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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF LISTED NOTES

The WOP Board and the WOG Board announce that under the Present Disposals, the WOP Seller, an indirectly wholly-owned subsidiary of WOP, has, during the period from 1 February 2024 to 2 February 2024, disposed of on the open market the China South City Notes in the aggregate principal amount of approximately US\$3.0 million (equivalent to approximately HK\$23.5 million) at the aggregate consideration (excluding unpaid accrued interest) of approximately US\$1.3 million (equivalent to approximately HK\$10.1 million).

For WOP, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the WOP Present Disposals (when aggregated with the Previous Disposals and WOP Last Disposal) exceeds 5% but is less than 25%, the WOP Present Disposals constitute discloseable transactions for WOP under the Listing Rules and are subject to the notification and announcement requirements under the Listing Rules.

For WOG, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the WOG Present Disposal (when aggregated with the Previous Disposals) exceeds 5% but is less than 25%, the WOG Present Disposal constitutes a discloseable transaction for WOG under the Listing Rules and are subject to the notification and announcement requirements under the Listing Rules.

INTRODUCTION

The WOP Board and the WOG Board announce that under the Present Disposals, the WOP Seller, an indirectly wholly-owned subsidiary of WOP, has, during the period from 1 February 2024 to 2 February 2024, disposed of on the open market the China South City Notes in the aggregate principal amount of approximately US\$3.0 million (equivalent to approximately HK\$23.5 million) at the aggregate consideration (excluding unpaid accrued interest) of approximately US\$1.3 million (equivalent to approximately HK\$10.1 million).

CHINA SOUTH CITY NOTES

China South City 11.95% Notes

The principal terms of the China South City 11.95% Notes are summarized below.

Issuer:	China South City Holdings Limited
Coupon:	9.0% per annum, payable semi-annually
Maturity date:	9 October 2024
Listing:	The Singapore Exchange Securities Trading Limited

China South City 11.50% Notes

The principal terms of the China South City 11.50% Notes are summarized below.

Issuer:	China South City Holdings Limited
Coupon:	9.0% per annum, payable semi-annually
Maturity date:	12 April 2024
Listing:	The Singapore Exchange Securities Trading Limited

PRESENT DISPOSALS

Terms of the WOG Present Disposal of China South City Notes:	The date of the disposal is 1 February 2024
	The principal amount being disposed of is approximately US\$1.25 million (equivalent to approximately HK\$9.71 million)

The consideration is approximately US\$0.53 million (equivalent to approximately HK\$4.17 million) (excluding unpaid accrued interest), being approximately 43% of the principal amount of the China South City Notes being disposed of

Terms of the WOP Present Disposals of China South City Notes:

The date of the disposal is 2 February 2024

The aggregate principal amount being disposed of is approximately US\$1.77 million (equivalent to approximately HK\$13.77 million)

The aggregate consideration is approximately US\$0.77 million (equivalent to approximately HK\$5.97 million) (excluding unpaid accrued interest), being approximately 43% of the aggregate principal amount of the China South City Notes being disposed of

The consideration for each of the China South City Notes Disposals is based on the then prevailing trading price of the China South City Notes on the open market.

Prior to the WOP Present Disposals, the WOP Seller also disposed of the China South City Notes pursuant to the Previous Disposals and WOP Last Disposal on the open market during the period from 29 November 2023 to 1 February 2024 in an aggregate principal amount of approximately US\$9.7 million (equivalent to approximately HK\$75.5 million) at the aggregate consideration (excluding unpaid accrued interest) of approximately US\$3.8 million (equivalent to approximately HK\$29.8 million). As at the date of this joint announcement, after taking into account the WOP Present Disposals, WOP Last Disposal and Previous Disposals, the WOP Group holds an aggregate principal amount of approximately US\$1.4 million (equivalent to approximately HK\$10.5 million) of the China South City Notes.

As at the date of this joint announcement, after taking into account the WOG Present Disposal and Previous Disposals, the WOG Group holds an aggregate principal amount of approximately US\$3.3 million (equivalent to approximately HK\$25.9 million) of the China South City Notes.

