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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 THE ACQUISITION AND THE LEASE

THE ACQUISITION AND THE LEASE

The Board is pleased to announce that on 8 April 2022 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into (i) the Provisional Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Premises and the Car Parking Space at the Consideration of HK\$15,650,000; and (ii) the Tenancy Agreement, pursuant to which upon the Completion, the Purchaser (as the landlord) agreed to lease the Premises to the Vendor (as the tenant) for a term of two years.

LISTING RULES IMPLICATIONS

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

Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction of the Conditions. Therefore, the Acquisition and the Lease may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

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MAJOR TERMS OF THE PROVISIONAL AGREEMENT

Major terms of the Provisional Agreement are set out below:

- Date** : 8 April 2022
- Parties** : (a) R.J. International Trading Company Limited (i.e. the Vendor); and
(b) Will Treasure (Group) Limited (i.e. the Purchaser)

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

- Property to be acquired** : Factory B on 4/F and Car Parking Space No. 4 on G/F of Kwai Shing Industrial Building (Phase I), 36–40 Tai Lin Pai Road, Kwai Chung, N.T., Hong Kong (i.e. the Premises and the Car Parking Space)

The Premises and the Car Parking Space are sold on an “as is” basis.

- Consideration and payment terms** : Consideration is in the sum of HK\$15,650,000, which shall be paid in the following manner:
- (a) A sum of HK\$1,565,000, being the deposit, shall be paid to the Vendor upon signing of the Provisional Agreement; and
- (b) A sum of HK\$14,085,000, being the remaining balance of the Consideration, shall be paid upon the Completion.

It is estimated that the transaction cost of the Acquisition including stamp duty and legal fees will be approximately HK\$637,000.

The Consideration 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 are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Consideration shall be funded by the Group's internal resources.

- Conditions** :
- Completion is subject to the satisfactory fulfillment and/or waiver of the following Conditions:
 - (a) all necessary approvals by the government and regulatory authorities (including but not limited to the Stock Exchange), corporate approvals and consents for the Acquisition, the Lease and the transactions contemplated thereunder being obtained;
 - (b) in relation to the Acquisition, the Lease and the transactions contemplated thereunder, all relevant regulatory requirements (including but not limited to those under the Listing Rules) having been complied with and satisfied;
 - (c) the Vendor shall prove its title to the Premises and the Car Parking Space in accordance with Section 13 of the Conveyancing and Property Ordinance (Chapter 219) and the mechanisms under the Provisional Agreement (and the Formal Agreement, if applicable);
 - (d) the Company having issued and/or despatched the announcement and the circular (if applicable) in relation to the Acquisition, the Lease and the transactions contemplated thereunder in accordance with the Listing Rules;
 - (e) the resolutions to approve the Acquisition, the Lease and the transactions contemplated thereunder having been obtained from the Shareholders (if applicable);
 - (f) all representations, warranties and undertakings given by each of the Vendor and the Purchaser under the Provisional Agreement (and the Formal Agreement, if applicable) having remained true and accurate in all material respects; and

- (g) there not having been, at any time before the Completion Date (to be defined below):
- (I) any adverse change or any prospective adverse change in the conditions (financial, business, operations, prospects or otherwise) of the Group which is material in the context of the Acquisition, the Lease and the transactions contemplated thereunder;
 - (II) the occurrence of any event or the existence of any circumstance which would render any of the representations, warranties and undertakings given by each of the Vendor and the Purchaser under the Provisional Agreement (and the Formal Agreement, if applicable) untrue or inaccurate in any material respect; and
 - (III) the occurrence of any breach of the terms of the Provisional Agreement (and the Formal Agreement, if applicable) or any undertakings given by each of the Vendor and the Purchaser as set out in the Provisional Agreement (and the Formal Agreement, if applicable).

The Purchaser may at any time waive in writing any Conditions (other than Conditions (a), (b), (c), (d) and (e) above) and such waiver(s) may be made subject to such terms and conditions as may be determined by the Purchaser. Conditions (a), (b), (c), (d) and (e) above are not capable of being waived by the Purchaser.

If the Conditions have not been fulfilled or waived by the Purchaser (as the case may be) at or before 12:00 noon on 30 June 2022 (or such later date as all parties may agree in writing) (the “**Long Stop Date**”), the Provisional Agreement (and the Formal Agreement, if applicable) shall lapse, whereupon all rights and obligations of the parties shall cease to have effect except in respect of any accrued rights and obligations of the parties.

- Completion** : Completion shall take place on or before 1 June 2022 or such other day as all parties may agree in writing (the “**Completion Date**”) which shall not be later than the Long Stop Date.
- Formal Agreement** : The Purchaser and the Vendor shall enter into the Formal Agreement on or before 22 April 2022.

The Formal Agreement shall contain the above terms of the Provisional Agreement.

