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## **ISSUANCE OF US\$1 BILLION 9.50% SENIOR NOTES DUE 2024**

Reference is made to the announcement of the Company dated 24 March 2017 in respect of the proposed Notes Issue.

The Board is pleased to announce that on 24 March 2017, the Company entered into the Purchase Agreement with, among others, China CITIC Bank International, China Merchants Securities (HK) and Haitong International in connection with the issue of US\$1 billion 9.50% senior notes due 2024.

The offering price of the Notes will be 100% of the principal amount of the Notes and the gross proceeds will be US\$1 billion, which the Company intends to use to refinance existing indebtedness of the Group after deducting the underwriting discounts and commissions and other estimated expenses payable in connection with the Notes Issue.

Approval in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and the listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the offering, the Company or the Notes. No listing of the Notes has been sought in Hong Kong.

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### **The Purchase Agreement**

Date: 24 March 2017

### **Parties to the Purchase Agreement**

Parties to the Purchase Agreement include, among others,

- (a) the Company as the issuer;
- (b) China CITIC Bank International as one of the joint lead managers and joint bookrunners;
- (c) China Merchants Securities (HK) as one of the joint lead managers and joint bookrunners;
- (d) Haitong International as one of the joint lead managers and joint bookrunners; and
- (e) certain subsidiaries of the Company as Subsidiary Guarantors of the Company's obligations under the Notes.

The terms of the Notes, including the aggregate principal amount and the offering price for the Notes was determined through a book building exercise conducted by China CITIC Bank International, China Merchants Securities (HK) and Haitong International as the joint lead managers and joint bookrunners. In respect of the offer and sale of the Notes, China CITIC Bank International, China Merchants Securities (HK) and Haitong International are also the initial purchasers of the Notes. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of China CITIC Bank International, China Merchants Securities (HK) and Haitong International is an independent third party and not a connected person of the Company.

The Notes have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States or other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state or local securities laws in the United States. None of the Notes will be offered to the public in Hong Kong.

## **Principal terms of the Notes**

### *Notes Offered*

Subject to certain conditions to completion, the Company will issue the 9.50% senior notes in the aggregate principal amount of US\$1 billion which will mature on 29 March 2024, unless earlier redeemed pursuant to the terms thereof.

### *Offering Price*

The offering price of the Notes will be 100% of the principal amount of the Notes.

### *Interest*

The Notes will bear interest from and including 29 March 2017 at the rate of 9.50% per annum, payable semi-annually in arrears.

### *Ranking of the Notes*

The Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company 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 the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations under applicable law; (5) effectively subordinated to the other secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor other than the collateral created under the Notes; and (6) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which are not providing guarantees under the Notes.

### *Events of Default*

The events of default under the Notes include, among others: (a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise; (b) default in the payment of interest on any note when the same becomes due and payable, and such default continues for a period of 30 consecutive days; (c) default in the performance or breach of certain covenants, the failure by the Company to make or consummate an offer to purchase, or the failure by the Company to create, or cause certain of its subsidiaries to create, a lien on the collateral (subject to any permitted lien and the intercreditor agreement) under the Indenture; (d) default by the Company or certain of its subsidiaries in the performance of or breaches of any other covenant or agreement in the Indenture or under the Notes (other than a default specified in (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by Citicorp International Limited as trustee or the holders of 25% or more in aggregate principal amount of the Notes; (e) default by the Company or certain of its subsidiaries in the

repayment of indebtedness having an aggregate outstanding principal amount of US\$20 million or more; (f) one or more final judgments or orders for the payment of money are rendered against the Company or certain of its subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such persons to exceed US\$20 million (in excess of amounts which the Company's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect; (g) involuntary bankruptcy or insolvency proceedings commenced against the Company or certain of its subsidiaries; (h) voluntary bankruptcy or insolvency proceedings commenced by the Company or certain of its subsidiaries or consent to such similar action; (i) any Subsidiary Guarantor or JV Subsidiary Guarantor denying or disaffirming its obligations under its guarantees securing the obligations of the Notes or, except as permitted by the Indenture, any such guarantee being determined to be unenforceable or invalid or for any reason ceasing to be in full force and effect; (j) default by the Company or any Subsidiary Guarantor Pledgor in the performance of its obligations under the security documents provided under the Notes, which adversely affects the enforceability, validity, perfection or priority of the applicable lien on the collateral created under the Notes or which adversely affects the condition or value of such collateral, taken as a whole, in any material respect; or (k) the Company or any Subsidiary Guarantor Pledgor denying or disaffirming its obligations under the security documents provided under the Notes or, other than in accordance with the Indenture and the relevant security documents provided under the Notes, any such relevant security document ceasing to be or is not in full force and effect or the collateral agent ceasing to have a security interest in the collateral given under the Notes, subject to any permitted lien and the intercreditor agreement.

If an event of default (other than an event of default specified in (g) and (h) above) occurs and is continuing under the Indenture, the trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding, may declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable.

#### *Covenants of the Notes*

The Notes, the Indenture, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- (b) declare dividends on its capital stock or purchase or redeem capital stock;
- (c) make investments or other specified restricted payments;
- (d) issue or sell capital stock of certain of its subsidiaries;
- (e) guarantee indebtedness of certain of its subsidiaries;
- (f) sell assets;

- (g) create liens;
- (h) enter into sale and leaseback transactions;
- (i) enter into agreements that restrict certain of its subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (j) enter into transactions with shareholders or affiliates; and
- (k) effect a consolidation or merger.

