

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this joint announcement.



WANG ON GROUP LIMITED
(宏安集團有限公司)*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1222)



WANG ON PROPERTIES LIMITED
宏安地產有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 1243)

SUPPLEMENTAL JOINT ANNOUNCEMENT

DISCLOSEABLE TRANSACTION IN RELATION TO SUPPLEMENTAL BINDING TERM SHEET FOR AN INCREASE IN INTEREST IN A JOINT VENTURE

Reference is made to the Announcement on a discloseable transaction in relation to the Binding Term Sheet on, among other things, the formation of the Joint Venture for acquisition of the Property.

SUPPLEMENTAL BINDING TERM SHEET

The boards of directors of WOG and WOP are pleased to jointly announce that on 21 June 2021, WOP entered into the Supplemental Binding Term Sheet with Turbo Holdings, Able Sentry and Stealth Eagle, each an Independent Third Party, whereby the parties agreed that, among other things, subject to completion of the Acquisition and obtaining of the Bank Consent, WOP JV Partner, Turbo JV Partner, Able Sentry and Stealth Eagle shall subscribe for 6,399, 2,999, 335 and 265 shares in the JV Co for considerations of US\$6,399, US\$2,999, US\$335 and US\$265, respectively (equivalent to approximately HK\$49,784, HK\$23,332, HK\$2,606 and HK\$2,062 respectively) (i.e. the Additional Subscriptions). Upon completion of the Additional Subscriptions, WOP's interest in the JV Co will increase from 50% to 64%, and WOP's total capital/funding commitment in the JV Co will increase from HK\$86.00 million to HK\$131.72 million. Based on the Bank Loan, which has been approved by the Bank for the Property Purchaser (an indirect wholly-owned subsidiary of the JV Co and the purchaser of the Property), and the possible corporate guarantee to be provided by WOP for the Bank Loan, WOP's total capital/funding commitment in the JV Co will further increase to HK\$252.12 million.

Upon completion of the Additional Subscriptions, members of the JV Group will remain as jointly owned entities of WOP on a non-consolidated basis in the financial statements of each of the WOG Group and the WOP Group.

GENERAL

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of WOP's acquisition of interest in the JV Co under Additional Subscriptions, and the WOP's Additional Commitment arising therefrom exceeds 5% but all the remaining percentage ratios are below 25% for both WOG and WOP, the entering into of the Supplemental Binding Term Sheet constitutes discloseable transactions for each of WOG and WOP and is therefore subject to reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules. Taking into account WOP's original capital commitment under the Binding Term Sheet, the Funding and the WOP's Additional Commitment, the forming of the Joint Venture will remain as a discloseable transaction for each of WOP and WOG.

INTRODUCTION

Reference is made to the Announcement jointly issued by WOP and WOG on the discloseable transaction in relation to the Binding Term Sheet on, among other things, the forming of the Joint Venture for acquisition of the Property. As stated in the Announcement, the parties thereto intended (i) to invite third-party investor to participate as additional shareholder of the JV Co; and (ii) to arrange for non-recourse borrowings from external banks/financial institutions to fund the Acquisition.

The boards of directors of WOG and WOP are pleased to jointly announce that WOP has invited Mr. Bryan Southergill and Mr. Raymond Choi, each an Independent Third Party, to participate in the Joint Venture, and on 21 June 2021, WOP entered into the Supplemental Binding Term Sheet with Turbo Holdings, Able Sentry and Stealth Eagle (being the respective designated company of Mr. Bryan Southergill and Mr. Raymond Choi for participating in the Joint Venture), whereby the parties agreed that, among other things, subject to completion of the Acquisition and obtaining of the Bank Consent, WOP JV Partner, Turbo JV Partner, Able Sentry and Stealth Eagle shall subscribe for 6,399, 2,999, 335 and 265 shares in the JV Co for considerations of US\$6,399, US\$2,999, US\$335 and US\$265, respectively (equivalent to approximately HK\$49,784, HK\$23,332, HK\$2,606 and HK\$2,062 respectively) (i.e. the Additional Subscriptions).

THE SUPPLEMENTAL BINDING TERM SHEET

Date : 21 June 2021

Parties : (i) WOP;

(ii) Turbo Holdings, an Independent Third Party;

(iii) Able Sentry, an Independent Third Party; and

(iv) Stealth Eagle, an Independent Third Party.

Subject Matter

WOP JV Partner, Turbo JV Partner, Able Sentry and Stealth Eagle shall subscribe for 6,399, 2,999, 335 and 265 shares in the JV Co, for considerations of US\$6,399, US\$2,999, US\$335 and US\$265, respectively (equivalent to approximately HK\$49,784, HK\$23,332, HK\$2,606 and HK\$2,062 respectively) (i.e. the Additional Subscriptions).

