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**WANG ON GROUP LIMITED**

**(宏安集團有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1222)**



**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)**

**DISCLOSEABLE TRANSACTIONS  
REGARDING  
INVESTMENT IN A SEGREGATED PORTFOLIO OF A FUND**

**THE INVESTMENT**

On 18 April 2019, the Investors executed the Subscription Forms in respect of the Investment. A related side letter regarding the Investors' entitlement to certain economic benefits was also entered into on 18 April 2019.

The target underlying the Investment is 25,000 Class C Shares with an initial net asset value of US\$17.5 million (by Trade Capture) and US\$7.5 million (by Key High) in the Segregated Portfolio of the Fund Portfolio Company. The Fund Portfolio Company is a segregated portfolio company incorporated under the laws of the Cayman Islands with limited liability, and is an open-ended investment vehicle. Subject to the restriction that any single position in the Segregated Portfolio shall not exceed 10% of the net asset value of the entire Segregated Portfolio, there are no limitations on the markets or instruments that the Segregated Portfolio may invest in, or the percentage of the Segregated Portfolio's assets that may be committed to any region, market or instrument.

**LISTING RULES IMPLICATION**

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Investment for each of WOG and WYT exceeds 5% but is less than 25%, the Investment constitutes a discloseable transaction for each of WOG and WYT under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements thereunder.

\* *For identification purpose only*

## **THE INVESTMENT**

On 18 April 2019, the Investors executed the Subscription Forms in respect of the Investment. A related side letter was also entered into on 18 April 2019 between the Investors, the Fund Portfolio Company (for the account of the Segregated Portfolio), the Manager and the Investment Advisor with respect to certain economic benefits enjoyed by the Investors which are investing as seed investors to the Segregated Portfolio. The principal terms of the Investment are set out below.

To the best of the knowledge, information and belief of the WOG Board and the WYT Board, having made all reasonable enquiries, Mr. Mak Yung Pan, Andrew, the son-in-law of Mr. Tang Ching Ho and Ms. Yau Yuk Yin (who are executive directors of WOG) and the spouse of Ms. Tang Wai Man (an executive director of WYT), is interested in approximately 21.15% equity interest in the Manager. The Manager in turn holds the entire equity interests of the Investment Advisor. Save for the foregoing, the Fund Portfolio Company, the Manager, the Investment Advisor and any of their respective ultimate beneficial owners are Independent Third Parties.

### **Investment and Principal Amount**

There are four classes of shares in the capital of the Fund Portfolio Company in respect of the Segregated Portfolio, namely Class A Shares, Class B Shares, Class C Shares and Class Z Shares. Class C Shares are designated to be initially eligible for subscription by strategic investors with limited availability.

Each of Trade Capture and Key High has agreed to subscribe for 17,500 and 7,500 Class C Shares at a total subscription price of US\$17.5 million and US\$7.5 million, respectively. The Class C Shares are non-voting shares and the Manager holds the management shares in the Fund Portfolio Company which confer voting rights in the Fund Portfolio Company. The Class C Shares are not transferable without prior written consent of the board of directors of the Fund Portfolio Company.

### **Source of funds**

The amount of the Investment has been determined upon commercial negotiation between the Investors and the Manager in light of the expected initial size of the entire Segregated Portfolio of US\$25.0 million. The Investment will be satisfied in cash and financed by the internal resources of the WOG Group and the WYT Group respectively.

### **Investment Objective and Strategy**

The power to make investment relating to the Segregated Portfolio rests with the Manager. The investment objective of the Segregated Portfolio is to achieve high returns with low volatility by investing in liquid and illiquid credit and selective private investments.

Subject to the restriction that any single position in the Segregated Portfolio shall not exceed 10% of the net asset value of the entire Segregated Portfolio, there are no limitations on the markets or instruments that the Segregated Portfolio may invest in, or the percentage of the Segregated Portfolio's assets that may be committed to any region, market or instrument. The Segregated Portfolio may undertake direct borrowing or incur leverage through borrowing cash, securities and other instruments including but not limited to the use of derivatives, margin, or bank or dealer credit lines if considered appropriate by the Manager, and it may pledge assets as security for borrowings.

