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**CHINA EVERGRANDE GROUP**

**中國恒大集團**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3333)**

**(I) ISSUANCE OF US\$1,250 MILLION 9.5% SENIOR NOTES DUE 2022**

**(II) ISSUANCE OF US\$450 MILLION 10.0% SENIOR NOTES DUE 2023**

**(III) ISSUANCE OF US\$300 MILLION 10.5% SENIOR NOTES DUE 2024**

## **THE NOTES ISSUE**

Reference is made to the announcement of the Company dated 8 April 2019 in respect of the proposed Notes Issue.

The Board is pleased to announce that on 8 April 2019, the Company entered into the Purchase Agreement with, among others, Credit Suisse, Bank of China, CEB International, Haitong International, Bank of America Merrill Lynch and UBS in connection with the issue of (i) US\$1,250 million 9.5% senior notes due 2022; (ii) US\$450 million 10.0% senior notes due 2023; and (iii) US\$300 million 10.5% 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\$2,000 million, which the Company intends to use to refinance existing indebtedness and for capital expenditures of the Group, with the remainder for general corporate purposes, after deducting the underwriting discounts and commissions and other estimated expenses payable in connection with the Notes Issue.

Applications will be made to the SGX-ST for the listing and quotation of the Notes on the SGX-ST. 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, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or any of their respective associated companies (if any), the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any).

No listing of the Notes has been sought in Hong Kong.

**The issue of the Notes is subject to completion. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.**

Reference is made to the announcement of the Company dated 8 April 2019 in respect of the proposed Notes Issue. The Board is pleased to announce that on 8 April 2019, the Company entered into the Purchase Agreement with, among others, Credit Suisse, Bank of China, CEB International, Haitong International, Bank of America Merrill Lynch and UBS in connection with the issue of (i) US\$1,250 million 9.5% senior notes due 2022; (ii) US\$450 million 10.0% senior notes due 2023 and (iii) US\$300 million 10.5% senior notes due 2024.

## **THE PURCHASE AGREEMENT**

Date: 8 April 2019

Parties: (i) the Company;  
(ii) the Subsidiary Guarantors;  
(iii) Credit Suisse;  
(iv) Bank of China;  
(v) CEB International;  
(vi) Haitong International;  
(vi) Bank of America Merrill Lynch; and  
(viii) UBS.

Pursuant to the Purchase Agreement, the Company will issue the Notes while Credit Suisse, Bank of China, CEB International, Haitong International, Bank of America Merrill Lynch and UBS will be the initial purchasers of the Notes.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Credit Suisse, Bank of China, CEB International, Haitong International, Bank of America Merrill Lynch and UBS is an independent third party and is not a connected person of the Company.

The following is a brief summary of the Notes Issue. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the indenture governing the Notes, and the Notes.

**THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT. THE NOTES ARE BEING OFFERED OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN COMPLIANCE WITH REGULATIONS S UNDER THE U.S. SECURITIES ACT AND WILL NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF ANY U.S. PERSON ABSENT REGISTRATION EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. NONE OF THE NOTES WILL BE OFFERED TO THE PUBLIC IN HONG KONG.**

## **THE NOTES ISSUE**

### **Offering Price**

The offering price of each series of the Notes is set out as follows:

- (i) 100% of the principal amount with respect to the 2022 Notes;
- (ii) 100% of the principal amount with respect to the 2023 Notes; and
- (iii) 100% of the principal amount with respect to the 2024 Notes.

### **Interest**

The 2022 Notes will bear interest at the rate of 9.5% per annum and will mature on 11 April 2022. Interest will be payable semi-annually in arrears on 11 April and 11 October of each year, beginning on 11 October 2019.

The 2023 Notes will bear interest at the rate of 10.0% per annum and will mature on 11 April 2023. Interest will be payable semi-annually in arrears on 11 April and 11 October of each year, beginning on 11 October 2019.

The 2024 Notes will bear interest at the rate of 10.5% per annum and will mature on 11 April 2024. Interest will be payable semi-annually in arrears on 11 April and 11 October of each year, beginning on 11 October 2019.

## Ranking of the Notes

The Notes will be (1) at least *pari passu* in right of payment against the Company 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), (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) guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations, (4) 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), and (5) effectively subordinated to all existing and future obligations of the non-guarantor subsidiaries.

## Optional Redemption for the Notes

### 2022 Notes

At any time prior to 11 April 2022, the Company may at its option redeem the 2022 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2022 Notes, plus the applicable premium, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to 11 April 2022, the Company may redeem up to 35% of the aggregate principal amount of the 2022 Notes at a redemption price of 109.5% of the principal amount of the 2022 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.

