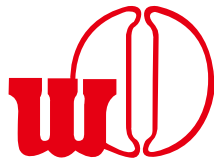


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WANG ON GROUP LIMITED
(宏安集團有限公司) *
(Incorporated in Bermuda with limited liability)
(Stock Code: 1222)



CHINA AGRI-PRODUCTS EXCHANGE LIMITED
中國農產品交易有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 0149)

DISCLOSEABLE TRANSACTION DISCLOSEABLE TRANSACTION

JOINT ANNOUNCEMENT

SALE AND LEASEBACK ARRANGEMENT

SALE AND LEASEBACK ARRANGEMENT

The WOG Board and the CAP Board jointly announce that on 2 January 2025 (after trading hours), Luoyang Hongjin (a wholly-owned subsidiary of CAP) entered into the Sale and Leaseback Agreement and the Consultation Service Agreement with Haier in respect of the sale and leaseback of the Leased Assets at a sale price of RMB51.0 million (equivalent to approximately HK\$55.1 million).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Sale and Leaseback Arrangement exceeds 5% but is less than 25% for both WOG and CAP, the Sale and Leaseback Arrangement constitutes a discloseable transaction for each of WOG and CAP and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The WOG Board and the CAP Board jointly announce that on 2 January 2025 (after trading hours), Luoyang Hongjin entered into the Sale and Leaseback Agreement and the Consultation Service Agreement with Haier in respect of the sale and leaseback of the Leased Assets, as described below.

SALE AND LEASEBACK ARRANGEMENT

The principal terms of the Sale and Leaseback Arrangement are summarized as follows:

1. Sale and Leaseback Agreement

- Date : 2 January 2025 (after trading hours)
- Parties : (i) Luoyang Hongjin (as the lessee); and
(ii) Haier (as the lessor)
- Sale Price and Payment : The sale price is RMB51.0 million (equivalent to approximately HK\$55.1 million) which was determined after arm's length negotiations with reference to various factors considered and agreed between the parties including costs of the Leased Assets to Luoyang Hongjin and a loan-to-value ratio which is acceptable to Haier.

The net sale price of RMB50.0 million (equivalent to approximately HK\$54.0 million) (after deducting the security deposit of RMB1.0 million (equivalent to approximately HK\$1.1 million)) shall be paid by Haier to Luoyang Hongjin within 10 business days after the fulfilment of the following conditions:

- (i) Haier having received a receipt from Luoyang Hongjin in the amount of RMB51.0 million (equivalent to approximately HK\$55.1 million);
- (ii) Haier having received a payment notice issued by Luoyang Hongjin in respect of this payment;
- (iii) Haier having received the corresponding invoice for the Leased Assets provided by Luoyang Hongjin with official stamp;
- (iv) Haier having received the checking and acceptance confirmation letter of the Leased Assets issued by Luoyang Hongjin; and
- (v) Haier having received the video or photographs of the Leased Assets provided by Luoyang Hongjin.

Leased Assets : The Leased Assets comprise of certain construction projects in Luoyang City involving sheds and certain equipments owned by Luoyang Hongjin.

Based on internal estimation, the unaudited book value of the Leased Assets as at 30 September 2024 was approximately RMB84.7 million (equivalent to approximately HK\$91.5 million).

Lease Term : 36 months

Total Lease Payment : The total lease payment is approximately RMB53.9 million (equivalent to approximately HK\$58.3 million), including the finance lease payment and the retention fee of RMB100.0 (equivalent to approximately HK\$108.0), which was determined after arm's length negotiations with reference to the sale price of the Leased Assets and the prevailing market interest rates and trading terms of the similar finance lease arrangements.

After the Sale and Leaseback Agreement becoming effective, Haier shall have the right to make adjustments to the lease payment in accordance with the adjustments of the loan prime rate published by the People's Bank of China. The actual lease payment amount shall be confirmed in the actual lease payment schedule (實際租金支付表) and the lease adjustment notice (租金調整通知書) issued by Haier.

Security Deposit : The total security deposit is RMB1.0 million (equivalent to approximately HK\$1.1 million), which shall be deducted from the sale price payable to Luoyang Hongjin.

Haier shall have the right to use the security deposit to set off any amount due and payable of Luoyang Hongjin under the Sale and Leaseback Agreement and Luoyang Hongjin shall top up the security deposit to RMB1.0 million (equivalent to approximately HK\$1.1 million) in such cases.

The security deposit of RMB1.0 million (equivalent to approximately HK\$1.1 million) shall be used to set off the final portion(s) of the lease payment and the retention fee to be made by Luoyang Hongjin provided that there are no default events or the default events have been rectified. Haier shall return the remaining balance of the security deposit (if any) free of interest to Luoyang Hongjin.

Ownership of the Leased Assets : The ownership of the Leased Assets shall be transferred to Haier upon the issuance of the checking and acceptance confirmation letter of the Leased Assets by Luoyang Hongjin.

