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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)**



**WANG ON PROPERTIES LIMITED**

**宏安地產有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1243)**

## **JOINT ANNOUNCEMENT**

### **(1) VERY SUBSTANTIAL ACQUISITION**

#### **IN RELATION TO**

#### **THE FORMATION OF A JOINT VENTURE,**

### **(2) VERY SUBSTANTIAL DISPOSAL OF SUBSIDIARIES**

#### **AND**

### **(3) VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL**

#### **IN RELATION TO OPTIONS GRANTED**

#### **THE FORMATION OF A JOINT VENTURE**

The boards of directors of WOG and WOP respectively announce that on 8 November 2021, the WOP JV Partner (an indirect wholly-owned subsidiary of WOP) and WOP (as the WOP JV Partner's guarantor) entered into the Subscription and Shareholders' Agreement with the APG JV Partner and the JV Company (an indirect wholly-owned subsidiary of WOP prior to completion of the Investment), pursuant to which, among other things, the APG JV Partner will subscribe for a new share in the JV Company to form a joint venture with the WOP JV Partner in respect of the JV Company to engage in the acquisition of residential properties in Hong Kong for development and re-development for sale. The total maximum commitment of each JV Partner in the JV Company is HK\$2,334,000,000 (i.e. the Total Capital Commitment), totalling HK\$4,668,000,000 for both JV Partners (i.e. the Maximum Capital Commitment).

Following completion of the subscription of share of the JV Company by the APG JV Partner, each JV Partner shall hold 50% interest in the JV Company, and as the JV Company will be a 50% jointly-owned entity of WOP, the financial results of the JV Company and its subsidiaries will not be consolidated into the consolidated financial statements of either the WOG Group or the WOP Group.

Pursuant to the Subscription and Shareholders' Agreement, the APG JV Partner has a right to require each of the WOP JV Partner and the APG JV Partner to make additional contributions for a maximum amount up to HK\$2,334,000,000 (i.e. the Re-Up Commitment), totalling HK\$4,668,000,000 for both JV Partners, for the formation of a new joint venture vehicle to make additional investment in the same business scope and on substantially the same terms as those of the JV Company, including those in relation to the investment period and the exclusivity arrangements.

## **THE DISPOSAL**

Simultaneously with completion of the Investment, the JV Company shall enter into the Sale and Purchase Agreements with the Sellers, all being indirect wholly-owned subsidiaries of WOP, pursuant to which the JV Company shall purchase the Disposal Subsidiaries from the WOP Group at an initial aggregate consideration of HK\$3,001,457,000, subject to further adjustment.

The Disposal Subsidiaries are companies incorporated in the British Virgin Islands with limited liability for investment holding purpose with no other major assets besides their indirect interests in the Seed Projects. Upon completion of the Disposal, the Disposal Subsidiaries will cease to be subsidiaries of WOP and their financial results will not be consolidated into the consolidated financial statements of either the WOG Group or the WOP Group, and the JV Company will indirectly hold 100% interest in the Disposal Subsidiaries.

## **THE OPTIONS**

Pursuant to the Subscription and Shareholders' Agreement, the JV Partners shall grant to each other the Options (as applicable), pursuant to which the WOP JV Partner may, or may be required to sell all of its share(s) in the JV Company, or to buy from the APG JV Partner all of its shares in the JV Company, in each case subject to the Cap of HK\$3,602,000,000. In the event the APG JV Partner exercises the Re-Up Option, the JV Partners will grant to each other the same set of options over their interests in the new joint venture vehicle to be formed (i.e. the Re-Up JV Options) subject to a cap for the same amount as the Cap (i.e. the Re-Up Cap).

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Joint Venture (being the aggregate of WOP's Total Capital Commitment and the Re-Up Commitment) exceeds 100% for each of WOG and WOP, the Joint Venture constitutes a very substantial acquisition for each of WOG and WOP and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Disposal exceeds 75% for each of WOG and WOP, the Disposal constitutes a very substantial disposal for each of WOG and WOP and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of both the Cap and the Re-Up Cap exceeds 100% for each of WOG and WOP, the grant or the exercise of the Options and the Re-Up JV Options each constitutes a very substantial acquisition and a very substantial disposal (as applicable) for each of WOG and WOP under Chapter 14 of the Listing Rules and is or will, as applicable, therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

A special general meeting will be convened by WOG to consider and, if thought fit, to approve the Transactions. A circular containing, among other things, details of the Transactions, and a notice of special general meeting of WOG is expected to be despatched to its shareholders on or before 25 November 2021 as additional time is required for WOG to prepare and finalise the information to be contained in its circular (including but not limited to the valuation report of the Seed Projects, the indebtedness statement and the working capital sufficiency statement).

A special general meeting will be convened by WOP to consider and, if thought fit, to approve the Transactions. A circular containing, among other things, details of the Transactions, and a notice of special general meeting of WOP is expected to be despatched to its shareholders on or before 25 November 2021 as additional time is required for WOP to prepare and finalise the information to be contained in its circular (including but not limited to the valuation report of the Seed Projects, the indebtedness statement and the working capital sufficiency statement).

## VOTING UNDERTAKINGS OBTAINED

Mr. Tang Ching Ho has irrevocably undertaken to each of WOG and the JV Company to vote all of the shares in WOG beneficially held by him and held through entities wholly-owned by him, being 1,045,941,645 shares in WOG (representing approximately 6.28% of the total issued share capital of WOG), in favour of the resolutions to be proposed at WOG's special general meeting, whereas WOG has irrevocably undertaken to each of WOP and the JV Company to vote all of the shares in WOP directly or indirectly held by it, being 11,400,000,000 shares in WOP (representing 75% of the total issued share capital of WOP), in favour of the resolutions to be proposed at WOP's special general meeting, subject to obtaining the requisite approval from WOG's shareholders in accordance with the Listing Rules.

Mr. Tang Ching Ho is the chairman and an executive director of WOG and is deemed to be interested in 7,780,645,772 shares of WOG, representing approximately 46.71% of the total issued share capital of WOG, and accordingly all of the 11,400,000,000 shares of WOP held by WOG, representing 75% of the issued share capital of WOP, for the purpose of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

## WARNING

**Shareholders and potential investors of both WOG and WOP should be aware that (i) the Subscription and Shareholders' Agreement is subject to the fulfillment of certain conditions precedent being satisfied, as set out in the section headed "Formation of Joint Venture – The Subscription and Shareholders' Agreement – Conditions precedent" of this joint announcement, and consequently may or may not proceed; and (ii) the signing and completion of the Sale and Purchase Agreements, in particular the Sale and Purchase Agreement relating to the Seed Project 4 Holdco, are subject to the fulfillment of certain additional conditions precedent being satisfied, as set out in the section headed "The Disposal – Conditions precedent" of this joint announcement, including the successful acquisition of a remaining unit of Seed Project 4, and consequently may or may not proceed even after completion of the Investment in the Subscription and Shareholders' Agreement. Investors are advised to exercise caution when dealing in the securities of both WOG and WOP and if they are in any doubt about their position, they should consult their professional advisers.**

## **FORMATION OF JOINT VENTURE**

The boards of directors of WOG and WOP respectively announce that on 8 November 2021, the WOP JV Partner (an indirect wholly-owned subsidiary of WOP) and WOP (as the WOP JV Partner's guarantor) entered into the Subscription and Shareholders' Agreement with the APG JV Partner and the JV Company (an indirect wholly-owned subsidiary of WOP prior to completion of the Investment), pursuant to which, among other things, the APG JV Partner will subscribe for a new share in the JV Company to form a joint venture with the WOP JV Partner in respect of the JV Company to engage in the acquisition of residential properties in Hong Kong for development and re-development for sale.

