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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)



WAI YUEN TONG MEDICINE
HOLDINGS LIMITED

(位元堂藥業控股有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 897)



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)

JOINT ANNOUNCEMENT
LEGAL PROCEEDINGS IN HONG KONG INVOLVING THE CAP GROUP
INSIDE INFORMATION

This announcement is jointly made by the respective board of directors of Wang On Group Limited (宏安集團有限公司)* (“**WOG**” and, together with its subsidiaries, the “**WOG Group**”), Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*) (“**WYT**” and, together with its subsidiaries, the “**WYT Group**”) and China Agri-Products Exchange Limited 中國農產品交易有限公司 (the “**CAP**” together with its subsidiaries, the “**CAP Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

* *For identification purpose only*

As disclosed in the 2020 interim report of CAP:

- (i) CAP had on 24 October 2011 commenced legal action in Hong Kong against Ms. Wang Xiu Qun (“**Ms. Wang**”) and Wuhan Tian Jiu Industrial and Commercial Development Co., Ltd. (“**Tian Jiu**”), in which CAP is seeking, amongst others, damages from Ms. Wang and Tian Jiu for their breach of various provisions of the 2007 sale and purchase agreement for the acquisition of interests in Wuhan Baisazhou Agricultural By-product Grand Market Company Limited (“**Baisazhou Agricultural**”) by CAP;
- (ii) Ms. Wang and Tian Jiu have made counterclaim against CAP;
- (iii) The trial took place in February, March and June 2019;
- (iv) Two instruments (purportedly described as promissory notes in the 2007 sale and purchase agreement, and referred to in the 2020 interim report of CAP) (the instruments held by Ms. Wang and Tian Jiu being the “**1st Instrument**” and “**2nd Instrument**” respectively and collectively the “**Instruments**”) in an aggregate principal amount of HK\$376 million were recorded in the CAP Group’s financial statements at book value of HK\$376 million and, together with interest payable in the amount of approximately HK\$278 million included under other payables, as set out in the consolidated statement of financial position as current liabilities in the 2020 interim report respectively.

WOG, WYT and CAP wish to update their respective shareholders that the Court of First Instance in the High Court of Hong Kong (“**Court**”) handed down a judgment (the “**Judgment**”) on 18 January 2021.

RESULTS OF THE JUDGMENT

Pursuant to the Judgment, the Court ruled that, amongst others:

- (i) Ms. Wang and Tian Jiu shall pay to CAP damages in the total sum of RMB510,000,000 for loss and damages suffered by CAP in that the value of Baisazhou Agricultural’s shares was substantially less than what Ms. Wang and Tian Jiu warranted;
- (ii) Ms. Wang shall pay to CAP nominal damages of HK\$1 for the failure on the part of Ms. Wang to assist CAP or Baishazhou Agricultural to obtain the Land Use Certificates in question;
- (iii) CAP is entitled to set-off the amount of HK\$54,211,000 from the sum due by CAP to Ms. Wang under the 1st Instrument, being the net profit shortfall;

- (iv) As the quantum of the award of damages to CAP is greater than the amounts due under the Instruments, Ms. Wang and Tian Jiu are not allowed to enforce the Instruments against CAP; and
- (v) The counterclaim of Ms. Wang and Tian Jiu for, amongst others, an order that CAP do cause and/or procure the shares in Baisazhou Agricultural to be transferred back to the defendants, be dismissed.

In the circumstances, CAP is not required to make any payment under the Instruments to Ms. Wang or Tian Jiu. CAP is seeking legal advice for the recovery of damages against Ms. Wang and Tian Jiu after deducting the total sum payable under the Instruments.

Further, as the counterclaim of Ms. Wang and Tian Jiu was dismissed, CAP continues to be the legal and beneficial owner of Baisazhou Agricultural.

As advised by CAP's legal adviser, the parties shall have 28 days from the date of the Judgment to appeal against such decision.

Based on the Judgment, and in light of CAP being a subsidiary of WYT, which in turn is a subsidiary of WOG and the financial results of CAP will be consolidated into WOG and WYT's consolidated financial statements, the respective management of WOG, WYT and CAP is assessing the extent and timing of such potential financial impact on the results of the WOG Group, the WYT Group and the CAP Group, in particular whether there will be and if so, the quantum of the financial effect on the results of the WOG Group, the WYT Group and the CAP Group for the year ending 31 March 2021.

WOG, WYT and CAP will keep their respective shareholders and potential investors informed of any further material development in connection therewith.

Shareholders and potential investors are advised to exercise caution in dealing in the securities of WOG, WYT and CAP.

By order of the board of directors of
WANG ON GROUP LIMITED
(宏安集團有限公司)*
Chan Chun Hong, Thomas
Managing Director

By order of the board of directors of
**WAI YUEN TONG MEDICINE
HOLDINGS LIMITED**
(位元堂藥業控股有限公司*)
Tang Ching Ho
Chairman and Managing Director

By order of the board of directors of
CHINA AGRI-PRODUCTS EXCHANGE LIMITED
中國農產品交易有限公司
Chan Chun Hong, Thomas
Chairman and Chief Executive Officer

Hong Kong, 18 January 2021

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

As at the date of this announcement, the executive directors of WYT are Mr. Tang Ching Ho, Mr. Chan Chun Hong, Thomas, Ms. Tang Mui Fun and Ms. Tang Wai Man, and the independent non-executive directors of WYT are Mr. Siu Man Ho, Simon, Mr. Leung Wai Ho, Mr. Cho Wing Mou and Mr. Li Ka Fai, David.

As at the date of this announcement, the executive directors of CAP are Mr. Chan Chun Hong, Thomas, Mr. Leung Sui Wah, Raymond and Mr. Yau Yuk Shing, and the independent non-executive directors of CAP are Mr. Ng Yat Cheung, Mr. Lau King Lung and Mr. Wong Ping Yuen.

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