The investment objective and strategy may be amended by the board of directors of the Fund Portfolio Company in consultation with the Manager.

### **Dividend Policy**

The Segregated Portfolio does not have a policy to pay dividends but the directors of the Fund Portfolio Company may declare a dividend at any time if they consider it appropriate to do so.

### **Lock-Up Period**

Class C Shares are subject to a lock-up period of 12 months with a "buy-out" option during which the Investment may be redeemed by the Investors subject to the payment of a redemption fee which equals 5% of the redemption price (being the net asset value of the Class C Shares redeemed).

### **Fees**

Management fee for the Class C Shares will be payable monthly by the Segregated Portfolio to the Manager at a rate of 1.25% per annum with respect to the net asset value of the Class C Shares underlying the Investment which will be valued on a monthly basis and net of costs and expenses.

Performance fee will be payable by the Segregated Portfolio to the Manager on 31 December of each year or upon an earlier redemption of shares ("**Calculation Date**") by reference to the net realised and unrealised appreciation in the net asset value per share on such Calculation Date that is in excess of the net asset value of those shares as at issuance or on any prior Calculation Date (as the case may be), and multiplying the same by a rate of 12.5% (being the applicable performance fee rate for Class C Shares).

## **Economic benefits enjoyed by the Investors as seed investors**

Pursuant to the side letter entered into on 18 April 2019, the Investors are entitled to certain economic benefits as seed investors to the Segregated Portfolio. Such benefits will be in the form of a payment by the Manager that is equal to a proportion (between 10% to 20% depending on the total net asset value of the entire Segregated Portfolio, and whether the Investors maintain their entire initial investment in the Segregated Portfolio) of the total management fees and performance fees received by the Manager across all relevant classes of shares in the Segregated Portfolio, net of fees paid to distributors and other agents as approved by the Investors. Such economic benefits will be split between the Investors by reference to the respective proportion of their initial investment amount underlying the Investment.

The above benefits arrangement will terminate upon each Investor ceasing to hold shares in the Segregated Portfolio.

## **Redemption**

Each of the Investors may by written notice redeem up to 50% of the total net asset value of Class C Shares held by it on the first business day of every calendar quarter (or such other date or dates as the board of directors of the Fund Portfolio Company may determine) (“**Redemption Day**”). If an Investor intends to redeem more than 50% of the total net asset value of its initial holding of Class C Shares, the unredeemed balance will be automatically rolled over to the subsequent Redemption Day.

## **INFORMATION ON THE FUND PORTFOLIO COMPANY, THE MANAGER AND THE INVESTMENT ADVISOR**

The Fund Portfolio Company was incorporated on 30 July 2018 and is an open-ended investment vehicle. It is a company incorporated under the laws of the Cayman Islands with limited liability, and is registered as a segregated portfolio company in the Cayman Islands pursuant to the provisions of Part XIV of the Companies Law (2018 Revision) of the Cayman Islands. The Fund Portfolio Company has appointed the Manager as its investment manager, which in turn appoints the Investment Advisor as its advisor and delegates all day-to-day investment authority in relation to each portfolio under the Fund Portfolio Company to the Investment Advisor. The Segregated Portfolio does not have any historical financial results as at the date of this joint announcement.

The Manager is an exempted company incorporated in the Cayman Islands with limited liability and is principally engaged in managing investment portfolios on a discretionary basis.

The Investment Advisor is a company incorporated in Hong Kong and is a corporation licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

## **INFORMATION ON THE WOG GROUP AND THE WYT GROUP**

The WOG Group is principally engaged in (i) management and sub-licensing of fresh markets and treasury management in Hong Kong and the PRC; (ii) property investment and property development in Hong Kong through its 75%-owned listed subsidiary, Wang On Properties Limited 宏安地產有限公司 (Stock Code: 1243); and (iii) manufacturing and/or retailing of pharmaceutical and health food products through WYT.

