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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

中國農產品交易所有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 0149)

JOINT ANNOUNCEMENT

DISCLOSEABLE AND CONNECTED TRANSACTIONS OF WOG, WYT AND CAP IN RELATION TO DISPOSAL OF EQUITY INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY

THE CAPITAL REORGANISATION AGREEMENT

On 18 June 2021, Century Choice (a wholly-owned subsidiary of CAP) and the PRC Shareholder entered into the Capital Reorganisation Agreement in respect of Yulin Hongjin, pursuant to which (among other things) (i) the PRC Shareholder waives its entitlement to the Dividend and directs the same to be paid to Century Choice, and (ii) the amount of registered capital contribution by Century Choice in Yulin Hongjin will reduce by an amount equal to approximately RMB41.9 million, which amount will be paid by Yulin Hongjin to Century Choice in cash. As a result of such reduction of registered capital contribution, Century Choice's equity interest in Yulin Hongjin will decrease to 51%. Such decrease in equity interest constitutes a disposal by CAP of its equity interest in Yulin Hongjin under Chapter 14 of the Listing Rules.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25% for WOG, WYT and CAP, the Disposal constitutes a discloseable transaction of each of WOG, WYT and CAP under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As at the date of this joint announcement, the PRC Shareholder is a substantial shareholder of Yulin Hongjin. In addition, CAP is a subsidiary of WOG and WYT, and WYT is a subsidiary of WOG. Therefore the PRC Shareholder is a connected person of all of WOG, WYT and CAP at the subsidiary level and the Capital Reorganisation Agreement and the transactions contemplated thereunder constitute a connected transaction of each of WOG, WYT and CAP under Chapter 14A of the Listing Rules, which are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and the shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

THE CAPITAL REORGANISATION AGREEMENT

On 18 June 2021, Century Choice (a wholly-owned subsidiary of CAP) and the PRC Shareholder entered into the Capital Reorganisation Agreement, the terms of which are summarised as follows:

Date: 18 June 2021

Parties: (i) Century Choice
(ii) the PRC Shareholder

Subject Matter: Pursuant to the Capital Reorganisation Agreement:

- (i) the PRC Shareholder waives its entitlement to 35% of the Dividend in the sum of RMB40.95 million (equivalent to approximately HK\$49.94 million), and directs the same to be paid to Century Choice in cash, and
- (ii) the amount of registered capital contribution by Century Choice in Yulin Hongjin will reduce by an amount equal to approximately RMB41.9 million (equivalent to approximately HK\$51.1 million), which amount will be paid by Yulin Hongjin to Century Choice in cash.

As a result of such reduction of registered capital contribution, Century Choice's equity interest and the dividend entitlement in Yulin Hongjin will decrease from 65% to 51%. The amount of reduction of Century Choice's registered capital contribution in Yulin Hongjin is negotiated between Century Choice and the PRC Shareholder on an arm's length basis taking into account the unaudited net asset value of Yulin Hongjin as at 30 September 2020 of approximately HK\$498 million, the amount of the Dividend to be paid to Century Choice on top of its statutory entitlement by reason of the Capital Reorganisation Agreement, and the cash payment which Century Choice will receive pursuant to the reduction of registered capital contribution.

Such decrease in equity interest constitutes a Disposal by CAP of its equity interest in Yulin Hongjin under Chapter 14 of the Listing Rules. Upon completion of the Disposal, Yulin Hongjin will remain a subsidiary of CAP.

The net proceeds to be received by Century Choice from the Disposal, is estimated to be approximately RMB82.85 million (equivalent to approximately HK\$101.04 million), which the CAP Group intends to apply towards repayment of indebtedness.

INFORMATION ON YULIN HONGJIN

Yulin Hongjin is a sino-foreign owned enterprise established under the laws of the PRC on 15 December 2006 and is a non-wholly owned subsidiary of CAP. It is principally engaged in property holding and operating the Yulin Market.

The following is a summary of the audited financial results of Yulin Hongjin for the year ended 31 December 2018 and the 15 months ended 31 March 2020 and the unaudited financial results of Yulin Hongjin for the six months ended 30 September 2020 (prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants):

	For the six months ended 30 September 2020 (Unaudited) HK\$'000	For the 15 months ended 31 March 2020 (Audited) HK\$'000	For the year ended 31 December 2018 (Audited) HK\$'000
Net profit/(loss) (before taxation and extraordinary items)	(3,522)	56,070	113,989
Net profit/(loss) (after taxation and extraordinary items)	(6,331)	21,337	81,306

The net asset value of Yulin Hongjin were approximately HK\$582 million (audited) and HK\$498 million (unaudited) as at 31 March 2020 and 30 September 2020 respectively according to the consolidated financial statements of CAP (prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants).

