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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 26 March 2021, each of the Company and Twist Pioneer (an indirect wholly-owned subsidiary of WOP) placed orders to acquire from the secondary market the Notes issued by the Issuer in the aggregate principal amount of US\$9.0 million (equivalent to approximately HK\$70.2 million) for a total consideration of approximately US\$8.1 million (equivalent to approximately HK\$63.2 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, on a standalone basis and when aggregated with the Existing Notes, 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 26 March 2021, each of the Company and Twist Pioneer (an indirect wholly-owned subsidiary of WOP) placed orders to acquire from the secondary market the Notes issued by the Issuer in the aggregate principal amount of US\$9.0 million (equivalent to approximately HK\$70.2 million) for a total consideration of approximately US\$8.1 million (equivalent to approximately HK\$63.2 million). The principal terms of the Notes acquired are summarized as follows:

Issue date of the Notes: The Notes were issued by the Issuer on 4 February 2019 and are listed and traded on the Stock Exchange (stock code: 5719)

Issuer: Yuzhou Group Holdings Company Limited (禹洲集團控股有限公司 (previously known as Yuzhou Properties Company Limited (禹洲地產股份有限公司))), a company incorporated under the laws of the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange (Stock Code: 1628).

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Issuer is a third party independent of the Company and its connected persons.

Total issue size of the Notes: US\$500 million

Principal amount of Notes acquired: US\$9.0 million (equivalent to approximately HK\$70.2 million) in the aggregate comprising:

- (i) Notes in the principal amount of US\$4.0 million acquired by the Company
- (ii) Notes in the principal amount of US\$5.0 million acquired by Twist Pioneer

Issue price for the Notes acquired: Approximately US\$8.1 million (equivalent to approximately HK\$63.2 million) to be settled in cash, representing 90% of the aggregate principal amount of the Notes acquired.

Maturity date: 4 February 2023, subject to early redemption provisions as set out in the terms of the Notes.

Coupon rate: 8.5% per annum, payable semi-annually in arrears on 4 February and 4 August of each year, commencing on 4 August 2019

Security: The Issuer has pledged/procured the pledging of capital stock of certain of its subsidiaries as security for its obligations under the Notes on a first priority basis.

The Notes are also guaranteed by certain subsidiaries of the Issuer.

Ranking of the Notes: 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 *pari passu* in right of payment with certain existing notes issued by the Issuer and term loan facilities, and all other unsecured, unsubordinated indebtedness of the Issuer (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by certain subsidiaries of the Issuer on a senior basis, subject to certain limitations; (5) effectively subordinated to the other secured obligations of the Issuer and its guaranteeing subsidiaries, 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 on or after 4 February 2022, the Issuer may at its option redeem the Notes, in whole or in part, at a redemption price of 104.25% of the principal amount of the Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.
- (2) At any time prior to 4 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.

- (3) At any time and from time to time, the Issuer may redeem up to 35% of the aggregate principal outstanding amount of the Notes at a redemption price of 108.5% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date with the net cash proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

**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.

**Redemption for taxation
reason:**

If the Issuer or a subsidiary guarantor would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws or certain other circumstances, then subject to certain exceptions, the Issuer may redeem the Notes, as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any additional amounts accounting for certain withholding or deductions), if any, to the date fixed by the Issuer for redemption.

Events of default:

The Notes contain certain events of default which may accelerate repayment of the Notes, 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 listed and traded on the Stock Exchange.

Rating of the Notes:

As of the date of this announcement, the Notes are rated “BB-” by Fitch Ratings Services, “B2” by Moody’s Investors Services, Inc. and “BB” by Lianhe Ratings Global.

The Acquisition is funded by internal resources of the Group.

INFORMATION OF THE GROUP

Twist Pioneer is principally engaged in investment holding. It is a wholly-owned subsidiary of WOP. 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; (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.

INFORMATION ON THE ISSUER

The Issuer is a company incorporated in Cayman Islands with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1628). The Issuer and its subsidiaries are principally engaged in the development and sale of properties, property investment, provision of property management services, and operation of hotels.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition forms part of the Group's treasury activities in managing its liquidity and presents an opportunity for the Group to balance and diversify its investment portfolio. The Group has also invested in the Existing Notes which have been generating stable interest payments to the Group. In light of the terms of the Notes including the price for the Acquisition, being 90% to the face value of the Notes (and the prevailing trading price from the open market), 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, on a standalone basis and when aggregated with the Existing Notes, 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 the Company and Twist Pioneer on 26 March 2021 to acquire Notes in the principal amount of US\$9.0 million (equivalent to approximately HK\$70.2 million) for a total consideration of approximately US\$8.1 million (equivalent to approximately HK\$63.2 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
“Existing Notes”	the existing holding by the Company of existing notes issued by the Issuer in the aggregate outstanding principal amount of US\$4.0 million as of the date of this announcement
“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”	Yuzhou Group Holdings Company Limited (禹洲集團控股有限公司 (previously known as Yuzhou Properties Company Limited (禹洲地產股份有限公司)), a company incorporated under the laws of the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange (Stock Code: 1628)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	8.5% senior notes due 2023 issued by the Issuer which is listed and traded on the Stock Exchange (stock code: 5719)
“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
“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)
“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

“%”

per cent.

For illustration purposes, amounts in US\$ in this announcement have been translated into HK\$ at the rate of US\$1 = HK\$7.799 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) *
Tang Ching Ho
Chairman and Executive Director

Hong Kong, 26 March 2021

As at the date of this announcement, the Board 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.

** For identification purpose only*