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Wah Wo Holdings Group Limited

華和控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9938)

DISCLOSEABLE TRANSACTION ACQUISITION OF THE PROPERTIES

THE ACQUISITIONS

The Board is pleased to announce that on 30 July 2021 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Provisional Agreements with, among others, the Vendors, pursuant to which the Purchaser agreed to purchase, and the Vendors agreed to sell, the Properties at the Considerations of HK\$33,320,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisitions exceed 5% but all are less than 25%, the Acquisitions constitute a discloseable transaction for the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE ACQUISITIONS

The Board is pleased to announce that on 30 July 2021 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Provisional Agreements with, among others, the Vendors, the major terms of each of the Provisional Agreements are as follows:

Acquisition A — Provisional Agreement A

Parties:

- (a) Ming Hing Manufacturing Company Limited (明興製造廠有限公司) (i.e. Vendor A);
- (b) World Classic International Limited (華廣國際有限公司) (i.e. the Purchaser); and
- (c) Midland Realty (Comm. & Ind. II) Limited (美聯物業(工商II)有限公司) (i.e. the Property Agent)

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Vendor A and the Property Agent are Independent Third Parties.

Property to be acquired: 6th Floor, Sang Chong Industrial Building, Nos. 11–13 Ka Hing Road, Kwai Chung, New Territories, Hong Kong (i.e. Property A)

Property A is sold on an “as is” basis.

Consideration and payment terms: Consideration A is in the sum of HK\$16,000,000, which shall be paid in the following manner:

- (a) a sum of HK\$800,000, being the initial deposit (the “**Initial Deposit A**”), was paid to the Vendors’ solicitor as stakeholder upon signing of the Provisional Agreement A;
- (b) a sum of HK\$800,000, being the further deposit (together with the Initial Deposit A, the “**Deposits A**”) shall be paid to the Vendors’ solicitor as stakeholder on or before 10 August 2021; and
- (c) a sum of HK\$14,400,000, being the remaining balance of the Consideration A, shall be paid upon Completion.

Consideration A was determined after arm’s length negotiations between the parties with reference to the prevailing market value of comparable properties available in the vicinity. The Directors consider that the terms of the Provisional Agreement A are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Consideration A shall be funded by internal resources and banking facilities available to the Group.

Formal agreement: The Purchaser and Vendor A shall enter into the Formal Agreement A on or before 10 August 2021.

Completion: Completion shall take place on or before 20 September 2021. The Purchaser agrees to purchase Property A subject to three existing tenancies, the tenants of which are Inners Beaute, Omar Limited (奧馬有限公司) and Divine Concept Limited, with monthly rental at HK\$8,800, HK\$7,900 and HK\$12,000 and expiry dates on 14 June 2023, 30 November 2022 and 13 October 2021, respectively.

Inners Beaute is a sole proprietorship of one Chan Man Yee (陳敏儀). Omar Limited (奧馬有限公司) is a company incorporated in Hong Kong with limited liability and is owned as to 80% by one Man Tat Ming (文達明) and as to 20% by one Chen Yang (陳陽). Divine Concept Limited is a company incorporated in Hong Kong with limited liability and is wholly owned by one Wong Veronica.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the aforesaid tenants and its ultimate beneficial owners are Independent Third Parties.

If the Purchaser fails to complete the Acquisition A in accordance with the Provisional Agreement A, the Deposits A, to the extent already paid by the Purchaser pursuant to the Provisional Agreement A, shall be forfeited to the Vendor A and the Vendor A shall not sue the Purchaser for any liabilities and/or damages caused by the Purchaser's default of the Provisional Agreement A.

Acquisition B — Provisional Agreement B

Parties:

- (a) Mr. Leung Man Chu (梁文鑄) (i.e. Vendor B);
- (b) World Classic International Limited (華廣國際有限公司) (i.e. the Purchaser); and
- (c) Midland Realty (Comm. & Ind. II) Limited (美聯物業(工商II)有限公司) (i.e. the Property Agent)

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Vendor B and the Property Agent are Independent Third Parties.

Property to be acquired:

Car Parking Space Nos. 1 and 2 on Ground Floor, and 7th Floor, Sang Chong Industrial Building, Nos. 11–13 Ka Hing Road, Kwai Chung, New Territories, Hong Kong (i.e. Property B)

Property B is sold on an “as is” basis.