### **The Subscription and Shareholders' Agreement**

#### ***Date***

8 November 2021

#### ***Parties***

- (i) WOP JV Partner
- (ii) WOP
- (iii) APG JV Partner
- (iv) JV Company

To the best of the knowledge, information and belief of the directors of each of WOG and WOP, having made all reasonable enquiries, each of the APG JV Partner and its ultimate beneficial owner(s) is a third party independent of each of WOG, WOP and their respective connected persons.

#### **Subject matter**

Pursuant to the Subscription and Shareholders' Agreement, the APG JV Partner has conditionally agreed to subscribe for one (1) new share in the JV Company for a nominal subscription price of HK\$1, payable to the JV Company on completion of the Investment in cash. The JV Partners have also agreed to provide funding to the JV Company of up to HK\$2,334,000,000 each (i.e. the Total Capital Commitment), totalling HK\$4,668,000,000 for both JV Partners (i.e. the Maximum Capital Commitment), of which HK\$632,920,000 shall be payable by the APG JV Partner, and HK\$632,919,999 shall be payable by the WOP JV Partner on completion of the Investment.

The Maximum Capital Commitment was determined after arm's length negotiation between the JV Partners with reference to the JV Group's investment strategy and the WOP Group's track records in expanding its property portfolio. The initial funding payable by each JV Partner on completion of the Investment was determined with reference to the consideration payable by the JV Group for the Seed Projects under the Disposal, external debt financing and working capital of the Seed Projects. The balance of the Maximum Capital Commitment following completion of the Investment will be contributed when further suitable projects, if any, can be identified during the Investment Period in accordance with the terms of the Subscription and Shareholders' Agreement. The WOP JV Partner's share of the Maximum Capital Commitment will be funded in cash by way of (i) issue of promissory notes in favour of the JV Company or at its direction for the amount of HK\$632,919,999, which will be set off against the WOP JV Partner's share of the consideration payable for the Disposal in the equivalent amount, and (ii) payment in cash for the amount of HK\$1,701,080,000 from the internal resources of the WOP Group. The APG JV Partner's share of the Maximum Capital Commitment will be funded in cash.

### **Conditions precedent**

Completion of the Investment shall be conditional upon fulfilment of the following conditions precedent:

- (i) each of WOG and WOP having obtained the approval of their respective shareholders in respect of the transactions contemplated under the Subscription and Shareholders' Agreement and the Disposal under the Sale and Purchase Agreements;
- (ii) there having been no material adverse change with respect to a material portion of Seed Project 1, Seed Project 2 and Seed Project 3 taken as a whole between the date of the Subscription and Shareholders' Agreement and the Completion Date;
- (iii) the warranties by each of the JV Company, the APG JV Partner and the WOP JV Partner in respect of the Subscription and Shareholders' Agreement remaining true, accurate and complete in all material respects and not misleading in any material respect as at the Completion Date;
- (iv) no material breach of certain material warranties by the Sellers in respect of the Sale and Purchase Agreements affecting a material portion of Seed Project 1, Seed Project 2 and Seed Project 3 taken as a whole as at the date of the Subscription and Shareholders' Agreement and as at the Completion Date which has or may result in a material adverse change;

- (v) no material breach of the provisions of any of the Transaction Documents by the WOP JV Partner, WOP or the JV Company having occurred on or before the Completion Date; and
- (vi) no Change of Control Event or Key-man Event having occurred on or before the Completion Date.

The APG JV Partner may, by notice to the WOP JV Partner, waive any of conditions precedent (ii) to (vi) (inclusive) set out above with respect to the WOP JV Partner at any time on or before the Longstop Date. If the conditions precedent set out above are not fulfilled or waived (as the case may be) on or before the Longstop Date, the Subscription and Shareholders' Agreement shall terminate automatically.

In the event a material adverse change in respect of Seed Project 1, Seed Project 2, Seed Project 3 or the relevant Disposal Subsidiary holding such Seed Project on a standalone basis occurs or arises between the date of the Subscription and Shareholders' Agreement and the Completion Date, notwithstanding that the condition in paragraph (ii) above may be satisfied, the APG JV Partner shall have the right to request the JV Company and WOP (or its affiliate) not to proceed with the Disposal of the relevant Disposal Subsidiary at completion of the Investment and to discuss and agree in good faith whether to proceed with such Disposal (and any necessary incidental changes to the terms of the Subscription and Shareholders' Agreement, including the total amount of the parties' initial funding to be provided on completion of the Investment), within 3 months from the completion of the Investment.

## **Completion**

Completion of the Investment will take place on the 10th business day following the satisfaction (or waiver, as the case may be) of all the conditions precedent, or such other date as may be agreed between the JV Partners (the "**Completion Date**"). Following completion of the subscription of share of the JV Company by the APG JV Partner, each JV Partner shall hold 50% interest in the JV Company, and as the JV Company will be a 50% jointly-owned entity of WOP, the financial results of the JV Company and its subsidiaries will not be consolidated into the consolidated financial statements of either the WOG Group or the WOP Group.

## **Shareholders' arrangements**

Pursuant to the Subscription and Shareholders' Agreement, the principal terms in relation to the operations of the JV Company after completion of the Investment are summarised as follows:

## ***Business***

The principal business of the JV Company shall be the acquisition for development and re-development of residential properties in Hong Kong which satisfy such investment criteria as the JV Partners may from time to time agree with reference to the size and projected return of the projects for sale. The intention of the JV Partners is for the JV Company to focus on investing in developing residential properties in urban locations in Hong Kong with a project site and gross floor area of at least 3,500 square feet and at least 30,000 square feet, respectively, but excluding properties acquired from certain sources or obtained through certain procedures, including through government tender. In the event the JV Partners mutually agree to amend the investment criteria such that (i) the JV Company will no longer focus on investing in developing residential properties in urban locations in Hong Kong; or (ii) properties acquired from certain sources or obtained through certain procedures, including through government tender, will no longer be excluded from the JV Company's investment criteria, WOP will re-comply with the applicable Listing Rule requirements in respect of such material change of term, including announcement and shareholders' approval requirements.

The investment criteria for the JV Company is the agreed criteria between the WOP JV Partner and the APG JV Partner based on their respective outlook for the residential property projects with reference to their sizes, locations and nature, and whether any projects satisfying the investment criteria of the JV Company is suitable for the JV Company also depends on the funding resources for its then existing projects and new potential projects available, and the financial position of the JV Company at the relevant time.

## ***Board composition***

The board of directors of the JV Company shall consist of four directors, two of whom shall be nominated by each of the JV Partners. The chairman of the board of directors of the JV Company shall be a director nominated by the WOP JV Partner and shall not be entitled to a second or casting vote.

## ***Funding***

The JV Company will finance its operations as required by (i) external non-recourse debt financing or (ii) making capital calls on the JV Partners on a pro-rata basis for a maximum amount of up to HK\$2,334,000,000 each (the "**Total Capital Commitment**" and in aggregate, the "**Maximum Capital Commitment**"). Capital calls may be made at any time during the Investment Period, extendable on such terms as set out in the Subscription and Shareholders' Agreement.