The WYT 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.

Both Trade Capture and Key High are principally engaged in investment holding.

## **REASONS FOR AND BENEFITS OF UNDERTAKING THE INVESTMENT**

Members of the WOG Board and the WYT Board have reviewed the historical track record of the members of the Manager and the Investment Advisor and both the WOG Board and the WYT Board are of the view that they have illustrated the ability to yield attractive return for fund investors in the past, and their management team possesses extensive investment experience. The present Investment presents a good opportunity for the WOG Group and the WYT Group to invest part of their respective surplus liquidity resources for return to WOG in the medium-to-long term. The additional economic benefits entitlements by the Investors also represent attractive incentives for the Investors to participate as the seed investors in the Segregated Portfolio.

In light of the foregoing, the WOG Board and the WYT Board respectively consider that the terms of the Investment are fair and reasonable and the Investment is in the interests of WOG, WYT and their respective shareholders as a whole.

## **LISTING RULES IMPLICATION**

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Investment for each of WOG and WYT exceeds 5% but is less than 25%, the Investment constitutes a discloseable transaction for each of WOG and WYT under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements thereunder.

## DEFINITIONS

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

“Class C Shares”	non-voting participating redeemable shares in the capital of the Fund Portfolio Company designated as Class C Shares in the Segregated Portfolio
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Fund Portfolio Company”	Rockpool Capital SPC, an exempted company registered as a segregated portfolio company incorporated under the laws of the Cayman Islands with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) who is/are independent of WOG and its connected person(s)
“Investment”	the investment by the Investors of an aggregate of US\$25.0 million in Class C Shares in the Segregated Portfolio
“Investment Advisor”	Rockpool Capital Limited, a company incorporated in Hong Kong and is a corporation licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“Investor(s)”	Trade Capture and Key High
“Key High”	Key High Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly owned subsidiary of WYT
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange
“Manager”	RPC Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability

“PRC”	the People’s Republic of China, which for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Segregated Portfolio”	Rockpool Alpha Credit Strategy SP, a segregated portfolio created by the Fund Portfolio Company
“SFC”	the Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Form(s)”	the respective subscription form executed by each of the Investors in respect of the Investment and as accepted by the Fund Portfolio Company on 18 April 2019
“Trade Capture”	Trade Capture Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of WOG
“US\$”	United States dollar(s), the lawful currency of the United States of America
“WOG”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability, whose issued shares are listed and traded on the Main Board of the Stock Exchange (Stock code: 1222)
“WOG Board”	the board of directors of WOG
“WOG Group”	WOG and its subsidiaries
“WYT”	Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*), an exempted company incorporated in Bermuda with limited liability whose issued shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897) and a 58.08%-owned listed subsidiary of WOG

\* For identification purpose only

“WYT Board”	the board of directors of WYT
“WYT Group”	WYT and its subsidiaries
“%”	per cent.

By Order of the board of  
**WANG ON GROUP LIMITED**  
 (宏安集團有限公司)\*  
**Chan Chun Hong, Thomas**  
*Managing Director*

By Order of the board of  
**WAI YUEN TONG MEDICINE**  
**HOLDINGS LIMITED**  
 (位元堂藥業控股有限公司\*)  
**Tang Mui Fun**  
*Executive Director*

Hong Kong, 18 April 2019

*As at the date of this joint announcement, the executive directors of WOG are Mr. Tang Ching Ho, Ms. Yau Yuk Yin and Mr. Chan Chun Hong, Thomas, and the independent non-executive directors of WOG are Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein and Mr. Siu Kam Chau.*

*As at the date of this joint announcement, the executive directors of WYT are Mr. Tang Ching Ho, Mr. Chan Chun Hong, Thomas, Ms. Tang Mui Fun and Ms. Tang Wai Man, and the independent non-executive directors of WYT are Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon, Mr. Cho Wing Mou and Mr. Li Ka Fai, David.*

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