*Redemption*

- (1) On or after 29 March 2021, the Company may on any one or more occasions redeem all or any part of the Notes, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on 29 March of the years indicated below:

<b>Year</b>	<b>Redemption Price</b>
2021	104.75%
2022	102.375%
2023 and thereafter	100.0%

- (2) The Company can choose to redeem all instead of part of the notes at any time prior to 29 March 2021 at a redemption price equivalent to 100% of the principal amount of the redeemed Notes plus the applicable premium as at (but excluding) the redemption date and the accrued and unpaid interest (if any).
- (3) Subject to certain conditions, the Company can redeem up to 35% of the aggregate principal amount of the Notes and sell the proceeds of certain of its classes of share capital at 109.5% of the principal amount of the redeemed Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date at any time and from time to time prior to 29 March 2021.

**Listing and rating**

Approval in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and the listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the offering, the Company or the Notes. No listing of the Notes has been sought in Hong Kong.

The Notes are expected to be assigned a rating of B3 by Moody's and B- by Fitch.

## USE OF PROCEEDS FOR THE NOTES ISSUE

The offering price of the Notes will be 100% of the principal amount of the Notes and the gross proceeds will be US\$1 billion, which the Company intends to use to refinance existing indebtedness of the Group after deducting the underwriting discounts and commissions and other estimated expenses payable in connection with the Notes Issue.

## DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors;
“China CITIC Bank International”	China CITIC Bank International Limited, one of the joint lead managers and joint bookrunners in respect of the Notes Issue;
“China Merchants Securities (HK)”	China Merchants Securities (HK) Co., Ltd., one of the joint lead managers and joint bookrunners in respect of the Notes Issue;
“Company”	China Evergrande Group, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Existing Pari Passu Secured Indebtedness”	(i) bank loans to either the Company or a Subsidiary Guarantor outstanding on the original issue date that are secured by the collateral created under the Notes and subject to the intercreditor agreement; (ii) any and all outstanding notes of the 8.75% senior notes due 2018 of the Company; (iii) any and all outstanding notes of the 8.0% senior notes due 2019 of the Company; (iv) any and all outstanding notes of the 7.8% senior notes due 2019 of the Company; (v) any and all outstanding notes of the 12.0% senior notes due 2020 of the Company; (vi) any and all outstanding notes of the 7.0% senior notes due 2020 of the Company; and (vii) any and all outstanding notes of the 8.25% senior notes due 2022 of the Company;
“Fitch”	Fitch Ratings Ltd., a subsidiary of the Fitch Group, a jointly owned subsidiary of Fimalae, S.A. and Hearst Corporation, and its successors;
“Group”	the Company and its subsidiaries;

“Haitong International”	Haitong International Securities Company Limited, one of the joint lead managers and joint bookrunners in respect of the Notes Issue;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Indenture”	the indenture to be entered into on or around the closing date between the Company, the Subsidiary Guarantors and Citicorp International Limited as trustee and collateral agent governing the Notes;
“JV Subsidiary Guarantee(s)”	any guarantee of the obligations of the Company under the Indenture and the Notes by any JV Subsidiary Guarantor;
“JV Subsidiary Guarantor(s)”	certain subsidiary(ies) of the Company, other than the Subsidiary Guarantors, that guarantee the Company’s obligations under the Notes;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Moody’s”	Moody’s Investors Service, Inc. and its affiliates;
“Notes”	the 9.50% US\$-settled senior notes due 2024 in the aggregate principal amount of US\$1 billion to be issued by the Company;
“Notes Issue”	the issue of the Notes by the Company;
“PRC”	the People’s Republic of China, excluding for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan;
“Purchase Agreement”	the agreement dated 24 March 2017 entered into between, among others, the Company, China CITIC Bank International, China Merchants Securities (HK) and Haitong International in relation to the Notes Issue;
“SGX-ST”	Singapore Exchange Securities Trading Limited;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary Guarantee(s)”	any guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor;
“Subsidiary Guarantor(s)”	certain subsidiaries of the Company that on the issue date of the Notes will guarantee the Company’s obligations under the Notes;

“Subsidiary Guarantor Pledgor(s)”	certain Subsidiary Guarantors that on the issue date of the Notes will extend the benefit of the existing pledges over their stock in the Subsidiary Guarantors held by it to secure the obligations of the Company under the Indenture and the Notes and of such Subsidiary Guarantor under its guarantee provided to secure the Company’s obligations under the Notes;
“U.S. Securities Act”	the United States Securities Act of 1933, as amended;
“United States”	The United States of America; and
“US\$”	United States dollars, the lawful currency of the United States of America.

By order of the Board  
**China Evergrande Group**  
**Hui Ka Yan**  
*Chairman*

Hong Kong, 24 March 2017

*As at the date of this announcement, the executive Directors are Mr. Hui Ka Yan, Mr. Xia Haijun, Ms. He Miaoling, Mr. Pan Darong, Mr. Xu Wen and Mr. Huang Xiangui, and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi.*