### ***Lock-up***

No party may, during the Investment Period, directly or indirectly dispose of any of its interest in the JV Company without the prior written consent of the other JV Partner save in accordance with the Subscription and Shareholders' Agreement.

### ***Re-Up Option***

At any time from the Completion Date until the earlier of (i) the date when 90% of the Maximum Capital Commitment of the JV Partners has been provided to the JV Company; or (ii) the date falling 6 months before the expiry of the Investment Period, the APG JV Partner has the right (the "**Re-Up Option**") to require each of the WOP JV Partner and the APG JV Partner to make additional contributions in equal amounts for a maximum amount up to HK\$2,334,000,000 ("**Re-Up Commitment**"), totalling HK\$4,668,000,000 for both JV Partners, for the formation of a new joint venture vehicle to be held directly by each of the JV Partners on a 50:50 basis to make additional investments in the same business scope and on substantially the same terms as those of the JV Company, including investment period, board composition, lock-up, key-man event, term of the joint venture, exclusivity, the options (other than the Re-Up Option), and the appointment of the Manager as the manager for all its projects. The formation of the new joint venture vehicle and the payment of the Re-Up Commitment are subject to the WOP JV Partner and the APG JV Partner mutually agreeing on any necessary revision of the Manager's remuneration as determined with reference to the performance of the relevant property projects managed by the Manager and the parties' outlook of the residential property market in Hong Kong at the relevant time. Accordingly, the revised remuneration which may be received by the Manager may be higher or lower than the agreed remuneration of the Manager for the JV Company. The setting up of a new joint venture to carry out additional investments will facilitate more convenient management of the different properties under the two joint venture and the assessment of the Manager's performance for projects held by them.

Where any of the JV Partners fails to pay its Re-Up Commitment, such breach would constitute an event of default under the Subscription and Shareholders' Agreement, giving rise to a right on the WOP JV Partner or an obligation on the WOP JV Partner to buy all equity and loan of the APG JV Partner in the JV Company, further details of which are set out below in the section headed "The Options – Default including a default on Key-man Event". The directors of both WOG and WOP are of the opinion that, taking into account the financial resources available to the WOP Group, the WOP Group will have sufficient working capital for funding the Re-Up Commitment if required and such funding will not have any material adverse impact on the financial and operating position of the WOP Group.

The WOP Group's business strategy is to engage in property development by itself or with a suitable joint venture partner where it is in the interests of the WOP Group to do so. The type of calibre that the APG JV Partner represents, with its reputation for environmentally sustainable and socially responsible investment, and its ability to tap into a stable source of funding, makes it an ideal partner for the WOP Group to partner with, in particular for its sizeable projects. The terms and time horizon of the Re-Up Option and the possibility of setting up a new joint venture to carry out additional investments align with WOG's and WOP's outlook of the residential property market in Hong Kong and the opportunities that WOG and WOP see in leveraging on the reputation and capital resources of the APG JV Partner to expand its property portfolio, having taken into account that the WOP Group may not be able to fully take advantage of such opportunities were it to engage in the development or re-development of the properties on a solo basis.

Having considered the above, the granting of the Re-Up Option to the APG JV Partner was a commercial decision determined based on arm's length negotiations where the WOP Group will remain as the manager of all its projects. Although the right to exercise the Re-Up Option is in the sole and unconditional discretion of the APG JV Partner, the parties have also agreed that upon the exercise of the Re-Up Option, the remuneration of the Manager for managing the projects under the new joint venture shall be subject to re-adjustment by mutual agreement between the APG JV Partner and the WOP JV Partner, and the new joint venture vehicle will only be formed (and the Re-Up Commitment will only be payable) upon such remuneration being mutually agreed. As such, the directors of both WOG and WOP are of the view that the WOP Group shall have reasonable opportunity to ensure that the interests of the WOP Group will be protected when the Re-Up Option is exercised.

Having considered the terms of the Re-Up Option based on the terms of the entire arrangement taken as a whole and taking into account the overwhelming benefit that the Transactions as a whole will bring to the WOP Group, and the ability of the WOP Group to protect its interests when the Re-Up Option is exercised, the directors of both WOG and WOP consider that the terms of the Transactions (including the Re-Up Option) to be fair and reasonable and in the interests of both WOG and WOP. It is expected that the WOP JV Partner and the APG JV Partner will fund their respective Re-Up Commitment in cash. As at the date of this joint announcement, the JV Group has not identified any property project to be funded by the Re-Up Commitment.

### ***Key-man Event***

Mr. Tang Ho Hong, an executive director and the chief executive officer of WOP shall serve and perform his duties as chief executive officer of WOP and as a director of the JV Company for the duration of the term of the JV Company, and shall spend such amount of time as may be reasonably required to enable him to properly discharge his duties as a director of the JV Company, failing which a “**Key-man Event**” shall be deemed to have occurred.

### ***Term of the JV Company***

The term of the JV Company shall be 7 years from the Completion Date, with the option to extend subject to unanimous approval by the JV Partners.

### ***Exclusivity***

During the period commencing from the date of the Subscription and Shareholders’ Agreement to the earlier of (i) the date on which the Maximum Capital Commitment from the JV Partners has been provided to the JV Company; and (ii) the expiry of the Investment Period, the JV Group shall be the exclusive vehicle of the WOP Group to carry out development and re-development of residential properties for sale in Hong Kong that aligns with such investment criteria as agreed between the JV Partners from time to time in accordance with the terms of the Subscription and Shareholders’ Agreement. In the event the APG JV Partner exercises the Re-Up Option, such exclusivity will apply with reference to the new joint venture vehicle as the exclusive vehicle.

The exclusivity will only apply to projects that fall within the investment criteria (i.e. currently residential properties in urban locations in Hong Kong with a project site and gross floor area of at least 3,500 square feet and at least 30,000 square feet, respectively, but excluding properties acquired from certain sources or obtained through certain procedures, including through government tender) and the WOP Group will still be free to conduct such projects to the extent that the parties determine that it would not be suitable for the JV Group to do so. Also, the directors of both WOG and WOP believe that projects falling within the investment criteria will be sizeable projects which will more likely be suitable for joint development with a sizeable partner to help the WOP Group in diversifying funding resources and reducing funding pressure. Accordingly, the directors of both WOG and WOP believe that the Joint Venture, notwithstanding the exclusivity restrictions under the Subscription and Shareholders’ Agreement, will only strengthen and not inhibit the WOP Group’s operation and investment strategy and its ability to maintain its presence and operation in the property development and investment market in Hong Kong, as well as a level of property development activities as it considers desirable in the interests of WOP and its shareholders. The exclusivity was decided following arm’s length negotiations between the parties, and given the benefits that the Joint Venture are expected to bring to the WOG Group and the WOP Group, the directors of both WOG and WOP believe that it is fair and reasonable and in the interests of both the WOG Group and the WOP Group.