Completion of the Additional Subscriptions is conditional upon, and shall take place within five (5) business days after the later of (i) the completion of the Acquisition and (ii) the obtaining of all requisite Bank Consent. As at the date of this joint announcement, neither of the aforesaid conditions has been fulfilled.

As at the date of this joint announcement, each of the WOP JV Partner and Turbo JV Partner owns 50% interest in the JV Co. Following completion of the Additional Subscriptions, the JV Co will be owned as to 64% by WOP JV Partner, as to 30% by Turbo JV Partner, as to 3.35% by Able Sentry and as to 2.65% by Stealth Eagle (the “**New Shareholding Ratio**”). In other words, WOP’s interest in the JV Co will increase from 50% to 64%. Members of the JV Group will remain as jointly owned entities of WOP on a non-consolidated basis in the financial statements of each of the WOG Group and the WOP Group.

Funding Commitment

As at the date of this joint announcement and prior to the entering into of the Supplemental Binding Term Sheet, WOP JV Partner and Turbo JV Partner have provided unsecured non-interest bearing shareholder’s loans to the JV Co in the amounts of HK\$29.93 million and HK\$12.83 million, respectively (the “**Funding**”).

Under the terms of the Supplemental Binding Term Sheet, the parties shall provide remaining funding to the JV Co in the following manner:

- (a) WOP JV Partner and Turbo JV Partner shall provide unsecured and non-interest bearing shareholder's loans to the JV Co in amounts not more than HK\$131.72 million and HK\$60.90 million respectively by 21 June 2021; and
- (b) upon signing of the Supplemental Binding Term Sheet, Able Sentry and Stealth Eagle have by way of earnest money paid HK\$5.53 million and HK\$4.37 million to the JV Co, such sums shall be converted into their shareholder's loans to the JV Co upon completion of the Additional Subscriptions.

The Funding was determined with reference to among other things, the balance payable by the Property Purchaser to complete the Acquisition, the funds required to support the operation of the Property Purchaser, the amount of shareholder's loans already provided by WOP JV Partner and Turbo JV Partner to the JV Co as at the date of the Supplemental Binding Term Sheet, and the third-party finance expected to be available to the Property Purchaser under the Bank Loan.

The Property Purchaser under the JV Co has obtained the relevant bank's approval for the Bank Loan, and WOP will be required to provide a corporate guarantee in favor of the Bank for 70% of the entire loan facility in an aggregate amount up to HK\$172.00 million. Such corporate guarantee, if provided, will be negotiated on an arm's length basis by WOP with the Bank and entered into on fair commercial terms. As only a part of the Bank Loan can be drawn at completion of the Acquisition, WOP JV Partner and Turbo JV Partner have provided extra funds in addition to their proportional share under the New Shareholding Ratio on 21 June 2021, with such extra funds to be repaid after Completion with proceeds drawn from the Bank Loan.

The amount of shareholder's loans provided by the parties will accordingly be restored to be in proportion to the New Shareholding Ratio upon completion of the Additional Subscriptions, and after the Bank Loan has been drawn to repay the extra funds provided by WOP JV Partner and Turbo JV Partner. WOP's total funding commitment in the JV Co will increase from the original HK\$86.00 million to initially HK\$252.12 million but will later be restored to HK\$231.12 million when the shareholders' loans for all parties have been restored to be in proportion to the New Shareholding Ratio.

Taking into account the possible corporate guarantee to be provided by WOP under the Bank Loan, and WOP's share of the Funding, WOP's total commitment in the JV Co will be in aggregate increased by HK\$166.12 million (the "**WOP's Additional Commitment**") raising WOP's capital and funding commitment from the original HK\$86.00 million to HK\$252.12 million. WOP is expected to fund its commitment under the Supplemental Binding Term Sheet by internal resources.

It is expected by the parties that future funding requirements of the JV Co will be met by way of obtaining borrowings from external banks/financial institutions on either recourse or non-recourse basis and the parties will cooperate in good faith to obtain such borrowings for the JV Co.

Changes to the Operation of the JV Co

Board composition

WOP JV Partner and Turbo JV Partner shall be entitled to nominate three (3) and two (2) directors, respectively, on the boards of directors of each member of the JV Group, with all matters to be determined by two-thirds majority decision. The New Investors shall not be entitled to nominate any representative director on any of such boards of directors of the JV Group. The chairman of each of the boards of directors in the JV Group shall be appointed by WOP JV Partner, who will not have a casting vote.

Lock up

Able Sentry and Stealth Eagle will also be restricted from disposing any of their interest in the JV Co except on expiration of the initial 12 months from completion of the Acquisition. During the term of the Joint Venture, any disposal must be done in accordance with the terms to be set out in the shareholders' agreement to be entered into between the parties.

