may reasonably sustain by reason of such failure on the part of the Vendor.

The terms of the Formal Agreement were determined after arm's length negotiations and were on normal commercial terms between the parties. The Directors (including the independent non-executive Directors) consider that the terms of the Formal Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

3. REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in (a) 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; (b) processing and retailing of western pharmaceutical products and personal care products under the brand names of "Madame Pearl's" and "Pearl's"; and (c) property investment. The Vendor is principally engaged in property holding.

LETTER FROM THE BOARD

The Group acquired the Property at HK\$69.0 million in April 2018. The unaudited carrying value of the Property was approximately HK\$67.1 million as at 28 February 2019. The revenue and net rental income before and after taxation generated from the Property for the period from 8 August 2016 (date of incorporation) to 31 March 2017 and for the year ended 31 March 2018 and for the six months ended 30 September 2018 were as follows:

	For the six months ended 30 September 2018	For the year ended 31 March 2018	Period from 8 August 2016 (date of incorporation) to 31 March 2017
	<i>HK\$ million</i> (unaudited)	<i>HK\$ million</i> (unaudited)	<i>HK\$ million</i> (unaudited)
Revenue	0.69	1.79	0.49
Net rental income before taxation	0.64	1.73	0.49
Net rental income after taxation	0.53	1.44	0.41

The Directors believe that the Disposal represents a good opportunity for the Company to realise the value of the Property at a reasonable price and the proceeds from the Disposal will improve the financial position and increase the general working capital of the Group.

4. FINANCIAL EFFECT OF THE DISPOSAL

Based on, *inter alia*, the Consideration, the unaudited carrying value of the Property as at 28 February 2019, and the related expenses for the Disposal, the Group is expected to record a gain on disposal of approximately HK\$33.5 million upon Completion and will incur HK\$3.0 million expenses per year, representing rental payable to the Purchaser under the Tenancy Agreement (as amended) until 31 January 2022, the expiry of the Tenancy Agreement (as amended). In addition, the assets would increase approximately HK\$33.5 million.

Save as disclosed above, the Disposal will not have any material adverse impact on the earnings and assets and liabilities of the Group.

5. USE OF SALE PROCEEDS

The net proceeds arising from the Disposal of approximately HK\$100.5 million (after deducting other expenses in relation to the Disposal) will be used for repaying bank loans and general working capital of the Group.

6. GENERAL

The Purchaser, a company incorporated in Hong Kong with limited liability, is principally engaged in the business of property investment.

LETTER FROM THE BOARD

As one of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders or any of their respective associates has a material interest in the Disposal, thus no Shareholders is required to abstain from voting for the resolution if the Company were to convene a special general meeting to approve the Disposal. Rich Time, the controlling shareholder of the Company and interested in 715,322,940 Shares representing approximately 58.08% of the issued Shares as at the Latest Practicable Date, has approved the Disposal by a written Shareholder's approval pursuant to Rule 14.44 of the Listing Rules in lieu of a resolution to be passed at a general meeting of the Company.

7. RECOMMENDATION

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

8. ADDITIONAL INFORMATION

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

Yours faithfully
For and on behalf of the Board
Wai Yuen Tong Medicine Holdings Limited
(位元堂藥業控股有限公司*)
Tang Ching Ho
Chairman and Managing Director

* For identification purpose only

1. FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the three financial years ended 31 March 2016, 2017 and 2018, including the independent auditors' report thereon and the notes thereto, have been disclosed in the respective annual reports of the Company and the interim results for the six months ended 30 September 2018 have been disclosed in the 2018 interim report of the Company. The auditor of the Company has not issued any qualified opinion on the Group's consolidated financial statements for the three financial years ended 31 March 2016, 2017 and 2018.

The annual reports of the Company for the three financial years ended 31 March 2016, 2017 and 2018 and the interim report of the Company for the six months ended 30 September 2018 are published on the websites of HKEXnews (<http://www.hkexnews.hk>) and the Company (<http://www.wyth.net/pressrelease>), respectively.