The sale of such properties held by the JV Group upon completion of development will be accounted for as of a revenue nature in the accounts of the JV Group. If the APG JV Partner exercises the Re-Up Option, the newly formed joint venture vehicle shall also be the exclusive vehicle of the WOP Group to carry out the development and re-development of residential properties for sale in Hong Kong during the investment period of the new joint venture on similar basis as aforementioned, and such newly formed joint venture vehicle will be a 50% jointly-owned entity of WOP and the financial results of such joint venture vehicle and its subsidiary(ies) will not be consolidated into the consolidated financial statements of either the WOG Group or the WOP Group. As the joint venture will not be consolidated into the WOP Group, revenue recognised from the sales of properties will not be reflected in the WOP Group's financial statements. However, the WOP Group will share 50% of the profit of the sales of properties through the equity method of accounting and the number of projects that the WOP Group can develop as a result of this joint venture shall effectively be doubled with capital contribution from the APG JV Partner. As the Manager will be the manager of all these projects undertaken by the JV Group, the directors of both WOG and WOP believe that the WOP Group's total profit will improve as a result of the formation of joint venture with the APG JV Partner.

#### **Further information on the operation of the JV Company**

Further to the terms of the Subscription and Shareholders' Agreement, the APG JV Partner, the WOP JV Partner and the JV Company shall procure that the relevant member(s) of the JV Group acquiring the Seed Projects (or any other members holding any property projects of the JV Group from time to time) shall appoint the Manager as the asset manager to provide property asset management services to the JV Group for a management fee comprising a fixed fee and a performance fee determined with reference to the performance of property projects managed by the Manager.

#### **Guarantee**

Pursuant to the Subscription and Shareholders' Agreement, WOP guarantees to the APG JV Partner the due observance and performance by the WOP JV Partner of all its obligations and commitments under the Subscription and Shareholders' Agreement.

## **THE DISPOSAL**

Simultaneously with completion of the Investment, the JV Company shall enter into the Sale and Purchase Agreements with the Sellers, all being indirect wholly-owned subsidiaries of WOP, pursuant to which the JV Company shall purchase the Disposal Subsidiaries from the WOP Group at an initial aggregate consideration of approximately HK\$3,001,457,000, subject to further adjustment.

### **Subject matter**

- (i) one ordinary share of Seed Project 1 Holdco, representing the entire issued share capital of Seed Project 1 Holdco, and the loan owing by Seed Project 1 Holdco (being the owner of Seed Project 1) to Seller 1 on the date of completion of the Disposal;
- (ii) one ordinary share of Seed Project 2 Holdco, representing the entire issued share capital of Seed Project 2 Holdco, and the loan owing by Seed Project 2 Holdco (being the owner of Seed Project 2) to Seller 2 on the date of completion of the Disposal;
- (iii) one ordinary share of Seed Project 3 Holdco, representing the entire issued share capital of Seed Project 3 Holdco, and the loan owing by Seed Project 3 Holdco (being the owner of Seed Project 3) to Seller 3 on the date of completion of the Disposal; and
- (iv) one ordinary share of Seed Project 4 Holdco, representing the entire issued share capital of Seed Project 4 Holdco, and the loan owing by Seed Project 4 Holdco to Seller 4 on the date of completion of the Disposal. Seed Project 4 Holdco indirectly holds over 90% legal and beneficial ownership of Seed Project 4.

All Seed Projects will be sold on an “as is” basis.

## **Consideration**

### ***Seed Project 1 Holdco***

An initial sum of approximately HK\$558,824,000 payable on completion.

The consideration shall be adjusted such that an amount equal to the difference between the initial sum for Seed Project 1 Holdco and (i) the Net Asset Value, if more than zero (if any), shall be added to the consideration; or (ii) the Net Liabilities shall be deducted from the consideration.

### ***Seed Project 2 Holdco***

An initial sum of approximately HK\$1,066,415,000 payable on completion.

The consideration shall be adjusted such that an amount equal to the difference between the initial sum for Seed Project 2 Holdco and (i) the Net Asset Value, if more than zero (if any), shall be added to the consideration; or (ii) the Net Liabilities shall be deducted from the consideration.

### ***Seed Project 3 Holdco***

An initial sum of HK\$451,278,000 payable on completion.

The consideration shall be adjusted such that an amount equal to the difference between the initial sum for Seed Project 3 Holdco and (i) the Net Asset Value, if more than zero (if any), shall be added to the consideration; or (ii) the Net Liabilities shall be deducted from the consideration.

### ***Seed Project 4 Holdco***

An initial sum of approximately HK\$924,940,000 payable on completion.

The consideration shall be adjusted such that an amount equal to the difference between the initial sum for Seed Project 4 Holdco and (i) the Net Asset Value, if more than zero (if any), shall be added to the consideration; or (ii) the Net Liabilities shall be deducted from the consideration.

The consideration for the Disposal Subsidiaries shall be paid by the JV Group in cash upon completion of the Disposal Subsidiaries by way of (i) the direction of all the payment under the promissory notes received from the WOP JV Partner in favour of the Sellers for the amount of HK\$632,919,999, and (ii) the payment in cash for the remaining amount of HK\$2,368,537,001, which shall be financed by capital calls made by the JV Company on the JV Partners.

The consideration for the Disposal Subsidiaries was determined based on arm's length negotiations between the parties with reference to the WOP Group's investment cost in respect of the Seed Projects. As the re-development of Seed Project 1, Seed Project 2 and Seed Project 4 have not yet commenced and the foundation works for Seed Project 3 have only just commenced, the directors of both WOG and WOP consider that it is fair and reasonable to determine the consideration for the Disposal Subsidiaries based on the investment cost, comprising principally of the acquisition cost of the Seed Projects incurred and estimated to be required for completing the acquisition of the Seed Projects since 31 July 2021, together with other stamp duty, construction and legal costs, consultancy fees and interest expenses to be incurred up to completion of the relevant Sale and Purchase Agreements, instead of the market value of the Seed Projects. Having considered the valuation reports for the WOP Group's property projects (including the Seed Projects) previously prepared by an independent property valuer prior to the commencement of any construction works on those projects, and based on the latest discussions with the property valuer to be appointed for the purposes of preparing valuation reports of the Seed Projects in relation to the Disposal, the directors of WOG and WOP consider that there is no material difference between the investment cost and the market value in respect of the Seed Projects and as such, do not expect there to be any re-valuation gain or loss on the Seed Projects with reference to their market value prior to the Disposal.

The net proceeds, being the total consideration net of the promissory notes issued by the WOP JV Partner, will be used to fund part of the WOP JV Partner's share of the Maximum Capital Commitment and for repayment of bank loan(s) of the WOP Group.

### **Conditions precedent**

Unless a material adverse change occurs in relation to any one of Seed Project 1, Seed Project 2, Seed Project 3 or the relevant Disposal Subsidiary holding such Seed Project and the APG JV Partner exercises its right as described in the section headed "Formation of Joint Venture – The Subscription and Shareholders' Agreement – Conditions precedent" above, all the Sale and Purchase Agreements will be signed upon completion of the Investment. Completion of the Disposal of Seed Project 4 Holdco is conditional upon the following additional conditions precedent:

- (i) completion of the acquisition of the remaining outstanding unit in Seed Project 4; and
- (ii) obtaining either re-financing of existing loan(s) in respect of Seed Project 4 or the receipt of written consent from the lender(s) of existing loan(s) in respect of Seed Project 4 that completion of the Disposal of Seed Project 4 Holdco may occur.