MAJOR TERMS OF THE TENANCY AGREEMENT

Major terms of the Tenancy Agreement are set out below:

- Date** : 8 April 2022
- Parties** : (a) Will Treasure (Group) Limited (i.e. the Purchaser, as the landlord); and
(b) R.J. International Trading Company Limited (i.e. the Vendor, as the tenant)
- To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor is an Independent Third Party.
- Property to be leased** : Factory B on 4/F of Kwai Shing Industrial Building (Phase I), 36–40 Tai Lin Pai Road, Kwai Chung, N.T., Hong Kong (i.e. the Premises)
- Term** : Two (2) years commencing from 1 June 2022 (i.e. the Completion Date)
- The Vendor and the Purchaser shall be entitled to terminate the Lease at the second year of the term of the Lease by giving one month's prior written notice to the other.
- Rent** : HK\$43,800 per calendar month, inclusive of property tax, management fee, government rent and rates but exclusive of water, gas and electricity charges
- The rent 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 Tenancy Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.
- Condition** : The commencement of the term of the Lease is subject to the Completion.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE LEASE

The Directors consider that the Acquisition constitutes a desirable and medium to long-term investment for the Company given the current state of the property market in Hong Kong. The Premises and the Car Parking Space are located in the Kwai Chung district, one of the prime industrial areas in Hong Kong. In view of the current market value of the Premises and the Car Parking Space 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 Premises and the Car Parking Space 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 Acquisition will constitute a good investment opportunity that will offer a reasonable and attractive rate of return for the Company. Further, the Directors consider that the Lease enables the Company to make full use of its temporarily-idled property and generate stable rental income for the Company, which would help to maximise the return to the Shareholders. The Car Parking Space is intended for the Group's own use after the Completion.

Principally engaging in provision of design and build services for new buildings and renovation services for built premises, the Acquisition will also provide the Group's room for future expansion and development in the sense that the Premises 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 Premises and the Car Parking Space, the Directors consider that the Acquisition 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 Acquisition 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 Acquisition, the Lease and the terms of the Provisional Agreement and the Tenancy Agreement 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 Acquisition and the Lease exceed 5% but all are less than 25%, the Acquisition and the Lease 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 Vendor

The Vendor is a company incorporated in Hong Kong with limited liability and is owned as to 25% by Lam Pui Yu (林培如), 25% by Lam Pui Har (林培霞), 25% by Lam Pui Man (林培文) and 25% by Li Miu Kan (李妙勤), respectively. The Vendor is an import and export company. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor is an Independent Third Party.

Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction of the Conditions. Therefore, the Acquisition and the Lease may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

DEFINITIONS

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

“Acquisition”	:	the acquisition of the Premises and the Car Parking Space by the Purchaser from the Vendor pursuant to the Provisional Agreement
“associate(s)”	:	shall have the meaning ascribed thereto in the Listing Rules
“Board”	:	the board of Directors
“Car Parking Space”	:	Car Parking Space No. 4 on G/F of Kwai Shing Industrial Building (Phase I), 36–40 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong
“Company”	:	Wah Wo Holdings Group Limited, a 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 Acquisition
“Condition(s)”	:	the conditions precedent to Completion pursuant to the Provisional Agreement, as further described under the section headed “Major terms of the Provisional Agreement — Conditions”
“Consideration”	:	the sum of HK\$15,650,000, being the purchase price of the Premises and the Car Parking Space
“Director(s)”	:	the directors of the Company
“Formal Agreement”	:	the formal sale and purchase agreement to be entered into between the Purchaser and the Vendor on or before 22 April 2022 in relation to the Acquisition
“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
“Lease”	:	the lease of the Premises to the Vendor (as the tenant) from the Purchaser (as the landlord) pursuant to the Tenancy Agreement
“Listing Rules”	:	the Rules Governing the Listing of Securities on the Stock Exchange
“Premises”	:	Factory B on 4/F of Kwai Shing Industrial Building (Phase I), 36–40 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong
“Provisional Agreement”	:	the provisional sale and purchase agreement dated 8 April 2022 and entered into between the Purchaser and the Vendor in relation to the Acquisition
“Purchaser”	:	Will Treasure (Group) Limited (華寶(集團)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
“Tenancy Agreement”	:	the tenancy agreement dated 8 April 2022 and entered into between the Purchaser and the Vendor in relation to the Lease
“Vendor”	:	R.J. International Trading Company Limited (駿昌國際貿易有限公司), a company incorporated in Hong Kong with limited liability and is owned as to 25% by Lam Pui Yu (林培如), 25% by Lam Pui Har (林培霞), 25% by Lam Pui Man (林培文) and 25% by Li Miu Kan (李妙勤), respectively
“%”	:	per cent.

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

Hong Kong, 8 April 2022

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 Mr. CHOW Chi Fai, Mr. CHAN Hon Ki and Mr. YU Chi Wing are the independent non-executive Directors.