Upon the expiry of the lease term, provided that there are no continuing events of default, and subject to receipt of all lease payments and other receivables under the Sale and Leaseback Agreement, Haier shall transfer the ownership of the Leased Assets to Luoyang Hongjin on an “as-is” basis.

Effectiveness of the Sale and Leaseback Agreement : The Sale and Leaseback Agreement shall come into effect upon the fulfilment of the following conditions:

- (i) Haier having received the original resolution(s) or other similar documents issued by the internal authority(ies) of Luoyang Hongjin consenting to the transaction contemplated under the Sale and Leaseback Agreement;
- (ii) Haier having received the original resolution(s) issued by the internal authority(ies) of Henan Gangan consenting to providing guarantee for Luoyang Hongjin to perform its obligations under the Sale and Leaseback Agreement; and
- (iii) Henan Gangan having entered into the corporate guarantee agreement with Haier.

2. Consultation Service Agreement

Luoyang Hongjin and Haier also entered into the Consultation Service Agreement on 2 January 2025 (after trading hours) under which Haier agreed to provide consultancy services to Luoyang Hongjin and Luoyang Hongjin agreed to pay a service fee of RMB3.6 million (equivalent to approximately HK\$3.9 million) to Haier within three business days after signing the Consultation Service Agreement. The consultancy services cover professional advice and guidance on macro-economy analysis, finance lease introduction and finance lease arrangement analysis, etc.

3. Guarantee for the Sale and Leaseback Agreement

Henan Gangan agreed to provide joint liability guarantee to Haier for the liabilities of Luoyang Hongjin under the Sale and Leaseback Agreement.

FINANCIAL EFFECTS OF ENTERING INTO THE SALE AND LEASEBACK ARRANGEMENT

According to the Hong Kong Financial Reporting Standard 16, the transaction will be accounted for as a financing arrangement and will not give rise to any gain or loss to be recorded in the respective income statement of the WOG Group and the CAP Group. Upon expiry of the lease term, the ownership of the Leased Assets can be transferred back to the CAP Group with the payment of the nominal retention money. Therefore, in substance and in terms of accounting treatment, the Sale and Leaseback Arrangement is in effect largely similar to borrowing a secured loan. There is no transfer of possession to or use of the assets by Haier under the Sale and Leaseback Arrangement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND LEASEBACK ARRANGEMENT

By entering into the Sale and Leaseback Arrangement, both the WOG Group and the CAP Group would be able to manage their working capital in a more effective manner as the sale price will be paid by Haier and cash flow can be managed more efficiently through the subsequent leasing arrangement. The operations of the WOG Group and the CAP Group would not be adversely affected by the sale of the Leased Assets as such assets will be immediately leased back to Luoyang Hongjin.

The WOG Directors and the CAP Directors are of the opinion that the Sale and Leaseback Arrangement (including the sale price, service fee and the total lease payments) are on normal commercial terms, fair and reasonable and in the interests of WOG and CAP and their respective shareholders as a whole.

INFORMATION ON THE WOG 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, property development and trading, and asset management in Hong Kong through Wang On Properties Limited (Stock Code: 1243), a 75.0%-owned listed subsidiary of WOG; (iii) manufacturing and/or retailing of pharmaceutical and health food products through Wai Yuen Tong Medicine Holdings Limited (Stock Code: 0897), an approximately 72.02%-owned listed subsidiary of WOG; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP, an approximately 57.09%-owned listed subsidiary of WOG.

INFORMATION ABOUT THE PARTIES TO THE SALE AND LEASEBACK ARRANGEMENT

The CAP Group

The CAP Group is principally engaged in the business of management and sale of properties in agricultural produce exchange markets in the PRC.

Luoyang Hongjin

Luoyang Hongjin is a limited liability company established under the laws of the PRC and is principally engaged in the management and operation of the Luoyang Hongjin Agricultural and By-Product Exchange Market (洛陽宏進農副產品交易市場). It is wholly-owned by CAP as at the date of this joint announcement.

Henan Gangan

Henan Gangan is a limited liability company established under the laws of the PRC and is principally engaged in the investment holding and management and operation of the agricultural produce exchange markets. It is wholly-owned by CAP as at the date of this joint announcement.

Haier

Haier is a limited liability company established under the laws of the PRC and is principally engaged in financial leasing business and financial services in the PRC. Based on public available information, Haier is owned as to approximately 38.97%, 32.30% and 28.73% by Haier Group (Qingdao) Finance Holding Co., Ltd.* (海爾集團(青島)金盈控股有限公司), Shanghai Haizhu Yunju Enterprise Management Consulting Partnership (Limited Partnership)* (上海海鑄雲聚企業管理諮詢合夥企業(有限合夥)) and Haier International Co., Limited respectively.