INFORMATION ON THE CHINA SOUTH CITY NOTES

The aggregate carrying value of the China South City Notes as disposed of under the WOP Present Disposals, WOP Last Disposal and the Previous Disposals as mark to its market price as at 30 September 2023 was approximately HK\$42.9 million for the WOP Group. The net profits before and after taxation attributable to the interest income arising from the China South City Notes as disposed of under the WOP Present Disposals, WOP Last Disposal and the Previous Disposals were approximately HK\$8.8 million and HK\$10.3 million for the years ended 31 March 2023 and 2022 respectively for the WOP Group.

The aggregate carrying value of the China South City Notes as disposed of under the WOG Present Disposal and the Previous Disposals as mark to its market price as at 30 September 2023 was approximately HK\$36.7 million for the WOG Group. The net profits before and after taxation attributable to the interest income arising from the China South City Notes as disposed of under the WOG Present Disposal and the Previous Disposals was approximately HK\$7.5 million and HK\$8.7 million for the years ended 31 March 2023 and 2022 respectively for the WOG Group.

INFORMATION ON THE ISSUER, SECURITY BROKERS AND THE PURCHASERS

According to the public information available to the WOG Board and the WOP Board, 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 property development in integrated logistics and trade centers, residential and commercial ancillary facilities, property management, development, operations and maintenance of an e-commerce platform and provision of advertising, exhibition, logistics and warehousing services, outlet operations and other services.

As at the date of this joint announcement, to the best of the knowledge, information and belief of the WOG Board and the WOP Board and having made all reasonable enquiries, each of the Issuer and their respective ultimate beneficial owners is a third party independent of, and is not connected with, each of WOG, WOP and their respective connected persons.

As the China South City Notes Disposals were conducted by WOP Seller on the open market through its security brokers, the identities of the purchasers of the China South City Notes cannot be ascertained. To the best of the knowledge, information and belief of the WOG Board and the WOP Board and having made all reasonable enquiries, each of the security brokers, purchasers of the China South City Notes and their respective beneficial owners is a third party independent of, and is not connected with, each of WOG, WOP and their respective connected persons.

INFORMATION ON THE WOG GROUP, THE WOP GROUP AND THE WOP SELLER

WOG Group

The WOG Group is principally engaged in (i) management and sub-licensing of fresh markets and treasury management in Hong Kong and/or the PRC; (ii) property investment, property development and asset management in Hong Kong through WOP, its 75.00%-owned listed subsidiary; (iii) manufacturing and retailing of pharmaceutical and health food products through WYT, its approximately 69.19%-owned listed subsidiary; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP (a listed subsidiary of WOG and WYT), which is indirectly held as to approximately 73.54% by WOG amongst which approximately 53.37% is indirectly held by WYT. WOG is ultimately owned by Mr. Tang Ching Ho (the chairman, an executive director and controlling shareholder of WOG) (together with his associates) as to approximately 50.67%.

WOP Group and WOP Seller

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 investment return and capital appreciation and asset management. WOP is owned by WOG as to 75.00%, which is in turn ultimately owned by Mr. Tang Ching Ho (together with his associates) as to approximately 50.67%.

The WOP Seller is a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of WOP. The principal activity of the WOP Seller is investment holding.

REASONS FOR AND BENEFITS OF AND THE FINANCIAL EFFECTS OF THE CHINA SOUTH CITY NOTES DISPOSALS

As a result of the WOP Present Disposals, WOP Last Disposal and the Previous Disposals, WOP is expected to recognise a loss of approximately HK\$50.1 million in the financial year ending 31 March 2024, which mainly represent the difference between the total consideration of approximately US\$4.6 million (approximately HK\$35.8 million) (excluding unpaid accrued interest) and the purchase costs of the China South City Notes of approximately US\$11.1 million (approximately HK\$86.7 million) as disposed of under the WOP Present Disposals, WOP Last Disposal and the Previous Disposals. The actual amount of gain or loss to be recorded by WOP will be subject to the review and final audit by the auditor of WOP.

As a result of the WOG Present Disposal and the Previous Disposals, WOG is expected to recognise a loss of approximately HK\$42.9 million in the financial year ending 31 March 2024, which mainly represent the difference between the total consideration of approximately US\$3.8 million (approximately HK\$29.8 million) (excluding unpaid accrued interest) and the purchase costs of the China South City Notes of approximately US\$9.4 million (approximately HK\$73.4 million) as disposed of under the WOG Present Disposal and the Previous Disposals. The actual amount of gain or loss to be recorded by WOG will be subject to the review and final audit by the auditor of WOG.