Quick links

- (i) for the year ended 31 March 2016 (pages 67 to 177),
(<http://www3.hkexnews.hk/listedco/listconews/SEHK/2016/0706/LTN20160706591.pdf>)
- (ii) for the year ended 31 March 2017 (pages 74 to 163),
(<http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0727/LTN20170727599.pdf>)
- (iii) for the year ended 31 March 2018 (pages 72 to 144),
(<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0726/LTN20180726494.pdf>)
- (iv) for the six months ended 30 September 2018 (pages 28 to 68)
(<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/1219/LTN20181219462.pdf>)

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 March 2019, being the latest practicable date for the purpose of ascertaining certain information contained in this indebtedness statement prior to the printing of this circular, the Group had outstanding secured bank loans of approximately HK\$852.2 million which were secured by the Group's land and buildings, investment properties and certain rental income generated therefrom, and the Group had no outstanding unsecured bank loan. The Group's secured bank loans bear contractual interest rate ranging from HIBOR plus 1.50% to 1.65%.

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 March 2019, 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 STATEMENT

Taking into account the financial resources available to the Group, including internally generated funds and available banking facilities of the Group, the Directors, after due and careful enquiry, are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances, such as 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

References are made to (i) the positive profit alert announcement of the Company dated 2 November 2018; (ii) the interim results announcement of the Company for the six months ended 30 September 2018 dated 20 November 2018; and (iii) the interim report of the Company for the six months ended 30 September 2018 published on the websites of the Stock Exchange and the Company on 19 December 2018, respectively regarding the improvement in interim results for the six months ended 30 September 2018, which was mainly attributable to, among of other things, a gain on bargain purchase of additional equity interests in an associate and improvement in results of such associate.

Please refer to the relevant announcements and interim report of the Company for further details.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2018, being the date on which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

With the arrival of festive seasons in the fourth quarter of 2018 and the first quarter of 2019, the Group is expected to benefit from increased domestic consumption as well as tourist purchase, particularly for healthcare products. The opening of Hong Kong-Zhuhai-Macau Bridge and Guangzhou-Shenzhen-Hong Kong Express Rail Link are going to shorten the distance between various mainland China cities and Hong Kong and facilitates crossborder consumption. With a strong brand recognition of “Wai Yuen Tong” brand and consumers’ faith in “made in Hong Kong” health food products, the Group is well-poised to benefit from these latest developments.

Mainland China’s strong consumption power and its ever-growing middle class’ pursuit for healthy and safe pharmaceutical and health products together constitute enormous market opportunities for the Group. Over the past decade, the Group has established an advancing bridgehead in the mainland China market, supported by an extensive sales and distribution network, and massive advertising campaigns. The national promotion of “Healthy China” and the State’s supporting policies are expected to help driving the Group’s deepened penetration into this huge market.

The smooth operation of the traditional Chinese Medicine (“TCM”) and western medicine factory in Yuen Long Industrial Estate helps to gradually expand the category diversity and production capacity of the Group’s products. More importantly, the plant’s research and development facilities enable the Group to carry out a broad range of product development and study on commercial production of TCM from traditional compound recipe. High value-added products such as “Angong Niuhuang Wan” and “Angong Jiangya Wan” have been launched and are well accepted by the market. The Group will further leverage its success in introducing the “Angong” series and explore opportunities for intensified market penetration of this series of products and extension of the series’ product line. At present, the series has three products for preventive healthcare, treatment and recovery healthcare respectively. The Group will continue to expand product mix to enlarge its product series of TCM and western pharmaceutical products.

To cater for the consumption habit of younger generation and to enhance product distribution utilising latest cyber technology, the Group will allocate further resources in digital marketing. In addition to traditional approaches of engaging celebrities as product ambassadors and above-the-line advertising, the Group will devote significant effort to social media interactive communications and mobile application promotions to optimise cross-border marketing.

