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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)**

### **ANNOUNCEMENT**

#### **MAJOR TRANSACTION IN RELATION TO LOAN ADVANCE TO CHINA AGRI-PRODUCTS EXCHANGE LIMITED**

On 28 March 2011, the Lender entered into the Loan Agreement with the Borrower, pursuant to which the Lender agreed to grant to the Borrower the Loan Facility. The full principal amount of the Loan Facility may be drawn down by the Borrower during the Availability Period.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan Agreement and the Previous Loan Agreements, when aggregated, are less than 100% but exceed 25%. Accordingly, the transactions contemplated thereunder constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

The SGM will be held to consider and, if thought fit, pass the ordinary resolution(s) to approve, among other things, the Loan Agreement, the Previous Loan Agreements and the transactions contemplated thereunder. As no Shareholder has material interest in the Loan Agreement, no Shareholder is required to abstain from voting at the SGM in respect of the Loan Agreement, the Previous Loan Agreements and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Loan Agreement, the Previous Loan Agreements and a notice of the SGM, will be despatched to the Shareholders. The Company expects that the circular will be despatched on or before 18 April 2011.

\* For identification purpose only

## THE LOAN AGREEMENT

- Date : 28 March 2011
- Lender : True Noble Limited, an indirect wholly-owned subsidiary of the Company, is principally engaged in investment holding
- Borrower : China Agri-Products Exchange Limited
- Loan Facility : Maximum of HK\$200 million
- Availability Period : During the period commencing upon passing of the resolution by the Shareholders at the SGM approving, *inter alia*, the Loan Facility, and expiring on 30 September 2012

The Loan Agreement was entered into between the Borrower and the Lender on 28 March 2011, pursuant to which the Lender agreed to grant the Loan Facility to the Borrower. The Loan Facility is unsecured and carries an interest rate of 8.0% per annum which was determined with reference to factors including, among others, (i) the prevailing Hong Kong best lending rate as quoted by The Hongkong and Shanghai Banking Corporation Limited, being 5.0% per annum; and (ii) the financial position of the Borrower. The full principal amount of each drawdown and all outstanding interest thereon (if any) will be repayable by the Borrower no later than 30 September 2012. The full principal amount of the Loan Facility may be drawn down by the Borrower during the Availability Period.

As at the date of this announcement, the Borrower is indebted to the Lender in aggregate of HK\$170 million under the Previous Loan Facilities. The Previous Loan Facilities carry an interest rate of 6.0% per annum which was determined at the time they were advanced with reference to (i) the then Hong Kong best lending rate as quoted by The Hongkong and Shanghai Banking Corporation Limited, being 5.0% per annum; and (ii) the financial position of the Borrower.

As at the date of this announcement, the Company holds an equity interest of approximately 9.15% interest in Wai Yuen Tong Medicine Holdings Limited (“WYT”), which is a substantial shareholder of PNG Resources Holdings Limited (“PNG”), holding approximately 49.44% interest, which in turn is the major shareholder of the Borrower, holding approximately 3.32% of its entire issued share capital. Furthermore, as the date of this announcement, the Company holds approximately 1.39% interest, through its wholly-owned subsidiary, in the Borrower. As at the date hereof, Mr. Tang Ching Ho, an executive Director, is also an executive director of WYT. Mr. Chan Chun Hong, Thomas, an executive Director, is also an executive director of WYT, PNG and the Borrower. Save for the foregoing, to the best of the knowledge,

information and belief of the Directors after making all reasonable enquiries, the Borrower and its ultimate beneficial owner are third parties independent of and not connected with the Company and its subsidiaries.

## **CONDITIONS OF THE LOAN AGREEMENT**

The Loan Agreement is conditional upon fulfilment or waiver, in the case of (b) of the following conditions:

- (a) the passing of the resolution by the Shareholders at the SGM approving the Loan Facility pursuant to the Loan Agreement and any other transactions contemplated thereunder; and
- (b) the representations and warranties made by the Borrower set out in the Loan Agreement are still valid and in full force on the date of each drawdown.

Both of the Lender and the Borrower undertake to use all reasonable endeavours (so long as it is within their respective power to do so) to ensure that the above conditions are fulfilled as soon as reasonably practicable and in any event no later than 31 May 2011 (or such later date as the Lender and the Borrower may mutually agree in writing).

## **REASONS FOR AND BENEFITS OF THE LOAN FACILITY AND THE PREVIOUS LOAN FACILITIES**

The Group is principally engaged in property investment and development in Hong Kong, management and sub-licensing of wet markets in Hong Kong and the PRC, management and sub-licensing shopping centers in Hong Kong and management of agricultural by-products wholesaling business in Hong Kong.

The Borrower together with its subsidiaries are currently engaged in the business of agricultural produce exchanges and restaurant operation in the PRC.

The Directors believe that the Loan Facility and the Previous Loan Facilities can generate higher interest income to the Group comparing with the interest earned by making a Hong Kong dollar time deposit with financial institutions in Hong Kong, and are of the view that the terms of the Loan Agreement and the Previous Loan Agreements are on normal commercial terms and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## IMPLICATION UNDER THE LISTING RULES

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan Agreement and the Previous Loan Agreements, when aggregated, are less than 100% but exceed 25%. Accordingly, the Loan Agreement and the Previous Loan Agreements constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

The SGM will be held to consider and, if thought fit, pass the ordinary resolution to approve, among other things, the Loan Agreement, the Previous Loan Agreements and the transactions contemplated thereunder. As no Shareholder has material interest in the Loan Agreement and the Previous Loan Agreements, no Shareholder is required to abstain from voting at the SGM in respect of the Loan Agreement, the Previous Loan Agreements and the transactions contemplated thereunder.

## GENERAL

A circular containing, among other things, further details of the Loan Agreement, the Previous Loan Agreements and a notice of SGM, will be despatched to the Shareholders. The Company expects that the circular will be despatched on or before 18 April 2011.

## DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“Availability Period”	during the period commencing upon passing of the resolution by the Shareholders at the SGM approving, <i>inter alia</i> , the Loan Facility, and expiring on 30 September 2012
“Board”	the board of the Directors
“Borrower”	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 whose shares are listed and traded on the main board of the Stock Exchange (Stock Code: 149)
“Company”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed and traded on the main board of the Stock Exchange (Stock Code: 1222)

\* For identification purpose only

“Director(s)”	the directors of the Company
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lender”	True Noble Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and was indirectly wholly owned by the Company as of the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the conditional loan agreement entered into between the Lender and the Borrower on 28 March 2011 in relation to the proposed advance of the Loan Facility
“Loan Facility”	a proposed loan facility of not exceeding the sum of HK\$200 million granted by the Lender to the Borrower pursuant to the Loan Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Previous Loan Agreements”	two loan agreements dated 14 September 2010 and 10 March 2011, respectively, entered into between the Lender and the Borrower pursuant to which the Lender agreed to advance the Previous Loan Facilities to the Borrower
“Previous Loan Facilities”	two loan facilities in the aggregate sum of HK\$170 million granted by the Lender to the Borrower pursuant to the Previous Loan Agreements
“Shareholder(s)”	the holder(s) of the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering, and if thought fit, approving, among others, the Loan Agreement, the Previous Loan Agreements and the transaction(s) contemplated thereunder

“Stock Exchange”                   The Stock Exchange of Hong Kong Limited

“subsidiaries”                   has the meaning as ascribed thereto under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)

“%”                                   per cent.

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

Hong Kong, 28 March 2011

*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 four independent non-executive Directors, namely Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein, Mr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau.*

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