Taking into account the aforementioned financial effects of the China South City Notes Disposals and the recent performance of the price of the China South City Notes, the WOP Board and the WOG Board are of the view that the China South City Notes Disposals provide the WOP Group and the WOG Group with a good opportunity to realize their investments in the China South City Notes, and to re-allocate resources for general working capital and other investment opportunities when they arise.

As the WOP Present Disposals, WOP Last Disposal and the Previous Disposals were conducted through the open market, the WOP Board is of the opinion that the terms of such disposals are fair and reasonable and on normal commercial terms, and the WOP Present Disposals, WOP Last Disposal and the Previous Disposals are in the interests of WOP and its shareholders as a whole.

As the WOG Present Disposal and the Previous Disposals were conducted through the open market, the WOG Board is of the opinion that the terms of such disposals are fair and reasonable and on normal commercial terms, and the WOG Present Disposal and the Previous Disposals are in the interests of WOG and its shareholders as a whole.

INTENDED USE OF PROCEEDS

The WOG Board and the WOP Board intend to apply (or has applied) the net proceeds from the China South City Notes Disposals of approximately US\$4.6 million (equivalent to approximately HK\$35.8 million) as general working capital and other potential investment opportunities if and when they arise.

IMPLICATIONS UNDER THE LISTING RULES

For WOP, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the WOP Present Disposals (when aggregated with the Previous Disposals and WOP Last Disposal) exceeds 5% but is less than 25%, the WOP Present Disposals constitute discloseable transactions for WOP under the Listing Rules and are subject to the notification and announcement requirements under the Listing Rules.

For WOG, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the WOG Present Disposal (when aggregated with the Previous Disposals) exceeds 5% but is less than 25%, the WOG Present Disposal constitutes a discloseable transaction for WOG under the Listing Rules and are subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“CAP”	China Agri-Products Exchange Limited 中國農產品交易有限公司, an exempted company incorporated in Bermuda with limited liability and its shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 149)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“China South City 11.50% Notes”	11.50% senior notes due 12 August 2022 issued by the Issuer which was supplemented and amended by a supplemental indenture in August 2022 as 9.0% senior notes due 12 April 2024
“China South City 11.95% Notes”	11.95% senior notes due 9 February 2023 issued by the Issuer which was supplemented and amended by a supplemental indenture in August 2022 as 9.0% senior notes due 9 October 2024

“China South City Notes”	namely China South City 11.50% Notes and China South City 11.95% Notes
“China South City Notes Disposals”	namely Present Disposals and the Previous Disposals
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issuer”	China South City Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1668)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Present Disposals”	namely WOG Present Disposal and WOP Present Disposals
“Previous Disposals”	the previous disposals of the China South City Notes by the WOP Seller during the period from 29 November 2023 to 31 January 2024 on the open market
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“WOG”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)
“WOG Board”	the board of directors of WOG
“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)
“WOP Board”	the board of directors of WOP
“WOP Group”	WOP and its subsidiaries

“WOP Last Disposal” or “WOG Present Disposal”	the disposal of the China South City 11.50% Notes by the WOP Seller on 1 February 2024 on the open market
“WOP Present Disposals”	the disposals of the China South City Notes by the WOP Seller on 2 February 2024 on the open market
“WOP Seller”	Twist Pioneer Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of WOP
“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, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897)
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By Order of the Board
WANG ON GROUP LIMITED
(宏安集團有限公司)*
Tang Ching Ho
Chairman and Executive Director

By Order of the Board
WANG ON PROPERTIES LIMITED
宏安地產有限公司
Tang Ho Hong
Executive Director and Chief Executive Officer

Hong Kong, 2 February 2024

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, Sr Dr. Leung Tony Ka Tung and Dr. Chan Ho Wah Terence as independent non-executive directors.

Unless otherwise stated, for the purpose of illustration only, amounts denominated in US\$ in this joint announcement have been translated into HK\$ at the rate of US\$1.00 = HK\$7.8. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.

* For identification purpose only