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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)

**DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF INTEREST IN A FUND**

THE SUBSCRIPTION

On 23 April 2021 (after trading hours), the Subscriber, an indirect wholly-owned subsidiary of the Company, entered into the Subscription Agreement with the General Partner and the Fund, pursuant to which the Subscriber agreed to subscribe for a limited partnership interest in the Fund at a total capital contribution of US\$10 million (equivalent to HK\$78 million).

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Subscription exceeds 5% but all the percentage ratios are less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

BACKGROUND

On 23 April 2021 (after trading hours), the Subscriber, an indirect wholly-owned subsidiary of the Company, entered into the Subscription Agreement with the General Partner and the Fund, pursuant to which the Subscriber agreed to subscribe for a limited partnership interest in the Fund at a total capital contribution of US\$10 million (equivalent to HK\$78 million).

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are summarised as follows:

Date

23 April 2021 (after trading hours)

Parties

- (i) Mailful Investments Limited, as the Subscriber;
- (ii) ZWC Fund II General Partners Limited, as the General Partner; and
- (iii) ZWC Fund II L.P., as the Fund.

Subscription

The Subscriber agrees to become a Limited Partner of the Fund, and in connection therewith agrees to subscribe for and purchase a limited partnership interest at a total capital contribution of US\$10 million (equivalent to HK\$78 million). The Capital Contribution will be paid in instalments upon receipt of written notice from the General Partner from time to time to provide funds for payment for the Fund's investments, expenses, liabilities and reserves.

Description of the Fund

The particulars of the Subscriber's investment in the Fund are summarised as below:

Name of the Fund: ZWC Fund II L.P.

Primary purpose of the Fund: To make capital investments, by investing in equity and equity-linked securities of privately-held companies in early growth stage, growth stage and early stage investment opportunities (with a primary focus on early growth stage investment opportunities) in consumer or technology sectors that are primarily organised and/or operating in the PRC (including Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan) and/or Southeast Asia or have a significant nexus to the PRC.

Target fund size: The Fund is seeking a maximum capital commitment ranging from US\$480 million (equivalent to HK\$3,744 million) to US\$490 million (equivalent to HK\$3,822 million) in aggregate, and the Subscriber is subscribing for a US\$10 million (equivalent to HK\$78 million) limited partner interest.

The Subscriber shall make cash contributions to the Fund, in an aggregate amount not to exceed the Capital Contribution, in instalments as specified upon at least 10 business days' advance written notice by the General Partner.

Upon completion of the Subscription, the Subscriber's limited partner interest will be accounted for as financial assets at fair value through profit or loss in the Company's financial statements.

Term: The Fund has a term generally ending on the seventh anniversary of the initial closing date of the Fund, being 9 November 2020, unless it is earlier wound up and dissolved upon the occurrence of certain early termination events including dissolution of the General Partner, decision by 75% of the limited partner interests to early terminate the Fund upon principals of the Fund failing to meet certain time standard, and upon the General Partner being removed for specified reasons such as fraud and embezzlement. If the General Partner determines that it is in the best interest of the Fund to extend the term of the Fund, the General Partner may, in its discretion, extend the Fund term for up to two additional one-year periods and may further extend the Fund term.

Financial information of the Fund: According to the unaudited financial statements of the Fund, for the period from the initial closing date of the Fund to 31 December 2020, the net investment loss of the Fund amounted to approximately US\$1.2 million (equivalent to approximately HK\$9.4 million). As at 31 December 2020, the unaudited total assets and net assets of the Fund amounted to approximately US\$51.2 million (equivalent to approximately HK\$399.4 million) and US\$51.1 million (equivalent to approximately HK\$398.6 million), respectively.

