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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)**

## **DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF NOTES**

### **THE ACQUISITION**

The Board announces that on 6 December 2019, Mailful Investments, an indirect wholly-owned subsidiary of the Company, Suntech Investments, an indirect wholly-owned subsidiary of WYT, and Twist Pioneer, an indirect wholly-owned subsidiary of WOP placed orders to acquire the Notes to be issued by the Issuer in the aggregate principal amount of US\$20.0 million (equivalent to approximately HK\$157.2 million) for a total consideration of approximately US\$19.5 million (equivalent to approximately HK\$153.1 million).

### **LISTING RULES IMPLICATION**

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

## THE ACQUISITION

On 6 December 2019, Mailful Investments, an indirect wholly-owned subsidiary of the Company, Suntech Investments, an indirect wholly-owned subsidiary of WYT (which in turn is a subsidiary of the Company), and Twist Pioneer, an indirect wholly-owned subsidiary of WOP (which in turn is a subsidiary of the Company) placed orders to acquire the Notes to be issued by the Issuer in the aggregate principal amount of US\$20.0 million (equivalent to approximately HK\$157.2 million) for a total consideration of approximately US\$19.5 million (equivalent to approximately HK\$153.1 million).

**Issue date of the Notes:** The Notes are to be issued under an indenture to be entered into among the Issuer, certain subsidiary guarantors and the trustee of the Notes and delivery of the Notes is expected to be made on or about 12 December 2019.

**Issuer:** China South City Holdings Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1668) which has been assigned a long-term foreign currency issuer default rating of “B” by Fitch Inc. as of the date of this announcement. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, China South City Holdings Limited is a third party independent of the Company and its connected persons.

**Total issue size:** US\$150.0 million

**Principal amount of Notes acquired:** An aggregate of US\$20.0 million (equivalent to approximately HK\$157.2 million) comprising:

- (i) US\$7.5 million (equivalent to approximately HK\$58.95 million) acquired by Mailful Investments;
- (ii) US\$2.5 million (equivalent to approximately HK\$19.65 million) acquired by Suntech Investments; and
- (iii) US\$10.0 million (equivalent to approximately HK\$78.6 million) acquired by Twist Pioneer.

<b>Issue price for the Notes acquired:</b>	Approximately US\$19.5 million (equivalent to approximately HK\$153.1 million) to be settled in cash, representing 97.396% of the principal amount of the Notes acquired.
<b>Maturity date:</b>	12 February 2022, subject to early redemption provisions as set out in the terms of the Notes.
<b>Coupon rate:</b>	11.5% per annum, payable semi-annually in arrear, except that the first payment of interest, to be made on 12 August 2020, will be in respect of the period from and including 12 December 2019 to but excluding 12 August 2020. Interest will be paid on 12 August and 12 February of each year, commencing from 12 August 2020.
<b>Security:</b>	The Notes are guaranteed by certain subsidiaries of the Issuer.
<b>Ranking of the Notes:</b>	The Notes are (1) general obligations of the Issuer; (2) senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes; (3) at least <i>pari passu</i> in right of payment with certain existing notes issued by the Issuer and all other unsubordinated indebtedness of the Issuer (subject to any priority rights pursuant to applicable law); (4) guaranteed by certain subsidiaries and joint ventures (if any) of the Issuers on a senior basis, subject to certain limitations; (5) effectively subordinated to the secured obligations (if any) of the Issuer and its guaranteeing subsidiaries, including certain existing secured notes, to the extent of the value of the assets serving as security therefor; and (6) effectively subordinated to all existing and future obligations of the subsidiaries of the Issuer which are not providing guarantees under the Notes.

**Optional redemption:**

The Notes may be redeemed in the following circumstances:

- (1) At any time prior to 12 February 2022, the Issuer may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.
- (2) At any time and from time to time prior to 12 February 2022, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Issuer in an equity offering at a redemption price of 111.5% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on 12 December 2019 remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

**Repurchase upon change of control:**

Upon the occurrence of certain events constituting a change of control of the Issuer as result of which there is a decline in the rating of the Notes, the Issuer must make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the repurchase date.