Looking forward, albeit the uncertainties in domestic economy under the shadow of intensifying China-US trade war and volatility of the capital market, the sale of healthcare and pharmaceutical products are generally less sensitive to economic performance. The Group will maintain a cautious approach in its sales network consolidation and product range expansion.

As “a century-old well-established brand and a Hong Kong brand”, “Wai Yuen Tong” will, based on its solid foundation and trusted position amongst customers, continue to develop its core business and take up the challenges with flexibility, innovative ideas and operational mechanisms, in order to provide our customers in both mainland China and Hong Kong, and even from overseas, with quality products and services.

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 15 April 2019 of the Property.



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

24 May 2019

The Board of Directors

Wai Yuen Tong Medicine Holdings Limited

Suite 3101, 31/F,
Skyline Tower
No. 39 Wang Kwong Road
Kowloon Bay, Kowloon
Hong Kong

Dear Sirs,

**Ground Floor & Mezzanine Floor,
No.166 Sai Yeung Choi Street South, Kowloon**

In accordance with the instructions from **Wai Yuen Tong Medicine Holdings Limited** (referred to as the “**Company**”) to value the captioned property interests (referred to as the “**Property**”) situated in Hong Kong, we confirm that we have carried out inspection of the Property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 15 April 2019 (the “**Valuation Date**”).

BASIS OF VALUATION

Our valuation of the Property 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 Property. However, we have not verified ownership of the Property 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

As the Property is subject to an existing tenancy, it has been valued by the Market Capitalization Method by which market value of the Property is deduced by the summation of its term interest value and its reversionary value. Term interest value is measured by capitalization of actual rental incomes over the unexpired term of the existing tenancy and reversionary Value reflects the present value of the market value on vacant possession basis as measured by the market approach.

ASSUMPTIONS

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

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

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

LIMITING CONDITIONS

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

We have relied to a very considerable extent on the information given by the 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 Property but have ascertained the floor areas based on the registered floor plans of the Property obtained from the Land Registry. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

The Property was inspected on 15 April 2019 by Chen Nelson Chun Kin, who is a holder of master degree of science in construction and real estate awarded by the Hong Kong Polytechnic University. 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 Property, 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 valuation certificate.

Yours faithfully,
for and on behalf of
Asset Appraisal Limited

Sandra S.W. Lau
MHKIS AAPI RPS (GP)
Director

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

VALUATION CERTIFICATE

Property to be disposed of by the Company

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 15 April 2019 HK\$
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 floor thereto of a 9-storey tenement building completed in about 1966.	As confirmed by the Company, the Property was subject to a tenancy for a term of 3 years commencing on 1 February 2019 and expiring on 31 January 2022 at a monthly rent of HK\$250,000 exclusive of rates and management fee.	102,800,000
3/11 th shares of and in the Remaining Portion of Kowloon Inland Lot No.1708	The saleable area of the ground floor portion and the mezzanine floor portion of the Property are approximately 770 square feet and 548 square feet respectively. The subject lot is held under Government Lease for a term of 75 years and renewable for another 75 years commencing on 8 January 1924 at an annual Government rent of HK\$40,680.		

Notes:

1. The registered owner of the Property is Precious Investments Limited, an indirect wholly-owned subsidiary of the Company, vide memorial no. 17011902590277 dated 30 December 2016. The Property has been acquired by the registered owner at a consideration of HK\$83,300,000.
2. Deed of Mutual Covenant of the subject development is registered via memorial no. UB563884 dated 29 November 1966.
3. The Property is subject to an Order No. UBCSN/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. UBCSN/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 Industrial and Commercial Bank of China (Asia) Limited for consideration all monies registered vide memorial no. 19012501890068 dated 8 January 2019.
6. The Property is subject to rent assignment in favour of Industrial and Commercial Bank of China (Asia) Limited registered vide memorial no. 19012501890074 dated 8 January 2019.
7. The Preliminary Sale & Purchase Agreement is pending to be registered vide memorial no. 19041102160091 dated 28 March 2019.

