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WING ON COMPANY INTERNATIONAL LIMITED

永安國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 289)

**SUPPLEMENTAL ANNOUNCEMENT
CONNECTED TRANSACTION AND
CONTINUING CONNECTED TRANSACTION**

Reference is made to the announcement (the “**Announcement**”) of the Company dated 8 December 2020 relating to the continuing connected transaction in relation to the Tenancy Agreement. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, WODS (as tenant) has entered into a Tenancy Agreement on 8 December 2020 with WOCO and WOPS (as landlords) to renew the existing tenancy of Basement 1, Portion of Ground Floor and the whole of 1st to 6th Floors, Wing On Kowloon Centre, 345 Nathan Road, Kowloon, Hong Kong (the “**Premises**”) for a fixed term of three years from 1 January 2021 to 31 December 2023 at a fixed rent of HK\$4,560,000 per month (exclusive of rates, air-conditioning charges, management fees and all other outgoings). The maximum aggregate annual rental payable to WOPS would be HK\$19,496,736, and the total rental payable to WOPS under the three-year lease term would be HK\$58,490,208 (the “**Fixed Lease Payment**”).

Connected Transaction – Fixed Lease Payment

The Board wishes to clarify that, notwithstanding that the Tenancy Agreement relating to the Premises has been continuously renewed for the past 20 years, the transaction under the Tenancy Agreement is classified as a one-off connected transaction instead of continuing connected transaction of the Company under the application of HKFRS 16 (as defined below), and as such is required under FAQ-045 (2018) published by the Stock Exchange of Hong Kong Limited to be treated as a one-off connected transaction.

According to Hong Kong Financial Reporting Standard 16 “Leases” (the “**HKFRS 16**”) issued by the Hong Kong Institute of Certified Public Accountants, the Group, as the lessee, shall recognise a lease as a right-of-use asset and a lease liability in the consolidated statement of the financial position of the Group. The recognition of a right-of-use asset in respect of Fixed Lease Payment under the Tenancy Agreement will be regarded as an acquisition of asset under the definition of transaction set out in the Rule 14.04(1)(a) and Rule 14A.24(1) of the Listing Rules and treated as a one-off connected transaction. The aggregated value of right-of-use asset recognised under the Tenancy Agreement (the “**Aggregated Value of the Right-of-use Asset**”) was approximately HK\$56,370,977 in the consolidated statement of the financial position of the Group. The amount of lease liability recognised under the Tenancy Agreement was the same as the Aggregated Value of the Right-of-use Asset recognised.

Listing Rules Implication

As the applicable percentage ratios as represented by the Aggregated Value of the Right-of-use Asset are more than 0.1% but less than 5%, the one-off connected transaction is only subject to announcement, reporting and annual review requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board wishes to emphasise that there is no adverse impact on the Group as a result of the reclassification of the nature of the transaction under the Tenancy Agreement pursuant to FAQ-045 (2018) published by the Stock Exchange of Hong Kong Limited. Save for the information stated above, all the information in the Announcement remains unchanged.

By Order of the Board
Karl C. Kwok
Chairman

Hong Kong, 24 December 2020

As at the date of this announcement, the executive directors of the Company are Mr. Karl C. Kwok (Chairman), Mr. Lester Kwok (Deputy Chairman and Chief Executive Officer), Dr. Bill Kwok and Mr. Mark Kwok, and the independent non-executive directors are Miss Maria Tam Wai Chu, Mr. Iain Ferguson Bruce, Mr. Leung Wing Ning and Mr. Nicholas James Debnam.