If the conditions precedent set out above are not fulfilled or waived (as the case may be) on or before the date falling within 6 months from the date of the Sale and Purchase Agreement for the Disposal of the Seed Project 4 Holdco, or such later date as the parties may agree in writing, such Sale and Purchase Agreement shall terminate automatically, and the investment funds for the acquisition of the Seed Project 4 Holdco shall be used by the JV Group to invest in other suitable projects identified during the Investment Period.

If the total consideration payable on completion for the Disposal of Seed Project 4 Holdco is more than 5% higher than the initially agreed consideration (i.e. HK\$924,940,000), the APG JV Partner shall have the right to enter into good faith discussion with the WOP JV Partner to agree within 5 business days whether such completion shall take place, notwithstanding the completion of the acquisition of the remaining outstanding unit in Seed Project 4.

## **Completion**

Completion of the disposal of Seed Project 1 Holdco, Seed Project 2 Holdco and Seed Project 3 Holdco shall take place on the date of the relevant Sale and Purchase Agreement, or such other date as may be agreed between the parties. Completion of the disposal of Seed Project 4 Holdco shall take place following the satisfaction of the conditions precedent set out above are satisfied (or waived, as the case may be) or on such other date as agreed between the parties.

Upon completion of the Disposal, the Disposal Subsidiaries will cease to be subsidiaries of WOP and their financial results will not be consolidated into the consolidated financial statements of either the WOG Group or the WOP Group, and the JV Company will indirectly hold 100% interest in the Disposal Subsidiaries.

## **THE OPTIONS**

Pursuant to the terms of the Subscription and Shareholders' Agreement, the JV Partners shall grant to each other (as applicable) the following options (collectively the "**Options**"):

### **(i) Default including a default on Key-man Event**

#### *Subject matter*

In case of a default of certain material terms identified in the Subscription and Shareholders' Agreement by the APG JV Partner, the WOP JV Partner may require the APG JV Partner to sell, or where it is a default by the WOP JV Partner, the APG JV Partner may require the WOP JV Partner to buy, all equity and loan of the APG JV Partner in the JV Company.



As the WOP JV Partner actively operates and manages the Seed Projects (and any future projects to be held by the JV Group), buying out the APG JV Partner in the event of default will allow the WOP JV Partner to retain the property projects, which is in the interests of the WOP Group.

***Exercisable period***

Any time after a default is committed by the APG JV Partner or, as the case may be, by the WOP JV Partner.

***Exercise price***

95% (in the case of the WOP JV Partner exercising the option) or 105% (in the case of the APG JV Partner exercising the option) of the Fair Market Price of all equity and loan of the APG JV Partner in the JV Company, subject to the Cap.

**(ii) Change of Control**

***Subject matter***

Where a Change of Control Event arises, the APG JV Partner may require the WOP JV Partner to buy all equity and loan of the APG JV Partner in the JV Company.

***Exercisable period***

Any time after a Change of Control Event arises and is not remedied within 15 business days thereafter.

***Exercise price***

Fair Market Price of all equity and loan of the APG JV Partner in the JV Company, subject to the Cap.

**(iii) Deadlock**

***Subject matter***

Where a deadlock in the operation of the JV Group as determined in accordance with terms of the Subscription and Shareholders' Agreement arises, either JV Partner may offer to buy all equity and loan of the other in the JV Company, the earlier offer of which, or if made simultaneously, the offer with the higher price, will prevail, and such JV Partner shall take into account the latest annual valuation reports in respect of all the properties held by the JV Group from time to time prepared by the property valuer when determining the offer price for its offer. The receiving party of the offer that prevails may give notice in response to the initiating party to either (a) accept the offer in full and sell all its equity and loan in the JV Company; or (b) purchase all the equity and loan of the initiating party in the JV Company at the price of the offer. In the case of (b) above, the initiating party shall be bound to sell all its equity and loan to the receiving party.

***Exercisable period***

Any time when a deadlock arises as determined in accordance with the terms of the Subscription and Shareholders' Agreement has arisen.

***Exercise price***

Such price as set out in the offer that prevails, subject to the Cap.

**(iv) Final Exit**

***Subject matter***

Where the JV Group fails to dispose of all its property projects, the APG JV Partner may require the WOP JV Partner to acquire all equity and loan of the APG JV Partner.

***Exercisable period***

Any time when the JV Group fails to dispose all its outstanding property projects by the later of (i) 3 months from the expiry of the term of the JV Company, currently 7 years from the Completion Date, and (ii) 6 months after deciding the final exit plan or the final date for determining such plan (whichever is the later).

***Exercise price***

Fair Market Price of all equity and loan of the APG JV Partner in the JV Company, subject to the Cap.

## **Completion**

Completion of the Options shall take place 60 days after the relevant Option is exercised or, in the case of the Option granted in a deadlock, 10 business days after the response notice is issued. Following completion of the Option where the WOP JV Partner is required to buy the equity and loan of the APG JV Partner, the JV Company will become a wholly-owned subsidiary of WOP and its financial results will be consolidated into the consolidated financial statements of the WOG Group and the WOP Group. Following completion of the Option(s) where the WOP JV Partner is required to sell its equity and loan in the JV Company, the WOP JV Partner will cease to hold any interests in the JV Company.

Any exercise price payable by the WOP JV Partner in the completion of any Option is expected to be funded out of the WOP Group's internal resources and external financing available at the relevant time. Any proceeds received by the WOP JV Partner will be used for working capital purposes.

In the event where the APG JV Partner exercises the Re-Up Option, the JV Partners will grant to each other the same set of Options in respect of their interest in the new joint venture vehicle on the same terms as set out above (i.e. the Re-Up JV Options) subject to a cap amount of HK\$3,602,000,000, which is the same amount as the Cap (i.e. the Re-Up Cap).

Both the Cap and the Re-Up Cap were calculated based on the maximum amount of the capital commitment to be contributed by each JV Partner in the JV Company and the new joint venture in the event the Re-Up Option is exercised, each being HK\$2,334,000,000 and assuming a growth in value in line with the growth of the Hong Kong residential market in the past 10 years (expected to be approximately 6.4% per annum) on a cumulative basis over the term of the JV Company of 7 years.

## **INFORMATION ON THE JV COMPANY, THE DISPOSAL SUBSIDIARIES AND THE SEED PROJECTS**

The JV Company is an investment holding company incorporated in Hong Kong on 28 July 2021 with no current operations. Upon completion of the Investment, it will be principally engaged in the acquisition for development and re-development of residential properties in Hong Kong which satisfies the investment criteria to be agreed between the JV Partners from time to time for sale.

The JV Company has no operations as at the date of this joint announcement and its unaudited net asset value as at 31 July 2021 was nil.

The Disposal Subsidiaries are companies incorporated in the British Virgin Islands with limited liability for investment holding purpose with no other major assets besides their indirect interests in the Seed Projects. The Disposal Subsidiaries are indirect wholly-owned subsidiaries of WOP prior to completion of the Disposal.