8. The Property falls within an area zoned as “Residential (A)” under the Draft Mong Kok Outline Zoning Plan No. S/K3/31 dated 13 July 2018.
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. In arriving at our valuation, we have not allowed for any cost required to complete all necessary building works for discharging the two building orders mentioned in notes 3 and 4 above.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Directors' interests

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (a) 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); (b) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Long positions in Shares

Name of Director	Nature of interests/ Capacity	Number of Shares held	Approximate percentage in the Company's total issued share capital ^(Note 1)
Mr. Tang Ching Ho	Interest of controlled corporations ^(Note 2)	715,322,940	58.08%

(ii) Long positions in the shares of WOG, an associated corporation of the Company

Name of Director	Name of corporation	Number of shares held	Approximate percentage in WOG's total issued share capital ^(Note 1)
Mr. Tang Ching Ho	WOG ^(Note 2)	9,984,356,772	55.88%

Notes:

1. The percentages represented the percentages of respective company's share capital as stated in the relevant disclosure of interests forms.
2. Under the SFO, Mr. Tang Ching Ho is taken to be interested in the interests of the Company as he is taken to be interested in an aggregate of 9,984,356,772 shares in WOG (as associated corporation of the Company under the meaning of the SFO), representing approximately 55.88% of all the issued shares of WOG, by virtue of his own beneficial shareholding, the shareholding interests of his spouse in WOG, the shareholding interests of a company wholly and beneficially owned by him, and his deemed interests by virtue of being the founder of Tang's Family Trust. WOG is taken to be interested in the Shares held by Rich Time. Rich Time, an indirect wholly-owned subsidiary of WOG, was the beneficial owner of 715,322,940 Shares. Therefore, Mr. Tang Ching Ho was deemed to be interested in 715,322,940 Shares held by WOG for the sole purpose of Part XV of the SFO.

(iii) Long positions in 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\$	No. of share options outstanding or underlying shares	Exercise period	Approximate percentage of EOF's total issued share capital <i>(Note)</i>
Mr. Chan Chun Hong, Thomas	23 February 2018	Personal	0.48	4,600,000	23 February 2018 — 22 February 2025	0.83%

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

Save as disclosed herein, as at the Latest Practicable Date, none of the Director or chief executive of the Company 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) which were required to be: (a) 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); (b) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders' interests

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (not being Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in Shares

Name	Nature of interest/ Capacity	No. of Shares	Approximate percentage in the Company's total issued share capital ^(Note 1)
WOG	Interest of controlled corporations ^(Note 2)	715,322,940	58.08%
Wang On Enterprises (BVI) Limited	Interest of controlled corporations ^(Note 2)	715,322,940	58.08%
Rich Time	Beneficial owner	715,322,940	58.08%
Ms. Yau Yuk Yin	Interest of spouse ^(Note 3)	715,322,940	58.08%

Notes:

1. 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.
2. WOG is deemed to be interested in 715,322,940 Shares beneficially owned by Rich Time as at the Latest Practicable Date as Rich Time is indirectly and wholly owned by WOG through WOG's ownership of Wang On Enterprises (BVI) Limited. Mr. Tang Ching Ho is an executive director of WOG.
3. Ms. Yau Yuk Yin is taken to be interested in the Shares in which her spouse, Mr. Tang Ching Ho, is interested as stated above in the sub-paragraph headed "2.(a) Directors' Interests" in this Appendix.

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

3. 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 any material importance is pending or threatened against any member of the Group.

4. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors has any existing or proposed 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).

5. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

As at the Latest Practicable Date, to the best of the knowledge, information 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 interest in businesses which competes or was likely to compete, whether directly or indirectly, with the business of the Group that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

6. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors or proposed Director have any interests direct or indirect, in any assets which have been, since 31 March 2018 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

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

7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has provided its advice for inclusion in this circular:

Name	Qualification
Asset Appraisal Limited	Independent professional property valuer

Asset Appraisal Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of extracts of its report and the reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, Asset Appraisal Limited was not interested beneficially or otherwise in any Shares or securities in any of subsidiaries or associated corporations (within the meaning of Part XV of the SFO) of the Company and did not have any rights, whether legally enforceable or not, or option to subscribe for or to nominate persons to subscribe for any Shares or securities in any of subsidiaries or associated corporations of the Company nor did they have any interests, either direct or indirect, in any assets which have been, since 31 March 2018 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (other than contracts entered into in the ordinary course of business) which have been entered into by any members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material.

- (a) the Formal Agreement;
- (b) the Preliminary Agreement;
- (c) a conditional provisional agreement dated 9 May 2019 entered into between Guidepost Investments Limited (“**Guidepost Investments**”), an indirect wholly-owned subsidiary of the Company, as the vendor, and Rich Faith Holdings Limited, as the purchaser, in relation to the disposal of the entire issued share capital of, and the assignment of the shareholder loan in, Shiny World Investment Limited, an indirect wholly-owned subsidiary of the Company, holding a retail shop at a consideration of HK\$52.8 million, the details of which are set out in the announcement of the Company dated 9 May 2019;
- (d) a tenancy agreement dated 2 May 2019 entered into between WYTR, as the tenant, and Vincent Investments Limited, an indirect wholly-owned subsidiary of WOP, as the landlord, in respect of the lease of a property located at Nathan Road which has a total value of the right of use of approximately HK\$12.06 million, for a term of three years commencing from 1 May 2019 and expiring on 30 April 2022 for a monthly rental of HK\$0.38 million (exclusive of rates and management charge), the details of which are set out in the announcements jointly issued by the Company and WOP both dated 2 May 2019;
- (e) a conditional provisional agreement dated 30 April 2019 entered into between Guidepost Investments, as the vendor, and an individual person, as the purchaser, in relation to the disposal of the entire issued share capital of, and the assignment of the shareholder loan in, Wang To Investments Limited, an indirect wholly-owned subsidiary of the Company, holding a retail shop at a consideration of HK\$47.0 million, the details of which are set out in the announcement of the Company dated 30 April 2019;

- (f) a subscription form and a side letter executed by Key High Limited (“**Key High**”), an indirect wholly-owned subsidiary of the Company, on 18 April 2019 in respect of the investment of an aggregate of US\$7.5 million in Rockpool Alpha Credit Strategy SP, a segregated portfolio created by Rockpool Capital SPC (the “**Segregated Portfolio**”) and the entitlement to certain economic benefits as a seed investor to the Segregated Portfolio, the details of which are set out in the announcement jointly issued by the Company and WOG dated 18 April 2019;
- (g) a conditional provisional sale and purchase agreement dated 18 April 2019 and a binding supplemental agreement dated 19 April 2019 entered into between Sky Success Limited (“**Sky Success**”), an indirect wholly-owned subsidiary of the Company, as the vendor, and Asia Bright Enterprises Limited, as the purchaser, in relation to the disposal of the property located at To Kwa Wan Road at a consideration of HK\$60.5 million and a licence agreement dated 18 April 2019 entered into between Sky Success and the purchaser for the grant of a right to Sky Success to use certain part of the shop for a term of 12 months commencing from the date of completion of such disposal (i.e. on 28 June 2019) by setting aside HK\$6.05 million as a security deposit which will be refunded to Sky Success upon delivery of vacant possession of such property to the purchaser, the details of which are set out in the announcement of the Company dated 19 April 2019;
- (h) a conditional provisional sale and purchase agreement dated 28 February 2019 entered into between Guidepost Investments, as the vendor, and individual persons, as the purchaser, in relation to the disposal of the entire issued share capital of, and the assignment of the shareholder loan in, Union Target Limited, an indirect wholly-owned subsidiary of the Company, holding a retail shop at a consideration of HK\$53,088,000, the details of which are set out in the announcement of the Company dated 28 February 2019;
- (i) a loan agreement dated 18 September 2018 entered into between Able Trend Limited (“**Able Trend**”), an indirect wholly-owned subsidiary of the Company, as the lender, and EOF, as the borrower, pursuant to which Able Trend agreed to grant an unsecured revolving credit facility of not exceeding a sum of HK\$65.0 million at an interest rate of 7.0% per annum for a term of 36 months commencing from 18 September 2018, the details of which are set out in the announcement jointly issued by the Company and WOG dated 18 September 2018;
- (j) a sale and purchase agreement dated 7 February 2018 entered into between Guidepost Investments, as the purchaser, WOP, as guarantor, and East Run Investments Limited, as the vendor, in relation to the sale of share(s) of, and assignment of the relevant shareholder loan(s) in, four respective subsidiaries of WOP holding four retail shops at a consideration of approximately HK\$350.0 million, the details of which are set out in the announcement jointly issued by the Company and WOP dated 7 February 2018 and the circular of the Company dated 29 March 2018;