REASONS FOR AND BENEFITS OF THE CAPITAL REORGANISATION AGREEMENT

Since 2006, Century Choice has started collaborating with the PRC Shareholder in the setting up and operation of the Yulin Market on the basis that Century Choice and the PRC Shareholder shall be respectively entitled to dividend distribution by Yulin Hongjin in the ratio of 65%: 35%. As part of the CAP Group's continuous review of its assets portfolio and in light of the current market value of the properties held by Yulin Hongjin, the CAP Board considers it to be a suitable time for the CAP Group to now partially realise and unlock the value of its investment in Yulin Hongjin which will provide liquidity for CAP's operational needs and improve its gearing position, whilst at the same time Yulin Hongjin will continue to be a subsidiary of CAP and its results will remain to be consolidated into the consolidated financial statements of CAP.

Taking into account the above, (i) the WOG Directors (including the independent non-executive WOG Directors) consider that the terms of the Capital Reorganisation Agreement and the transactions contemplated thereunder (including the Disposal) are fair and reasonable, on normal commercial terms and in the interests of WOG and the WOG Shareholders as a whole; (ii) the

WYT Directors (including the independent non-executive WYT Directors) consider that the terms of the Capital Reorganisation Agreement and the transactions contemplated thereunder (including the Disposal) are fair and reasonable, on normal commercial terms and in the interests of WYT and the WYT Shareholders as a whole, and (iii) the CAP Directors (including the independent non-executive CAP Directors) consider that the terms of the Capital Reorganisation Agreement and the transactions contemplated thereunder (including the Disposal) are fair and reasonable, on normal commercial terms and in the interests of CAP and the CAP Shareholders as a whole.

INFORMATION ABOUT THE WOG GROUP, THE WYT GROUP, THE CAP GROUP AND THE PRC SHAREHOLDER

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 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 WYT, its 65.79%-owned listed subsidiary; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP, a 53.37%-owned listed subsidiary of WYT.

The WYT Group

The WYT Group is principally engaged in (i) the manufacturing and retailing of traditional Chinese pharmaceutical and health food products, including Chinese medicinal products sold under the brand name of “Wai Yuen Tong”, mainly in the PRC and Hong Kong; (ii) the manufacturing and retailing of Western pharmaceutical and health food and personal care products under the brand names of “Madame Pearls” and “Pearls”; (iii) property investment; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP, a 53.37%-owned listed subsidiary of WYT.

The CAP Group and Century Choice

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

Century Choice is a company incorporated in Hong Kong with limited liability and is an investment holding company for holding the equity interest in Yulin Hongjin.

The PRC Shareholder

The PRC Shareholder is an entity established under the laws of the PRC and is principally engaged in agricultural by-products wholesaling marketplace in Yulin City, the PRC. It is ultimately owned by 廣西玉林市人民政府國有資產監督管理委員會 (Guangxi Yulin Municipal Government State Owned Assets Supervision and Administration Commission*).

FINANCIAL EFFECT OF THE CAPITAL REORGANISATION AGREEMENT

As Yulin Hongjin will remain a subsidiary of CAP immediately after completion of the Disposal, no gain or loss on the Disposal is calculated in the consolidated financial statements of profit and loss of WOG, WYT and CAP save for legal and professional fees incurred in connection with the preparation of the Capital Reorganisation Agreement.

There is expected to be an increase in total equity attributable to the owners of CAP of approximately HK\$25 million with reference to (i) Century Choice's 65% share in the net assets of Yulin Hongjin of HK\$498 million as at 30 September 2020; (ii) Century Choice's 51% share in the adjusted net assets of Yulin Hongjin of HK\$498 million as at 30 September 2020, which in turn is derived by deducting the total amount of the Dividend declared by Yulin Hongjin and the registered capital to be reduced as a result of the Disposal; (iii) the amounts Century Choice receives upon payment of the Dividend and the reduction of registered capital. The description of the above financial effect is subject to the review by the auditors of the respective companies.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25% for WOG, WYT and CAP, the Disposal constitutes a discloseable transaction of each of WOG, WYT and CAP under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As at the date of this joint announcement, the PRC Shareholder is a substantial shareholder of Yulin Hongjin. In addition, CAP is a subsidiary of WOG and WYT, and WYT is a subsidiary of WOG. Therefore the PRC Shareholder is a connected person of all of WOG, WYT and CAP at the subsidiary level and the Capital Reorganisation Agreement and the transactions contemplated thereunder constitute a connected transaction of all of WOG, WYT and CAP under Chapter 14A of the Listing Rules.