The Seed Projects have an aggregate gross floor area of approximately 250,300 square feet and comprise the following:

- (a) Seed Project 1, being the residential and commercial units located at No.s 34 and 36 Main Street, Ap Lei Chau, Hong Kong and No.s 5, 7 and 9 Wai Fung Street, Ap Lei Chau, Hong Kong, with a total gross floor area of approximately 38,600 square feet, part of which is subject to existing tenancies expiring in or before January 2022 with an aggregate monthly rental of approximately HK\$138,000;
- (b) Seed Project 2, being the residential and commercial units located at No.s 26, 26A, 28, 30, 32, 32A, 34, 36, 38, 40, 42, 44, 46 and 48 Ming Fung Street, Wong Tai Sin, Kowloon, Hong Kong, with a total gross floor area of approximately 81,000 square feet, vacant possession to be obtained before end of December 2021;
- (c) Seed Project 3, being the residential and commercial units located at No.s 120, 122, 124 and 126 Main Street, Ap Lei Chau, Hong Kong, with a total gross floor area of approximately 37,000 square feet and which foundation works are currently being carried out and expected to be completed by June 2022; and
- (d) Seed Project 4, being the residential building known as Rainbow House located at 45 Fei Fung Street and 110 Shatin Pass Road, Wong Tai Sin, Kowloon, Hong Kong, and the residential building known as Cheng Fung Mansion located at No.s 31 – 41 Fei Fung Street, Wong Tai Sin, Kowloon, Hong Kong. Seed Project 4 has a total gross floor area of approximately 93,700 square feet, part of which is subject to existing tenancies expiring on or before February 2022 with an aggregate monthly rental of approximately HK\$243,000. Seed Project 4 Holdco has acquired all the units in Cheng Fung Mansion except for 1 unit therein, which is the subject of an application for a compulsory sale process under the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong), and a hearing by the Lands Tribunal for setting the reserve price for the purpose of conducting the compulsory sale has been fixed to be held in December 2021.

## Financial information of the Disposal Subsidiaries

Set out below is a summary of the audited consolidated financial information for the years ended 31 March 2020 and 2021 of the Disposal Subsidiaries:

|   | For the year ended 31 March |  |
|---|-----------------------------|--|
|   | 2021                        | 2020   |
|   | <i>Approximately</i>        | <i>Approximately</i>   |
|   | <i>HK\$'000</i>             | <i>HK\$'000</i>  |
|   | (audited)                   | (audited)  |
| <i>Seed Project 1 Holdco and its subsidiary</i> |                             |  |
| Net loss before taxation                        | 16                          | N/A (as the Seed Project 1 Holdco was established on 5 October 2020) |
| Net loss after taxation                         | 16                          | N/A (as the Seed Project 1 Holdco was established on 5 October 2020) |

The unaudited net liabilities of Seed Project 1 Holdco and its subsidiary as at 31 July 2021 was approximately HK\$840,000.

|   | For the year ended 31 March |                      |
|---|-----------------------------|----------------------|
|   | 2021                        | 2020                 |
|   | <i>Approximately</i>        | <i>Approximately</i> |
|   | <i>HK\$'000</i>             | <i>HK\$'000</i>      |
|   | (audited)                   | (audited)            |
| <i>Seed Project 2 Holdco and its subsidiary</i> |                             |                      |
| Net profit/(net loss) before taxation           | 686                         | (2,141)              |
| Net profit/(net loss) after taxation            | 686                         | (2,141)              |

The unaudited net liabilities of Seed Project 2 Holdco and its subsidiary as at 31 July 2021 was approximately HK\$3,524,000.

|   | <b>For the year ended 31 March</b> |                      |
|---|------------------------------------|----------------------|
|   | <b>2021</b>                        | <b>2020</b>          |
|   | <i>Approximately</i>               | <i>Approximately</i> |
|   | <i>HK\$</i>                        | <i>HK\$</i>          |
|   | (audited)                          | (audited)            |
| <i>Seed Project 3 Holdco and its subsidiary</i> |                                    |                      |
| Net loss before taxation                        | 1,479                              | 6                    |
| Net loss after taxation                         | 1,479                              | 6                    |

The unaudited net liabilities of Seed Project 3 Holdco and its subsidiary as at 31 July 2021 was approximately HK\$1,635,000.

|   | <b>For the year ended 31 March</b> |                      |
|---|------------------------------------|----------------------|
|   | <b>2021</b>                        | <b>2020</b>          |
|   | <i>Approximately</i>               | <i>Approximately</i> |
|   | <i>HK\$</i>                        | <i>HK\$</i>          |
|   | (audited)                          | (audited)            |
| <i>Seed Project 4 Holdco and its subsidiaries</i> |                                    |                      |
| Net loss before taxation                          | 1,298                              | 34                   |
| Net loss after taxation                           | 1,298                              | 34                   |

The unaudited net liabilities of Seed Project 4 Holdco and its subsidiaries as at 31 July 2021 was approximately HK\$471,000.

## **FINANCIAL IMPACT OF THE TRANSACTIONS**

It is estimated that both the WOG Group and the WOP Group will record a loss on the Disposal in the amount of approximately HK\$3,100,000, based on the initial consideration for the Disposal and taking into account the net liabilities of, and the outstanding loans remaining after repayments made by the Disposal Subsidiaries up to and as at 31 July 2021, and the additional cost spent and estimated to be required for completing the acquisition of the Seed Projects since 31 July 2021. The actual loss will be subject to review by the auditors of WOP and WOG.

In relation to the impact of a disposal of all WOP's interest in the JV Company on the exercise of the Option(s), the directors of both WOG and WOP believe the Fair Market Price of such interest immediately after completion of the Investment should be close to the initial total consideration for the Disposal, and accordingly also believe that there should not be a substantial increase in the loss that the WOG Group and the WOP Group will need to record arising from such sale. The

actual loss will only be ascertained if and when the relevant Option(s) is exercised, which in turn will depend on the fair market value of properties then held by the JV Company at the relevant time, being the average of two valuations as valued by two property valuers, each being appointed by a JV Partner, respectively.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The boards of directors of both WOG and WOP consider that the co-operation with the APG JV Partner under the Subscription and Shareholders' Agreement presents a good opportunity to leverage on the WOP Group's knowledge and expertise in property acquisition and project management and to partner with an experienced investor to expand its business. This joint venture (and the new joint venture vehicle that may be established with the APG JV Partner utilising the Re-Up Commitment from both JV Partners, if the Re-Up Option is exercised) will also enable the WOP Group to tap into a bigger pool of funds from the APG JV Partner to build a bigger portfolio of sizeable projects and to help expand its property asset management business for additional stable property asset management fee.

The Disposal Subsidiaries and the related Seed Projects represent only the initial development projects to be carried out through the JV Group. The WOP Group will actively explore suitable investment opportunities for the JV Company to make full use of the Maximum Capital Commitment to expand the development projects portfolio of the JV Group.

The directors of both WOG and WOP consider that (i) the Joint Venture and the terms of the Subscription and Shareholders' Agreement; (ii) the Disposal and the terms of the Sale and Purchase Agreements; and (iii) the grant and the exercise of the Options and the Re-Up JV Options are on normal commercial terms, fair and reasonable and in the interests of each of WOG, WOP and their respective shareholders as a whole.

## **IMPACT ON THE WOP GROUP FOLLOWING THE DISPOSAL**

Following completion of the Disposal, the Remaining WOP Group will continue to be principally engaged in property development and property investment in Hong Kong.