Haier Group (Qingdao) Finance Holding Co., Ltd.* (海爾集團(青島)金盈控股有限公司) is a wholly-owned subsidiary of Haier Electric Appliances International Co., Ltd.* (海爾卡奧斯股份有限公司). Haier Electric Appliances International Co., Ltd.* (海爾卡奧斯股份有限公司) is a wholly-owned subsidiary of Haier Group Corporation* (海爾集團公司) (“**Haier Group**”). Shanghai Haizhu Yunju Enterprise Management Consulting Partnership (Limited Partnership)* (上海海鑄雲聚企業管理諮詢合夥企業(有限合夥)) is owned as to 99% by Qingdao Haier Venture Capital Investment Co., Ltd.* (青島海爾創業投資有限責任公司), which is a wholly-owned subsidiary of Haier Group (Qingdao) Finance Holding Co., Ltd.* (海爾集團(青島)金盈控股有限公司). Haier International Co., Limited is a wholly-owned subsidiary of Haier (HK) Investment Co., Limited. Haier (HK) Investment Co., Limited, which in turn is a wholly-owned subsidiary of Haier Group. According to publicly available information, the nature of Haier Group is a collectively-owned enterprise. Pursuant to the Regulation of the People’s Republic of China on Urban Collectively-Owned Enterprises (2016 Revision), the property of Haier Group, being a socialist economic organisation, is collectively owned by the working masses, subject to joint work, with distribution according to work as the principal distribution method. In light of its enterprise nature, Haier Group has no shareholders.

To the best of the WOG Directors’ knowledge, information and belief, having made all reasonable enquiries, Haier and its ultimate beneficial owner (if applicable) are third parties independent from WOG and its connected persons (as defined in the Listing Rules).

To the best of the CAP Directors’ knowledge, information and belief, having made all reasonable enquiries, Haier and its ultimate beneficial owner (if applicable) are third parties independent from CAP and its connected persons (as defined in the Listing Rules).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Sale and Leaseback Arrangement exceeds 5% but is less than 25% for both WOG and CAP, the Sale and Leaseback Arrangement constitutes a discloseable transaction for each of WOG and CAP and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

“CAP”	China Agri-Products Exchange Limited 中國農產品交易有限公司, an exempted company incorporated in Bermuda with limited liability and its shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 0149)
“CAP Board”	the board of the CAP Directors
“CAP Directors”	the directors of CAP
“CAP Group”	CAP and its subsidiaries
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consultation Service Agreement”	the consultation service agreement dated 2 January 2025 entered into between Haier and Luoyang Hongjin as part of the Sale and Leaseback Arrangement
“Haier”	Haier Financial Services China Co., Ltd.* (海爾融資租賃股份有限公司), a limited liability company established under the laws of the PRC
“Henan Gangan”	Henan Gangan Agricultural and By-Products Company Limited* (河南港安農副產品有限公司), a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of CAP
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Leased Assets”	certain construction projects in Luoyang City involving sheds and certain equipments which were sold by Luoyang Hongjin to Haier and leased back to Luoyang Hongjin pursuant to the Sale and Leaseback Arrangement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Luoyang Hongjin”	Luoyang Hongjin Agricultural and By-Product Exchange Market Limited* (洛陽宏進農副產品批發市場有限公司), a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of CAP
“PRC”	the People’s Republic of China, for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Leaseback Agreement”	the conditional sale and leaseback agreement dated 2 January 2025 entered into between Haier and Luoyang Hongjin in respect of the sale of the Leased Assets by Luoyang Hongjin to Haier and the lease back of the Leased Assets to Luoyang Hongjin
“Sale and Leaseback Arrangement”	(i) the sale of the Leased Assets by Luoyang Hongjin to Haier and the lease back of the Leased Assets to Luoyang Hongjin; and (ii) the provision of consultancy services by Haier to Luoyang Hongjin, pursuant to the Sale and Leaseback Agreement and the Consultation Service Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“WOG”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability and its shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)
“WOG Board”	the board of the WOG Directors
“WOG Directors”	the directors of WOG
“WOG Group”	WOG and its subsidiaries
“%”	per cent

By Order of the board of
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
CHINA AGRI-PRODUCTS EXCHANGE LIMITED
(中國農產品交易有限公司)
Leung Sui Wah, Raymond
Executive Director and Chief Executive Officer

Hong Kong, 2 January 2025

As at the date of this joint announcement, the WOG Board 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 CAP Board comprises Mr. Tang Ching Ho, Mr. Leung Sui Wah, Raymond, Mr. Wong Ka Kit and Ms. Luo Xu Ying as executive directors, and Mr. Lau King Lung, Mr. Wong Ping Yuen and Mr. Shang Hai Long as independent non-executive directors.

For the purpose of this joint announcement, unless otherwise specified, the conversion of HK\$ into RMB is based on the approximate exchange rate from HK\$1 to RMB0.92564. The exchange rate is adopted for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rate at all.

** For identification purpose only*