Consideration and payment terms:

Consideration B is in the sum of HK\$17,320,000, which shall be paid in the following manner:

- (a) a sum of HK\$850,000, being the initial deposit (the “**Initial Deposit B**”), was paid to the Vendors' solicitor as stakeholder upon signing of the Provisional Agreement B;

- (b) a sum of HK\$882,000, being the further deposit (together with the Initial Deposit B, the “**Deposits B**”) shall be paid to the Vendors’ solicitor as stakeholder on or before 10 August 2021; and
- (c) a sum of HK\$15,588,000, being the remaining balance of the Consideration B, shall be paid upon Completion.

Consideration B was determined after arm’s length negotiations between the parties with reference to the prevailing market value of comparable properties available in the vicinity. The Directors consider that the terms of the Provisional Agreement B are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Consideration B shall be funded by internal resources and banking facilities available to the Group.

Formal agreement:

The Purchaser and Vendor B shall enter into the Formal Agreement B on or before 10 August 2021.

Completion:

Completion shall take place on or before 20 September 2021. The Purchaser agrees to purchase the Property B subject to two existing tenancies, the tenants of which are On Ki Professional Security Consultant Limited (安佳專業保安顧問有限公司) and Carter Transportation (Hong Kong) Co. Limited (嘉達貨運(香港)有限公司), with monthly rental at HK\$13,000 and HK\$7,300 and expiry dates on 24 May 2023 and 31 December 2021, respectively.

On Ki Professional Security Consultant Limited (安佳專業保安顧問有限公司) is a company incorporated in Hong Kong with limited liability and is wholly owned by one Kwan Chong Tat (關創達). Carter Transportation (Hong Kong) Co. Limited (嘉達貨運(香港)有限公司) is a company incorporated in Hong Kong with limited liability and is wholly owned by one Wong Wang Leung (王宏亮).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the aforesaid tenants and its ultimate beneficial owners are Independent Third Parties.

If the Purchaser fails to complete the Acquisition B in accordance with the Provisional Agreement B, the Deposits B, to the extent already paid by the Purchaser pursuant to the Provisional Agreement B, shall be forfeited to the Vendor B and the Vendor B shall not sue the Purchaser for any liabilities and/or damages caused by the Purchaser’s default of the Provisional Agreement B.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Properties contain seven units and two car parking spaces, among which the Vendors will deliver vacant possession of two of the units and for the remaining five units the Purchaser agrees to purchase subject to existing tenancies, with expiry dates of 13 October 2021, 31 December 2021, 30 November 2022, 24 May 2023 and 14 June 2023 respectively. The Purchaser intends to arrange for renovation of the two vacant units after Completion and seek opportunities for good rental return in due course.

Given that the five units of the Properties to be acquired are subject to tenancies on Completion, it is expected that, up to the expiry date of the last tenancy (i.e. 14 June 2023), the Group will recognise rental income in the following amount:

Financial Year	<i>HK\$</i>
For the financial year ending 31 March 2022	219,400
For the financial year ending 31 March 2023	325,000
For the financial year ending 31 March 2024	44,800

The Directors consider that the Acquisitions constitute a desirable and medium to long-term investment for the Company given the current state of the property market in Hong Kong.

The Properties are located at Kwai Chung district, one of the prime industrial areas in Hong Kong. In view of the current market value of the Properties in comparison with the prevailing market value of other industrial properties of similar nature in the nearby area, the current property market conditions, and the market demand for industrial properties in Hong Kong in the near future, the Directors consider that this is a good opportunity to acquire the Properties and are optimistic that there will be a good potential for capital appreciation in the medium to long-run. As such, the Directors consider that the Acquisitions will constitute a good investment opportunity that will offer a reasonable and attractive rate of return for the Company.

Further, the Properties are within approximately eight minutes walking distance from the Group's headquarter in Hong Kong. Principally engaging in provision of design and build services for new buildings and renovation services for built premises, the Acquisitions will also provide the Group's room for future expansion and development in the sense that the Properties can be re-designated as the Group's self-used workshop and/or warehouse if the need arises in the future.

As such, in light of the commercial viability and potential investment return of the Properties, the Directors consider that the Acquisitions will constitute a reasonable and effective utilisation of the capital of the Company, which will enable the Company to enhance the Company's capital gain, asset base and overall financial position. The Directors have assessed the capital requirement for its daily operations and other expenditures, and are of the view that the Acquisitions will not adversely affect the operation or working capital needs of the Group in any material respect.

