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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 2020, Twist Pioneer, an indirect non-wholly owned subsidiary of the Company, placed an order to acquire from the secondary market the Notes in the principal amount of US\$5.0 million (equivalent to approximately HK\$38.9 million) for a total consideration of approximately US\$4.4 million (equivalent to approximately HK\$34.2 million).

LISTING RULES IMPLICATION

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition (when aggregated with the Previous Acquisition) exceeds 5% but all are less than 25%, the Acquisition (when aggregated with the Previous 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.

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PRINCIPAL TERMS OF THE NOTES

Delivery date of the Notes:	The Notes were issued under an indenture among Evergrande, certain subsidiary guarantors and the trustee of the Notes and delivery of the Notes is expected to be made on or about 30 March 2020.
Issuer:	China Evergrande Group, 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: 3333) which is rated “B+” by Standard & Poor’s Ratings Services, “B1” by Moody’s Investors Service and “B+” by Fitch Ratings 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 Evergrande Group is a third party independent of the Company and its connected persons.
Total issue size:	US\$200.0 million
Principal amount of Notes acquired:	US\$5.0 million (equivalent to approximately HK\$38.9 million)
Acquisition price:	Approximately US\$4.4 million (equivalent to approximately HK\$34.2 million) to be settled in cash, representing 88.0% of the principal amount of the Notes acquired.
Maturity date:	24 May 2021, subject to early redemption provisions as set out in the terms of the Notes
Coupon rate:	8.9% per annum payable semi-annually in arrears

Ranking of the Notes:

The Notes are (1) general obligations of Evergrande; (2) senior in right of payment to any existing and future obligations of Evergrande expressly subordinated in right of payment to the Notes; (3) at least *pari passu* in right of payment with the existing *pari passu* secured indebtedness and all other unsecured, unsubordinated indebtedness of Evergrande (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by certain subsidiaries of Evergrande on a senior basis, subject to certain limitations; (5) effectively subordinated to the other secured obligations of Evergrande and the subsidiaries of Evergrande which are providing guarantees under the Notes, to the extent of the value of the assets serving as security therefor (other than the collateral securing the Notes); and (6) effectively subordinated to all existing and future obligations of the subsidiaries of Evergrande 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 24 May 2021, Evergrande 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 redeemed plus the customary 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 24 May 2021, Evergrande may redeem up to 35% of the aggregate principal amount of the Notes at a redemption price of 108.9% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, with the 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 Evergrande as result of which there is a decline in the rating of the Notes, Evergrande 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.

Rating of the Notes: The Notes are unrated.

The Acquisition is funded by internal resources of the WOP 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; (iii) manufacturing and/or retailing of pharmaceutical and health food products through Wai Yuen Tong Medicine Holdings Limited, a 58.08%-owned listed subsidiary of the Company; and (iv) management and sales of properties in agricultural produce exchange markets in the PRC through China Agri-Products Exchange Limited, 53.4% equity interests of which are held by a subsidiary of Wai Yuen Tong Medicine Holdings Limited.

Twist Pioneer is principally engaged in investment holding. It is an indirect wholly-owned subsidiary of WOP.

INFORMATION OF THE ISSUERS

According to the public information available to the Directors:

Evergrande 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.

Evergrande and its subsidiaries are principally engaged in property development, property investment, property management, new energy vehicle business, hotel operations, finance business, internet business and health industry business 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 acquisition price, being 88.0% to the face value of the Notes, the coupon rate, the maturity date and the credit rating of Evergrande, 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 its 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 (when aggregated with the Previous Acquisition) exceeds 5% but all are less than 25%, the Acquisition (when aggregated with the Previous 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 an order by Twist Pioneer on 26 March 2020 to acquire from the secondary market the Notes in the principal amount of US\$5.0 million (equivalent to approximately HK\$38.9 million) for a total consideration of approximately US\$4.4 million (equivalent to approximately HK\$34.2 million)
“Board”	the board of Directors
“Company”	Wang On Group Limited, 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

“Evergrande”	China Evergrande Group, 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: 3333) which is rated “B+” by Standard & Poor’s Ratings Services, “B1” by Moody’s Investors Service and “B+” by Fitch Ratings 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
“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”	8.9% senior notes due 24 May 2021 issued by Evergrande
“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
“Previous Acquisition”	the acquisitions of Previous Notes with an aggregate principal amount of approximately US\$5.7 million (equivalent to approximately HK\$44.4) by Mailful Investments on the open market at an aggregate consideration of approximately US\$5.6 million (equivalent to approximately HK\$43.6 million) prior to the Acquisition
“Previous Notes”	11.00% senior notes due 2020, 6.25% senior notes due 2021 and 9.50% senior notes due 2022 issued by Evergrande
“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
“WOP”	Wang On Properties Limited, 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%-owned listed subsidiary of the Company
“WOP Group”	WOP and its subsidiaries
“%”	per cent.

For illustration purposes, amounts in US\$ in this announcement have been translated into HK\$ at the rate of US\$1 = HK\$7.783 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, 26 March 2020

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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