- (k) an extension agreement dated 18 October 2017 entered into between Winning Rich Investments Limited (“**Winning Rich**”), an indirect wholly-owned subsidiary of the Company, as the lender, and China Agri-Products Exchange Limited (“**CAP**”), as the borrower, pursuant to which Double Leads Investments Limited agreed to extend the payment date of the interest accrued on the 5-year 10% coupon bonds due 2019 issued by CAP (the “**2019 CAP Bonds**”) payable on 30 November 2017 to be otherwise due and payable on 31 January 2018 at an annual interest rate of 12% which shall be payable on the accrued interest for the extension period, the details of which are set out in the announcement jointly issued by the Company, WOG, CAP and EOF dated 18 October 2017;
- (l) a conditional underwriting agreement dated 4 July 2017 entered into between, *inter alios*, CAP, Key High and the Company in relation to the underwriting of certain rights shares to be issued proposed by CAP, which had been terminated pursuant to an agreement dated 15 September 2017 entered into between the parties, the details of which are set out in the announcements jointly issued by the Company, WOG, EOF and CAP dated 26 July 2017 and 15 September 2017, respectively;
- (m) a conditional subscription agreement dated 4 July 2017 entered into between Key High and CAP in relation to the subscription of convertible notes to be issued by CAP, which was terminated pursuant to an agreement dated 15 September 2017 entered into between the parties; and
- (n) letters of request issued by CAP and acknowledged by Winning Rich as the bondholder on 29 May 2017, 4 July 2017 and 15 September 2017, pursuant to which Winning Rich agreed to extend the payment date of the interest accrued on the 2019 CAP Bonds to be otherwise due and payable on 29 May 2017 to 31 August 2017 and further to 30 November 2017 at an annual interest rate of 12% on the outstanding interest, the details of which are set out in the announcement jointly issued by the Company, WOG and CAP dated 29 May 2017 and the announcements jointly issued by the Company, WOG, EOF and CAP dated 26 July 2017 and 15 September 2017, respectively.

9. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Mak Yuen Ming, Anita, who is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its head office and principal place of business is at Suite 3101, 31/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours (Saturdays and public holidays excepted) at the Company's principal place of business in Hong Kong at Suite 3101, 31/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong from the date of this circular up to and including 10 June 2019:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 March 2018 and 2019 respectively;
- (c) the interim report of the Company for the six months ended 30 September 2018;
- (d) the material contracts as referred to in the section headed "Material Contracts" in this Appendix;
- (e) the valuation report on the Property prepared by Asset Appraisal Limited as set out in Appendix II to this circular;
- (f) the letter of consent as set out in the section headed "Qualification and Consent of Expert" in this Appendix; and
- (g) this circular.