The residential land bank attributable to the Remaining WOP Group is approximately 348,600 square feet in gross floor area. The new developments comprise, and will be comprised of, different types of residential products to suit the various needs of different homebuyers. The Remaining WOP Group currently wholly-owns (i) "The Met. Azure" located at the junction of Liu To Road and Hang Mei Street, Tsing Yi, with a total of 320 residential units and a gross floor area of approximately 90,000 square feet and which pre-sale has taken place in August 2021; and (ii) a site located at 50-62 Larch Street and 6-8 Lime Street Tai Kok Tsui with a gross floor

area of approximately 61,500 square feet and which is currently undergoing demolition works. Save for the aforementioned properties, the Remaining WOP Group is also developing, together with certain joint venture partners, (i) a luxury residential project, with 7 houses, located at No.s 86A-86D Pokfulam Road with a gross floor area of approximately 28,500 square feet and which is currently undergoing foundation works, owned as to 70% by the Remaining WOP Group; and (ii) the site located at 101 and 111 King's Road, Fortress Hill with a gross floor area of approximately 129,400 square feet and demolition works which are expected to commence at the year-end of 2021, owned as to 40% by the Remaining WOP Group.

WOP has in the past been actively pursuing different types of development and re-development opportunities, holding a broad base of projects of different sizes, scales and nature, covering projects under its portfolio that fall within and outside the investment criteria of the JV Company. The most recent completed projects, all of which were acquired through government tender and thus fall outside the investment criteria, include (i) "The Met. Blossom", which has a gross floor area of approximately 200,000 square feet; (ii) "The Met. Bliss", which has a gross floor area of approximately 115,000 square feet; and (iii) "The Met. Acappella", which has a gross floor area of approximately 148,000 square feet. Going forward, it is the intention of WOP to continue to actively explore different types of development and re-development investment opportunities, whether they fall inside or outside those investment criteria, and will continue to build its land bank by way of bidding for government land and project acquisition, favouring sites with convenient transportation and comprehensive community facilities. Currently, in addition to the residential re-development projects owned and developed by the Remaining WOP Group as mentioned above, the WOP Group is also considering the potential of a number of possible residential re-development projects that fall outside the investment criteria, which have a total potential development gross floor area of approximately 610,000 square feet, to replenish its development land bank in the years ahead.

The Remaining WOP Group will be interested in 50% of the JV Group and share in 50% of the profits to be generated by the JV Group, and will also be entitled to all the management fees from the Manager's provision of property asset management services to the JV Group. Such profits and proceeds shall be distributed to the Remaining WOP Group by way of dividend and repayment of shareholder's loan and used as working capital of the Remaining WOP Group, including for the acquisition of new residential properties for development for sale.

By cooperating with different business partners, the Remaining WOP Group expects to bring into full play advantages of its brand and commercial property asset management expertise, which enhances recurring income stream and capital gain.

In the property investment and property asset management sector, the Remaining WOP Group remains committed to keep seeking new opportunities to broaden its portfolio for a stable recurring income base.



## **INFORMATION ON THE PARTIES**

The WOP JV Partner is a company incorporated in the British Virgin Islands and is principally engaged in investment holding. 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.

The Manager is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of WOP. It is principally engaged in providing property management services.

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; (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 Sellers are companies incorporated in the British Virgin Islands with limited liability and are indirect wholly-owned subsidiaries of WOP. They are principally engaged in investment holding.

The APG JV Partner, which is established in the Netherlands, is the depositary of APG Strategic Real Estate Pool (the “**Pool**”). The Pool is a fund formed for the purpose of collective investments by its participants, all being Dutch pension funds. The Pool is established as a fund for joint account (fonds voor gemene rekening) under Dutch laws. It is not a legal entity but a contractual arrangement between the APG JV Partner, APG Asset Management N.V., a licensed investment manager in the Netherlands as its manager, and its participants which invest in it through subscribing an interest in it.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Joint Venture (being the aggregate of WOP’s Total Capital Commitment and the Re-Up Commitment) exceeds 100% for each of WOG and WOP, the Joint Venture constitutes a very substantial acquisition for each of WOG and WOP and is therefore subject to the reporting, announcement, circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Disposal exceeds 75% for each of WOG and WOP, the Disposal constitutes a very substantial disposal for each of WOG and WOP and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of both the Cap and the Re-Up Cap exceeds 100% for each of WOG and WOP, the grant or the exercise of the Options and the Re-Up JV Options each constitutes a very substantial acquisition and a very substantial disposal (as applicable) for each of WOG and WOP under Chapter 14 of the Listing Rules and is or will, as applicable, therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

A special general meeting will be convened by WOG to consider and, if thought fit, to approve the Transactions. A circular containing, among other things, details of the Transactions, and a notice of special general meeting of WOG is expected to be despatched to its shareholders on or before 25 November 2021 as additional time is required for WOG to prepare and finalise the information to be contained in its circular (including but not limited to the valuation report of the Seed Projects, the indebtedness statement and the working capital sufficiency statement).

A special general meeting will be convened by WOP to consider and, if thought fit, to approve the Transactions. A circular containing, among other things, details of the Transactions, and a notice of special general meeting of WOP is expected to be despatched to its shareholders on or before 25 November 2021 as additional time is required for WOP to prepare and finalise the information to be contained in its circular (including but not limited to the valuation report of the Seed Projects, the indebtedness statement and the working capital sufficiency statement).

## **VOTING UNDERTAKINGS OBTAINED**

Mr. Tang Ching Ho has irrevocably undertaken to each of WOG and the JV Company to vote all of the shares in WOG beneficially held by him and held through entities wholly-owned by him, being 1,045,941,645 shares in WOG (representing approximately 6.28% of the total issued share capital of WOG), in favour of the resolutions to be proposed at WOG's special general meeting, whereas WOG has irrevocably undertaken to each of WOP and the JV Company to vote all of the shares in WOP directly or indirectly held by it, being 11,400,000,000 shares in WOP (representing 75% of the total issued share capital of WOP), in favour of the resolutions to be proposed at WOP's special general meeting, subject to obtaining the requisite approval from WOG's shareholders in accordance with the Listing Rules.

Mr. Tang Ching Ho is the chairman and an executive director of WOG and is deemed to be interested in 7,780,645,772 shares of WOG, representing approximately 46.71% of the total issued share capital of WOG, and accordingly all of the 11,400,000,000 shares of WOP held by WOG, representing 75% of the issued share capital of WOP, for the purpose of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

## DEFINITIONS

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

|  |   |
|--|---|
| “APG JV Partner”   | Stichting Depository APG Strategic Real Estate Pool, the depository of the Pool   |
| “associates”, “connected persons” and “percentage ratio” | each has the meaning as ascribed to it under the Listing Rules  |
| “Cap”  | a maximum cap of HK\$3,602,000,000  |
| “Change of Control Event”                                | means any of the following events: (i) WOG ceases to control WOP; (ii) WOP ceases to control the WOP JV Partner; (iii) the WOP JV Partner and/or its affiliates cease to hold, in aggregate, 50% direct or indirect interest in the JV Company; (iv) WOP ceases to control the Manager; or (v) Mr. Tang Ho Hong ceases to be the chief executive officer of WOP |
| “Completion Date”  | the date of completion of the Investment as referred to in the section headed “Formation of Joint Venture – The Subscription and Shareholders’ Agreement – Completion”  |
| “Disposal”   | the disposal of the Disposal Subsidiaries or any of them, as the context requires, by the Sellers to the JV Group pursuant to the Sale and Purchase Agreements  |
| “Disposal Subsidiaries”                                  | collectively, Seed Project 1 Holdco, Seed Project 2 Holdco, Seed Project 3 Holdco and Seed Project 4 Holdco, and “Disposal Subsidiary” shall mean each or any of them, as the context requires  |