Restrictions on WOP's control in the JV Co

WOP has agreed that it and/or its affiliates will remain in control over at least 60% of the issued shares of the JV Co.

Termination

The Supplemental Binding Term Sheet shall be terminated by the mutual written agreement of all the parties.

INFORMATION ON THE JV CO

The JV Co is currently owned as to 50% of its share capital by each of WOP JV Partner and Turbo JV Partner. It was established pursuant to the Binding Term Sheet for investment holding purpose with no operation or assets other than its interest as the indirect holding company of the Property Purchaser, which will directly hold the Property upon completion of the Acquisition as set out in the Announcement.

INFORMATION ON THE NEW INVESTORS AND TURBO JV PARTNER

Able Sentry, a company incorporated under the laws of the British Virgin Islands with limited liability and principally engaged in investment holding, which is ultimately wholly-owned by a trustee of a family trust of which Mr. Bryan Southergill and his family members are beneficiaries, all being Independent Third Parties.

Stealth Eagle, a company incorporated under the laws of the British Virgin Islands with limited liability and principally engaged in investment holding, which is ultimately wholly-owned and controlled by Mr. Raymond Choi, all being Independent Third Parties.

Turbo JV Partner, Turbo Maltese Investment Limited, is a company incorporated in Hong Kong principally engaged in investment holding and ultimately owned by Mr. Chiu Lon Ronald, all being Independent Third Parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL BINDING TERM SHEET AND THE PROVISION OF THE GUARANTEE

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 WOP, 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 WOP Group is principally engaged in the businesses of developing residential and commercial properties for sale and investing in commercial and industrial properties for capital appreciation.

Since the date of the Announcement, WOP has received different interests from various parties to participate in the Joint Venture. Among the interested parties are the New Investors, Mr. Bryan Southergill, who is a professional real estate investor with over 20 years' experience in the real estate finance sector in the United States, Europe and Asia, and Mr. Raymond Choi, who specializes in real estate strategy and execution for Family Offices in Hong Kong with a strong institutional real estate background with reputable global real estate firms. As both New Investors are reputable private investors with solid track records in real estate investment and corporate finance, both the WOP Group and the WOG Group believe that the New Investors would provide great added value and contributions to the Joint Venture and its operations if the Joint Venture can include them in as a party. During this time, Turbo JV Partner has also indicated its intent to reduce its stake in the JV Co. Taking into account the Property's prospects and its potential for future capital appreciation, the directors of both WOG and WOP consider that WOP JV Partner should capture this opportunity to increase its interest in the JV Co.

The directors of both WOG and WOP are of the view that the terms of the Supplemental Binding Term Sheet are on normal commercial terms and fair and reasonable and, having considered the above, they also believe that the entering into of the Supplemental Binding Term Sheet by WOP is in the interests of each of WOG, WOP and their respective shareholders as a whole.

GENERAL

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of WOP's acquisition of interest in the JV Co under Additional Subscriptions, and the WOP's Additional Commitment arising therefrom exceeds 5% but all the remaining percentage ratios are below 25% for both WOG and WOP, the entering into of the Supplemental Binding Term Sheet constitutes discloseable transactions for each of WOG and WOP and is therefore subject to reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules. Taking into account WOP's original capital commitment under the Binding Term Sheet, the Funding and the WOP's Additional Commitment, the forming of the Joint Venture will remain as a discloseable transaction for each of WOP and WOG.

DEFINITIONS

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

| | |
|----------------------------|---|
| “Able Sentry” | Able Sentry Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and principally engaged in investment holding, which is ultimately wholly-owned by a trustee of a family trust of which Mr. Bryan Southergill and his family members are beneficiaries |
| “Acquisition” | the acquisition of the Property pursuant to the terms of the Sale and Purchase Agreement, the completion of which is expected to take place on or before 25 June 2021 |
| “Additional Subscriptions” | the subscription of 6,399, 2,999, 335 and 265 shares in the JV Co by WOP JV Partner, Turbo JV Partner, Able Sentry and Stealth Eagle for considerations of US\$6,399, US\$2,999, US\$335 and US\$265, respectively (equivalent to approximately HK\$49,784, HK\$23,332, HK\$2,606 and HK\$2,062 respectively) |
| “Announcement” | the joint announcement of WOP and WOG dated 30 March 2021 on the discloseable transaction in relation to, among other things, the Joint Venture |
| “Bank” | a licensed bank in Hong Kong and an Independent Third Party |
| “Bank Consent” | consent, waiver and/or approval from the Bank in relation to, among other matters, altering the shareholding structure of the JV Co as contemplated under the Additional Subscriptions |
| “Bank Loan” | a loan facility in an aggregate amount of HK\$172.00 million provided by the Bank to the Property Purchaser |
| “Binding Term Sheet” | the binding term sheet executed by WOP and Turbo Holdings on 30 March 2021 in relation to, among other things, the Joint Venture |