**Events of default:**

The Notes contain certain events of default, including but not limited to default in the payment of principal, or of any premium, on the Notes, when such payments become due, default in payment of interest which continues for 30 consecutive days, breaches of covenants, cross defaults, unpaid judgment debt and insolvency.

**Listing:**

The Notes are to be listed on the SGX-ST

**Rating of the Notes:**

As of the date of this announcement, the Notes are expected to be rated “B” by Fitch Inc.

The Acquisition is funded by internal resources of the Group.

## **INFORMATION OF THE GROUP**

The Company is an investment holding company. The 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, its 75%-owned listed subsidiary; and (iii) manufacturing and/or retailing of pharmaceutical and health food products through WYT, its 58.08%-owned listed subsidiary.

Mailful Investments, an indirect wholly-owned subsidiary of the Company, Suntech Investments, an indirect wholly-owned subsidiary of WYT, and Twist Pioneer, an indirect wholly-owned subsidiary of WOP, are principally engaged in investment holding.

## **INFORMATION ON THE ISSUER**

The Issuer is a company incorporated in Hong Kong with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1668). The Issuer and its subsidiaries are principally engaged in the development and operation of large-scale, integrated logistics and trade centers in the PRC.

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

The Acquisition forms part of the Group's treasury activities in managing its surplus liquidity and presents an opportunity for the Group to balance and diversify its investment portfolio, in addition to generating a stable return to the Group. In light of the terms of the Notes including the price of the Acquisition, being 97.396% to the face value of the Notes, the coupon rate, the maturity date and the credit rating of the Issuer, the Directors (including independent non-executive Directors) are of the view that the terms of the Notes are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATION**

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

## DEFINITIONS

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

“Acquisition”	the placing of orders by Mailful Investments, Suntech Investments and Twist Pioneer on 6 December 2019 to acquire Notes in the aggregate principal amount of US\$20.0 million (equivalent to approximately HK\$157.2 million) for a total consideration of approximately US\$19.5 million (equivalent to approximately HK\$153.1 million)
“Board”	the board of Directors
“Company”	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)
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issuer”	China South City Holdings Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1668) which has been assigned a long-term foreign currency issuer default rating of “B” by Fitch Inc. as of the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mailful Investments”	Mailful Investments Limited, an indirect wholly-owned subsidiary of the Company and a company incorporated in the British Virgin Islands with limited liability, which is principally engaged in investment holding
“Notes”	11.5% senior notes due 12 February 2022 issued by the Issuer which is rated “B” by Fitch Inc. as of the date of this announcement
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Shareholder(s)”	the holder(s) of the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Suntech Investments”	Suntech Investments Limited, an indirect wholly-owned subsidiary of WYT and a company incorporated in the British Virgin Islands with limited liability, which is principally engaged in investment holding
“Twist Pioneer”	Twist Pioneer Limited, an indirect wholly-owned subsidiary of WOP and a company incorporated in the British Virgin Islands with limited liability, which is principally engaged in investment holding
“US\$”	United States dollar(s), the lawful currency of the United States of America
“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), a 75.0%-owned listed subsidiary of the Company as of the date of this announcement

“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 whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897), a 58.08%-owned listed subsidiary of the Company as of the date of this announcement

“%”

per cent.

*For illustration purposes, amounts in US\$ in this announcement have been translated into HK\$ at the rate of US\$1 = HK\$7.86 as quoted by the Hong Kong Association of Banks as of the date of this announcement.*

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

Hong Kong, 6 December 2019

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Tang Ching Ho, Ms. Yau Yuk Yin and Mr. Chan Chun Hong, Thomas; and three independent non-executive Directors, namely Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein and Mr. Siu Kam Chau.*

\* *For identification purpose only*