- Management: The General Partner shall have the sole and exclusive right to manage, control, and conduct the business of the Fund and to do any and all acts on behalf of the Fund.
- Advisory fee: During the first five years from the initial closing date of the Fund, the Fund will pay the General Partner or its nominee an advisory fee equal to 2.0% per annum of the capital commitment of each Limited Partner, accruing and payable in advance on a semi-annual basis. Thereafter, the advisory fee shall be equal to 2.0% per annum of such Limited Partner's pro rata share of the cost basis of all portfolio company investments (after deduction of such Limited Partner's pro rata share of the cost basis of portfolio company investments that have been sold or distributed in kind), determined as of the first day of each semi-annual period.
- Withdrawal and transfer: The Limited Partners shall have no right to withdraw from the Fund prior to its dissolution. No Limited Partner shall sell, assign, pledge, mortgage, declare a trust over or otherwise dispose of or transfer its interest in the Fund without the prior written consent of the General Partner, which consent may be withheld for any reason or for no reason.
- Discretionary distributions: Cash or marketable securities to be distributed shall be apportioned among all partners to the Fund in proportion to their respective capital commitment. The amount so allocated to the General Partner shall be distributed to the General Partner and the amount so allocated to each Limited Partner shall be distributed as follows and in the following order of priority:
- (a) Firstly, 100% to such Limited Partner until the cumulative amount distributed to such Limited Partner is equal to the total capital contributions made by such Limited Partner;
 - (b) Secondly, 100% to such Limited Partner until a preferred return of 8% per annum cumulative and compounded annually on the amount that is or has been returned, without duplication, to such Limited Partner;

- (c) Thirdly, 100% to the General Partner until the cumulative amount distributed to the General Partner in respect of such Limited Partner pursuant to this paragraph is equal to 20% of the sum of (i) the cumulative amounts distributed to such Limited Partner pursuant to paragraph (b) above; and (ii) the cumulative amounts distributed to the General Partner pursuant to this paragraph (c) in respect of such Limited Partner; and
- (d) Thereafter, 80% to such Limited Partner and 20% to the General Partner.

INFORMATION ON THE GROUP AND THE GENERAL PARTNER

The Group and the Subscriber

The 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 Wang On Properties Limited (Stock Code: 1243), its 75%-owned listed subsidiary; (iii) manufacturing and/or retailing of pharmaceutical and health food products through Wai Yuen Tong Medicine Holdings Limited (Stock Code: 897), its 65.79%-owned listed subsidiary; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through China Agri-Products Exchange Limited (Stock Code: 149), a 53.37%-owned listed subsidiary of Wai Yuen Tong Medicine Holdings Limited.

The Subscriber is principally engaged in investment holding.

General Partner

The General Partner is a Cayman Islands exempted company and based on information available to the Company, it is ultimately owned by Mr. Cheung Wing Hon. It is responsible for the management of the Fund. Its overall responsibility includes the management, control and operation of the businesses and affairs of the Fund.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the General Partner and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

With reference to the investment objective of the Fund, the Directors believe that the Subscription will enable the Group to capture investment opportunities and further diversify the Group's investment portfolio.

The amount of the Subscriber's Capital Contribution was determined after arm's length negotiation between the Subscriber and the General Partner on normal commercial terms. The Group will pay the Capital Contribution using its internal resources. The Directors consider that the Subscription, the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and the Subscription is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Subscription exceeds 5% but all the percentage ratios are less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Capital Contribution”	the total capital contribution of US\$10 million (equivalent to HK\$78 million) from the Subscriber pursuant to the Subscription Agreement
“Company”	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)
“connected person”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Fund”	ZWC Fund II L.P., a Cayman Islands exempted limited partnership
“General Partner”	ZWC Fund II General Partners Limited, a Cayman Islands exempted company
“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 PRC
“Limited Partner(s)”	the limited partner(s) of the Fund, including the Subscriber
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement (unless otherwise stated), excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary 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
“Subscriber”	Mailful Investments Limited, an indirect wholly-owned subsidiary of the Company and a company incorporated in the British Virgin Islands with limited liability, which is principally engaged in investment holding
“Subscription”	the subscription and purchase of a limited partnership interest of the Fund by the Subscriber at a total capital contribution of US\$10 million (equivalent to HK\$78 million) pursuant to the Subscription Agreement

“Subscription Agreement”	the subscription agreement and investor questionnaire dated 23 April 2021 entered into among the Subscriber, the General Partner and the Fund in relation to the Subscription
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

For the purpose of this announcement, conversion of US\$ into HK\$ is based on the exchange rate of US\$1 to HK\$7.8. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or US\$ have been, could have been or may be converted at such or any other rate or at all.

By Order of the Board
WANG ON GROUP LIMITED
 (宏安集團有限公司) *
Tang Ching Ho
Chairman and Executive Director

Hong Kong, 23 April 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Tang Ching Ho, Ms. Yau Yuk Yin and Ms. Stephanie; and three independent non-executive Directors, namely Mr. Wong Chun, Justein, Mr. Siu Kam Chau and Mr. Chan Yung.

** For identification purpose only*