| | |
|---------------------------|---|
| “Funding” | has the meaning ascribed to it under the section headed “The Supplemental Binding Term Sheet - Funding Commitment” in this joint announcement |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party” | a party who (together with its ultimate beneficial owner(s)) is, to the best of the knowledge, information and belief of the directors of WOG and WOP, having made all reasonable enquiries, independent of each of WOG, WOP and their respective connected persons within the meaning of the Listing Rules |
| “Joint Venture” | the joint venture formed in respect of the JV Co pursuant to the Binding Term Sheet |
| “JV Co” | Merry Cottage Ltd., a company incorporated in the British Virgin Islands with limited liability, a jointly owned entity of WOP, and the indirect holding company of the Property Purchaser, principally engaged in investment holding |
| “JV Group” | the JV Co and its subsidiaries |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr. Bryan Southergill” | Mr. Bryan Taft Southergill, a professional real estate investor with over 20 years’ experience in the real estate finance sector in the United States, Europe and Asia |
| “Mr. Raymond Choi” | Mr. Choi, Raymond Yat-Hong, an experienced real estate family office advisor and the legal and beneficial owner of 100% interest in Stealth Eagle |
| “New Investors” | collectively, Able Sentry and Stealth Eagle |

| | |
|-----------------------------------|--|
| “New Shareholding Ratio” | has the meaning ascribed to it under the section headed “The Supplemental Binding Term Sheet - Subject Matter” in this joint announcement |
| “PRC” | the People’s Republic of China, for the purpose of this joint announcement, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan |
| “Property” | 11 shop units and certain lift, lift lobby(ies) and staircase(s) on the ground floor and first floor of THE PARKVILLE (天生樓), which is located at No. 88, Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories, Hong Kong |
| “Property Purchaser” | Star Loyal Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the JV Co, which is principally engaged in property investment, the purchaser of the Property under the Sale and Purchase Agreement |
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 30 March 2021 entered into between the Property Purchaser and the Vendor in relation to the Acquisition, the details of which are set out in the Announcement |
| “Stealth Eagle” | Stealth Eagle Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and principally engaged in investment holding, which is ultimately wholly-owned and controlled by Mr. Raymond Choi |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Supplemental Binding Term Sheet” | the supplemental binding term sheet executed by and among WOP, Turbo Holdings and the New Investors on 21 June 2021 in relation to, among other things, the Additional Subscriptions and the Funding, to supplement the terms and conditions of the Binding Term Sheet |

| | |
|--------------------|---|
| “Turbo Holdings” | Turbo Holdings Ltd, a company incorporated in Cayman Islands with limited liability and principally engaged in investment holding, which is ultimately wholly-owned by Mr. Chiu Lon Ronald, who is an experienced property investor and operator in high-end food and beverage outlets |
| “Turbo JV Partner” | Turbo Maltese Investment Limited, a company incorporated in Hong Kong, which is ultimately wholly-owned by Mr. Chiu Lon Ronald |
| “US\$” | United States dollar(s), the lawful currency of the United States of America |
| “Vendor” | Million World Development Limited, a company incorporated in Hong Kong and principally engaged in property investment and beneficially owned by New World Development Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 0017), the vendor of the Property under the Sale and Purchase Agreement, and the owner of the Property |
| “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) |
| “WOG Group” | WOG and its subsidiaries |
| “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) and a 75%-owned listed subsidiary of WOG |
| “WOP Group” | WOP and its subsidiaries |
| “WOP JV Partner” | Solar Ranger Limited, an indirect wholly-owned subsidiary of WOP |

“WOP’s Additional Commitment” has the meaning ascribed to it under the section headed “The Supplemental Binding Term Sheet - Funding Commitment” in this joint announcement

“%” per cent

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

By order of the board of directors
WANG ON PROPERTIES LIMITED
宏安地產有限公司
Tang Ho Hong
Executive Director and Chief Executive Officer

Hong Kong, 21 June 2021

As at the date of this joint announcement, the board of directors of WOG comprises Mr. Tang Ching Ho, Ms. Yau Yuk Yin and Ms. Stephanie as executive directors; and Mr. Wong Chun, Justein, Mr. Siu Kam Chau and Mr. Chan Yung as independent non-executive directors.

As at the date of this joint announcement, the board of directors of WOP comprises Mr. Tang Ho Hong, Ms. Wong Chin Han and Ms. Ching Tak Won Teresa as executive directors; and Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung as independent non-executive directors.

The transactions between US\$ and HK\$ in this announcement were made at the rate of US\$1 to HK\$7.78. No representation is made and none should be construed as being made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the dates indicated or at all on the date hereof or any other date.

** For identification purpose only*