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

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisitions exceed 5% but all are less than 25%, the Acquisitions constitute a discloseable transaction for the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

The Company

The Company is an investment holding company and its subsidiaries are principally engaged in provision of design and build services for new buildings and renovation services for built premises.

The Purchaser

The Purchaser is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is a property holding company.

The Vendors

Vendor A is a company incorporated in Hong Kong with limited liability and is owned as to 90% by Vendor B and as to 10% by Ms. Fung Bik Ha (馮碧霞), respectively. Vendor A is a manufacturing company specialising in metal gift and house wares. On top of engaging in the aforesaid manufacturing business through Vendor A, Vendor B is also a property investor.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendors are Independent Third Parties.

The Property Agent

The Property Agent is a limited company incorporated in Hong Kong, and a wholly-owned subsidiary of Midland IC&I Limited, a company incorporated in the Cayman Islands with limited liability, the share of which are listed on the Main Board of the Stock Exchange (Stock Code: 459). The Property Agent is principally engaged in property agency in Hong Kong.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Property Agent is an Independent Third Party.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Acquisitions”	Acquisition A and Acquisition B
“Acquisition A”	the acquisition of Property A from Vendor A
“Acquisition B”	the acquisition of Property B from Vendor B
“associate(s)”	shall have the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Wah Wo Holdings Group Limited, company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (Stock code: 9938)
“Completion”	completion of the Acquisitions
“Considerations”	the sum of HK\$33,320,000, being the aggregate of Consideration A and Consideration B, representing the total purchase price of the Properties
“Consideration A”	the sum of HK\$16,000,000, being the purchase price of Property A
“Consideration B”	the sum of HK\$17,320,000, being the purchase price of Property B
“Director(s)”	the directors of the Company
“Formal Agreement A”	the formal sale and purchase agreement to be entered into between the Purchaser and Vendor A on or before 10 August 2021 in relation to Acquisition A
“Formal Agreement B”	the formal sale and purchase agreement to be entered into between the Purchaser and Vendor B on or before 10 August 2021 in relation to Acquisition B
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party(ies)”	a third party or third parties independent of and not connected with (within the meaning of the Listing Rules) any directors, chief executive, substantial shareholders of the Company, its subsidiaries or any of their respective associates

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Properties”	Property A and Property B
“Property A”	6th Floor, Sang Chong Industrial Building, Nos. 11–13 Ka Hing Road, Kwai Chung, New Territories, Hong Kong
“Property B”	Car Parking Space Nos. 1 and 2 on Ground Floor, and 7th Floor, Sang Chong Industrial Building, Nos. 11–13 Ka Hing Road, Kwai Chung, New Territories, Hong Kong
“Property Agent”	Midland Realty (Comm. & Ind. II) Limited (美聯物業(工商II)有限公司), a limited company incorporated in Hong Kong, and a wholly-owned subsidiary of Midland IC&I Limited, a company incorporated in the Cayman Islands with limited liability, the share of which are listed on the Main Board of the Stock Exchange (Stock Code: 459)
“Provisional Agreements”	Provisional Agreement A and Provisional Agreement B
“Provisional Agreement A”	the provisional sale and purchase agreement dated 30 July 2021 entered into among the Purchaser, Vendor A and the Property Agent in relation to Acquisition A
“Provisional Agreement B”	the provisional sale and purchase agreement dated 30 July 2021 entered into among the Purchaser, Vendor B and the Property Agent in relation to Acquisition B
“Purchaser”	World Classic International Limited (華廣國際有限公司), a limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor A”	Ming Hing Manufacturing Company Limited (明興製造廠有限公司), a company incorporated in Hong Kong with limited liability and is owned as to 90% by Vendor B and as to 10% by Ms. Fung Bik Ha (馮碧霞), respectively

“Vendor B” Mr. Leung Man Chu (梁文鑄)
“Vendors” Vendor A and Vendor B
“%” per cent.

By order of the Board
Wah Wo Holdings Group Limited
CHEN Yuet Wa
Chairman and Executive Director

Hong Kong, 30 July 2021

As at the date of this announcement, the Board comprises five members, of which Mr. CHEN Yuet Wa and Mr. CHAN Fai are the executive Directors; and the Mr. CHOW Chi Fai, Mr. CHAN Hon Ki and Mr. YU Chi Wing are the independent non-executive Directors.