|                     |   |
|---------------------|---|
| “Fair Market Price” | the fair market value of the securities of the JV Company at the relevant time, calculated based on the value of the projects and assets owned by the JV Group with the business of the JV Company as a going concern minus all outstanding liabilities and reduced by minority interests, as determined by two property valuers, each being appointed by a JV Partner, respectively, and the Fair Market Price shall equal the average of the two valuations |
| “HK\$”              | Hong Kong dollar(s), the lawful currency of Hong Kong   |
| “Hong Kong”         | the Hong Kong Special Administrative Region of the PRC  |
| “Investment”        | collectively, the subscription of a new share in the JV Company by the APG JV Partner and the provision of initial shareholder’s loan(s) to the JV Company by the JV Partners   |
| “Investment Period” | the first 3 years of the term of the JV Company, as may from time to time be extended pursuant to the terms of the Subscription and Shareholders’ Agreement or as agreed between the JV Partners  |
| “Joint Venture”     | the formation of joint venture in respect of the JV Company on the terms of the Subscription and Shareholders’ Agreement, including the formation of a new joint venture upon the exercise of the Re-Up Option  |
| “JV Company”        | Giant Harmony Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of WOP prior to completion of the Investment, which will be held by each JV Partner as to 50% shareholding upon completion of the Investment  |
| “JV Group”          | the JV Company and its subsidiaries from time to time   |
| “JV Partners”       | collectively, the WOP JV Partner and the APG JV Partner, and “JV Partner” shall mean any or each of them, as the context requires   |

|   |  |
|---|--|
| “Key-man Event”                         | has the meaning as defined in the section headed “Formation of Joint Venture – The Subscription and Shareholders’ Agreement – Shareholders’ arrangements – Key-man Event”  |
| “Listing Rules”                         | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Longstop Date”                         | six months from the date of the Subscription and Shareholders’ Agreement or such later date as the JV Partners may agree in writing  |
| “Manager”                               | Wang On Asset Management Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of WOP  |
| “Maximum Capital Commitment”            | the aggregate total commitment of both JV Partners of HK\$4,668,000,000 in the JV Company as referred to in the section headed “Formation of Joint Venture – The Subscription and Shareholders’ Agreement – Shareholders’ arrangements – Funding”  |
| “Net Asset Value” and “Net Liabilities” | the total consolidated assets of the relevant Disposal Subsidiary and its subsidiary(ies) minus total consolidated liabilities of such Disposal Subsidiary and its subsidiary(ies) (other than the liability in respect of the shareholders’ loans and bank loan, if any) as at completion of the Disposal; it being referred to as “Net Asset Value” if it is a positive figure, and “Net Liabilities” if it is a negative figure (as applicable) |
| “Options”                               | collectively, the options granted by the JV Partners to each other as set out in the section headed “The Options”  |
| “Pool”                                  | has the meaning as defined in the section headed “Information on the parties”  |
| “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   |

|                                |  |
|--------------------------------|--|
| “Re-Up Cap”                    | the cap in respect of the Re-Up JV Options, which has the same cap amount of HK\$3,602,000,000 as the Cap  |
| “Re-Up Commitment”             | has the meaning as defined in the section headed “Formation of Joint Venture – The Subscription and Shareholders’ Agreement – Shareholders’ arrangements – Re-Up Option”   |
| “Re-Up Option”                 | the right of the APG JV Partner to request for the payment of the Re-Up Commitment   |
| “Re-Up JV Options”             | the options granted by the JV Partners to each other in respect of their interest in the new joint venture vehicle on the same terms as the Options and on the same cap as the Cap   |
| “Remaining WOP Group”          | the WOP Group immediately after completion of the Disposal   |
| “Sale and Purchase Agreements” | the sale and purchase agreements to be entered into among the APG JV Partner, the JV Company’s designated subsidiary(ies) and the Sellers in relation to the Disposal, and “Sale and Purchase Agreement” shall mean any or each of them, as the context requires |
| “Seed Project 1”               | the residential and commercial units located at No.s 34 and 36 Main Street, Ap Lei Chau, Hong Kong and No.s 5, 7 and 9 Wai Fung Street, Ap Lei Chau, Hong Kong   |
| “Seed Project 1 Holdco”        | Spectrum Delight Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Seller 1 prior to completion of the Disposal   |
| “Seed Project 2”               | the residential and commercial units located at No.s 26, 26A, 28, 30, 32, 32A, 34, 36, 38, 40, 42, 44, 46 and 48 Ming Fung Street, Wong Tai Sin, Kowloon, Hong Kong  |
| “Seed Project 2 Holdco”        | Pop Prestige Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Seller 2 prior to completion of the Disposal   |
| “Seed Project 3”               | the residential and commercial units located at No.s 120, 122, 124 and 126 Main Street, Ap Lei Chau, Hong Kong   |

|                         |  |
|-------------------------|--|
| “Seed Project 3 Holdco” | Surplus Hunter Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Seller 3 prior to completion of the Disposal   |
| “Seed Project 4”        | the residential building known as Rainbow House located at 45 Fei Fung Street and 110 Shatin Pass Road, Wong Tai Sin, Kowloon, Hong Kong, and the residential building known as Cheng Fung Mansion located at No.s 31 – 41 Fei Fung Street, Wong Tai Sin, Kowloon, Hong Kong |
| “Seed Project 4 Holdco” | Sole Champion Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Seller 4 prior to completion of the Disposal  |
| “Seed Projects”         | collectively, Seed Project 1, Seed Project 2, Seed Project 3 and Seed Project 4  |
| “Seller 1”              | Oasis Billion Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of WOP  |
| “Seller 2”              | More Action Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of WOP  |
| “Seller 3”              | Treasure South Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of WOP   |
| “Seller 4”              | Vivid Gemini Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of WOP   |
| “Sellers”               | collectively, Seller 1, Seller 2, Seller 3 and Seller 4, and “Seller” shall mean each or any of them, as the context requires  |
| “Stock Exchange”        | The Stock Exchange of Hong Kong Limited  |

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| “Subscription and Shareholders’ Agreement” | the subscription and shareholders’ agreement dated 8 November 2021 entered into among the WOP JV Partner, WOP, the APG JV Partner and the JV Company in respect of the Joint Venture   |
| “subsidiary(ies)”                          | has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)   |
| “Total Capital Commitment”                 | the maximum total commitment of each JV Partner of HK\$2,334,000,000 in the JV Company as referred to in the section headed “Formation of Joint Venture – The Subscription and Shareholders’ Agreement – Shareholders’ arrangements – Funding” |
| “Transactions”                             | collectively, the Joint Venture, the Disposal and the grant and/or exercise of the Options and possible grant and/or exercise of the Re-Up JV Options  |
| “Transaction Documents”                    | the transaction documents in relation to the Investment and Disposal, including among others, the Subscription and Shareholders’ Agreement, the Sale and Purchase Agreements and the asset management agreement(s)                             |
| “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” Lucky Dynasty International Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of WOP

“%” 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  
**WANG ON PROPERTIES LIMITED**  
宏安地產有限公司  
**Tang Ho Hong**  
*Executive Director and Chief Executive Officer*

Hong Kong, 8 November 2021

*As at the date of this joint announcement, the board of directors of WOG 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.*

*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.*

*\* For identification purpose only*