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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 20 September 2019, the Company and Twist Pioneer, an indirect non-wholly owned subsidiary of the Company, placed orders to acquire the Notes to be issued by the Issuer in the aggregate principal amount of US\$27.0 million (equivalent to approximately HK\$212.25 million) for a total consideration of approximately US\$26.77 million (equivalent to approximately HK\$210.41 million).

LISTING RULES IMPLICATION

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition by the Company and Twist Pioneer (on an aggregated basis) exceeds 5% but all are 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.

* *For identification purpose only*

THE ACQUISITION

On 20 September 2019, the Company and Twist Pioneer, an indirect non-wholly owned subsidiary of the Company, placed orders to acquire the Notes to be issued by the Issuer in the aggregate principal amount of US\$27.0 million (equivalent to approximately HK\$212.25 million) for a total consideration of approximately US\$26.77 million (equivalent to approximately HK\$210.41 million).

Issue date of the Notes:	The Notes are issued under an indenture 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 26 September 2019.
Issuer:	Zhongliang Holdings Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 2772) which is rated “B+” by Standard & Poor’s Ratings Services and “B1” by Moody’s Investors Service as of the date of this announcement. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Zhongliang Holdings Group Company Limited is a third party independent of the Company and its connected persons.
Total issue size:	US\$300.0 million
Principal amount of Notes acquired:	(i) US\$9.0 million (equivalent to approximately HK\$70.75 million) acquired by the Company; and (ii) US\$18.0 million (equivalent to approximately HK\$141.50 million) acquired by Twist Pioneer.
Issue price for the Notes acquired:	Approximately US\$26.77 million (equivalent to approximately HK\$210.41 million) to be settled in cash, representing 99.134% of the aggregate principal amount of the Notes acquired.
Maturity date:	26 September 2021, subject to early redemption provisions as set out in the terms of the Notes
Coupon rate:	11.50% per annum payable semi-annually in arrears

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 all other unsecured, unsubordinated indebtedness of the Issuer (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by certain subsidiaries of the Issuer which are providing guarantees under the Notes on a senior basis, subject to certain limitations; (5) effectively subordinated to the secured obligations (if any) of the Issuer and the subsidiaries of the Issuer which are providing guarantees under the 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 26 September 2021, the Issuer may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100.0% of the principal amount of the Notes plus the customary make-whole premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.
- (2) At any time prior to 26 September 2021, the Issuer may at its option redeem up to 35% of the aggregate principal amount of the Notes 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, with the proceeds from certain of its equity offering, subject to certain conditions in relation to the remaining outstanding principal amount of the Notes, and timing of such redemption in relation to such 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 repurchase 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:	Application will be made by the Issuer for the listing of the Notes on the Stock Exchange.
Rating of the Notes:	As of the date of this announcement, the Notes are expected to be rated “B2” by Moody’s Investors Service and “B+” by Fitch Ratings.

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 Wang On Properties Limited, its 75%-owned listed subsidiary; and (iii) manufacturing and/or retailing of pharmaceutical and health food products through Wai Yuen Tong Medicine Holdings Limited, its 58.08%-owned listed subsidiary.

Twist Pioneer is principally engaged in investment holding. It is an indirect wholly-owned subsidiary of Wang On Properties Limited, a 75%-owned listed subsidiary of the Company.

INFORMATION OF THE ISSUER

The Issuer is a company incorporated in the Cayman Islands with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange. The Issuer and its subsidiaries are principally engaged in property development, property leasing, and providing property management services and management consulting services.

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 Acquisition price, being 99.134% 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 of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition by the Company and Twist Pioneer (on an aggregated basis) exceeds 5% but all are 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 20 September 2019 to acquire the Notes in the aggregate principal amount of US\$27.0 million (equivalent to approximately HK\$212.25 million) by the Company and Twist Pioneer for a total consideration of approximately US\$26.77 million (equivalent to approximately HK\$210.41 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

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“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”	Zhongliang Holdings Group Company Limited (中梁控股集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 2772) which is rated “B+” by Standard & Poor’s Ratings Services and “B1” by Moody’s Investors Service as of the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	11.50% senior notes due 26 September 2021 issued by the Issuer which are expected to be rated “B2” by Moody’s Investors Service and “B+” by Fitch Ratings 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
“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 non-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
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

For illustration purposes, amounts in US\$ in this announcement have been translated into HK\$ at the rate of US\$1 = HK\$7.861 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, 20 September 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.

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