As each of the WOG Board, the WYT Board and the CAP Board has approved the Capital Reorganisation Agreement and the transactions contemplated thereunder, and the WOG Directors (including the independent non-executive WOG Directors), the WYT Directors (including the independent non-executive WYT Directors), and the CAP Directors (including the independent non-executive CAP Directors) have respectively confirmed that the terms thereof are fair and reasonable, on normal commercial terms and in the interests of WOG, WYT, CAP and their respective WOG Shareholders, WYT Shareholders and CAP Shareholders as a whole, the Capital Reorganisation Agreement and the transactions contemplated thereunder (including the Disposal) are only subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and the shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules as the PRC Shareholder is a connected person at the subsidiary level of each of WOG, WYT and CAP.

No member of the WOG Board, the WYT Board or the CAP Board has a material interest in the Capital Reorganisation Agreement and the transactions contemplated thereunder and accordingly none of them has abstained from voting on the respective board resolutions approving the Capital Reorganisation Agreement.

DEFINITIONS

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

“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 the shares of which are listed and traded on the main board of the Stock Exchange (stock code: 149)
“CAP Board”	the board of the CAP Directors
“CAP Directors”	the directors of CAP
“CAP Group”	CAP and its subsidiaries
“CAP Share(s)”	the ordinary share(s) with a nominal value of HK\$0.01 each in the issued share capital of CAP
“CAP Shareholder(s)”	holder(s) of the CAP Shares

“Capital Reorganisation Agreement”	the agreement dated 18 June 2021 entered into between Century Choice and the PRC Shareholder in relation to, among other things, the reduction of registered capital contribution of Century Choice in Yulin Hongjin
“Century Choice”	Century Choice Limited, an investment holding company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CAP
“connected person”	has the meaning ascribe to it under the Listing Rules
“Disposal”	the disposal by CAP of its equity interest in Yulin Hongjin under Chapter 14 of the Listing Rules as a result of the transactions contemplated under the Capital Reorganisation Agreement
“Dividend”	dividend declared by Yulin Hongjin for the financial year ended 31 December 2020 in the amount of approximately RMB117 million
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 joint announcement shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC Shareholder”	玉林市市場開發服務中心 (Yulin Market Development Service Centre*), an entity established under the laws of the PRC and a substantial shareholder of Yulin Hongjin as at the date of this joint announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

“WOG”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability and the shares of which 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
“WOG Share(s)”	the ordinary share(s) with a nominal value of HK\$0.01 each in the issued share capital of WOG
“WOG Shareholder(s)”	holder(s) of the WOG Shares
“WYT”	Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*), an exempted company incorporated in Bermuda with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897)
“WYT Board”	the board of the WYT Directors
“WYT Directors”	the directors of WYT
“WYT Group”	WYT and its subsidiaries
“WYT Share(s)”	the ordinary share(s) with a nominal value of HK\$0.01 each in the issued share capital of WYT
“WYT Shareholder(s)”	holder(s) of the WYT Shares
“Yulin Hongjin”	玉林宏進農副產品批發市場有限公司 (Yulin Hongjin Agricultural By-products Wholesale Marketplace Limited*), a sino-foreign owned enterprise established under the laws of the PRC
“Yulin Market”	玉林宏進農副產品交易市場 (Yulin Hongjin Agricultural and By-Product Exchange Market*), an agricultural product exchange market in Guangxi Zhuang Autonomous Region, the PRC with a site area of approximately 415,000 square metres and a total gross floor area of approximately 196,000 square metres

“%”

per cent.

By order of the board of directors 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 directors of
WAI YUEN TONG MEDICINE HOLDINGS LIMITED
(位元堂藥業控股有限公司*)
Tang Wai Man
Executive Director

By order of the board of directors of
CHINA AGRICULTURAL 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, 18 June 2021

For the purpose of this joint announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of HK\$1.00 to RMB0.82. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

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 WYT Board comprises Mr. Tang Ching Ho, Ms. Tang Wai Man and Ms. Law Man Yee, Anita as executive directors, and Mr. Siu Man Ho, Simon, Mr. Leung Wai Ho, Mr. Cho Wing Mou and Mr. Li Ka Fai, David as independent non-executive directors.

As at the date of this joint announcement, the CAP Board comprises Mr. Leung Sui Wah, Raymond and Mr. Yau Yuk Shing as executive directors, Mr. Tang Ching Ho as non-executive director, and Mr. Ng Yat Cheung, Mr. Lau King Lung and Mr. Wong Ping Yuen as independent non-executive directors.

** for identification purpose only*