### 2023 Notes

On or after 11 April 2021, the Company may on any one or more occasions redeem all or any part of the 2023 Notes, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the 2023 Notes redeemed, to (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on 11 April of the years indicated below:

<u>Year</u>	<u>Redemption Price</u>
2021 . . . . .	105%
2022 and thereafter . . . . .	102.5%

At any time prior to 11 April 2021, the Company may at its option redeem the 2023 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2023 Notes, plus the applicable premium, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to 11 April 2021, the Company may redeem up to 35% of the aggregate principal amount of the 2023 Notes at a redemption price of 110% of the principal amount of the 2023 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.

### **2024 Notes**

On or after 11 April 2022, the Company may on any one or more occasions redeem all or any part of the 2024 Notes, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the 2024 Notes redeemed, to (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on 11 April of the years indicated below:

<u>Year</u>	<u>Redemption Price</u>
2022 . . . . .	105.25%
2023 and thereafter . . . . .	102.625%

At any time prior to 11 April 2022, the Company may at its option redeem the 2024 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2024 Notes, plus the applicable premium, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to 11 April 2022, the Company may redeem up to 35% of the aggregate principal amount of the 2024 Notes at a redemption price of 110.5% of the principal amount of the 2024 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.

### **REASONS FOR THE NOTES ISSUE**

The Company was founded in 1996 in Guangzhou, Guangdong Province, and gradually developed into a large-scale diversified group with “properties for the people” as its core foundation, cultural tourism and healthcare as supplemental growth businesses and high-tech industry as its emerging segment. It ranked 230th in the Fortune Global 500 in 2018. In recent years, the Company steadfastly transformed its development model from “large scale” to “scale+profitability”; and shifted its operating model from “three-high, one-low”, namely high debt, high leverage, high cost and low turnover, to “three-low, one-high”, namely low debt, low leverage, low cost and high turnover, achieving remarkable results.

The Notes Issue is being undertaken by the Group to refinance existing indebtedness and for capital expenditures of the Group, with the remainder for general corporate purposes.

## LISTING

Applications will be made to 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, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or any of their respective associated companies (if any), the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any).

No listing of the Notes has been sought in Hong Kong.

## RATING

The Notes are expected to be assigned a rating of B2 by Moody's Investors Service, or Moody's, and B by Standard & Poor's Ratings Services, or S&P. The Company has also been assigned a corporate family rating of B1 with a positive outlook by Moody's, a rating of B+ with a positive outlook by Fitch and a rating of B+ with a positive outlook by S&P. The issue of the Notes is subject to completion. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

## DEFINITIONS

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

“2022 Notes”	US\$ denominated senior notes due 2022 in the aggregate amount of US\$1,250 million to be issued by the Company;
“2023 Notes”	US\$ denominated senior notes due 2023 in the aggregate amount of US\$450 million to be issued by the Company;
“2024 Notes”	US\$ denominated senior notes due 2024 in the aggregate amount of US\$300 million to be issued by the Company;
“Board”	the board of Directors;
“Bank of America Merrill Lynch”	Merrill Lynch (Asia Pacific) Limited;
“Bank of China”	Bank of China Limited;
“CEB International”	CEB International Capital Corporation Limited;

“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;
“Credit Suisse”	Credit Suisse (Hong Kong) Limited;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Haitong International”	Haitong International Securities Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“JV Subsidiary Guarantee”	the guarantees provided by the JV Subsidiary Guarantors;
“JV Subsidiary Guarantors”	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;
“Notes”	the 2022 Notes, the 2023 Notes and the 2024 Notes;
“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, the Macau Special Administrative Region and Taiwan;
“Purchase Agreement”	the agreement proposed to be entered into, among others, between the Company, the Subsidiary Guarantors, Credit Suisse, Bank of China, CEB International, Haitong International, Bank of America Merrill Lynch and UBS in relation to the Notes Issue;
“SGX-ST”	Singapore Exchange Securities Trading Limited;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary Guarantee”	the guarantees provided by the Subsidiary Guarantors;
“Subsidiary Guarantors”	the subsidiaries of the Company which guarantee the Notes;
“UBS”	UBS AG Hong Kong Branch;
“U.S. Securities Act”	The United States Securities Act of 1933, as amended; and

“US\$”

United States dollar, the lawful currency of the United States of America.

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

Hong Kong, 8 April 2019

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