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CHINA EVERGRANDE GROUP

中國恒大集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3333)

INSIDE INFORMATION

UPDATES SINCE 31 AUGUST 2021 AND ENGAGEMENT OF FINANCIAL ADVISERS

This announcement is made by China Evergrande Group (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The Company refers to its announcements of the Company dated 1 July, 3 August and 3 September 2021 in relation to the Group’s unaudited operating statistics of contracted sales of properties for June, July and August 2021 (the “**Operating Statistics Announcements**”), respectively, the clarification announcements dated 19 and 30 July 2021 in relation to certain subsidiaries of the Company, and the announcement dated 31 August 2021 on the Group’s unaudited interim results for the six months ended 30 June 2021 (the “**Interim Results Announcement**”).

The board of directors (the “**Board**”) of the Company would like to provide certain updates on the Group’s business and financial positions since 31 August 2021 as further set out below.

THE GROUP EXPECTS SIGNIFICANT CONTINUING DECLINE IN CONTRACT SALES IN SEPTEMBER

As disclosed in the Operating Statistics Announcements, the contract sales of properties of the Group in each of June, July and August 2021 amounted to RMB71.63 billion, RMB43.78 billion and RMB38.08 billion, respectively, which showed a decreasing trend.

The month of September is typically when real estate companies in China record higher contract sales of properties. However, the ongoing negative media reports concerning the Group have dampened the confidence of potential property purchasers in the Group. The Company expects significant continuing decline in contract sales in September, thereby resulting in the continuous deterioration of cash collection by the Group which would in turn place tremendous pressure on the Group's cashflow and liquidity.

OTHER MEASURES ADOPTED TO EASE THE LIQUIDITY ISSUES HAVE NOT REACHED EXPECTED OUTCOMES

As disclosed in the Interim Results Announcement, to ease the liquidity issues that the Group is facing, the Group is actively engaged in discussions with potential investors in relation to the sales of interests in members of the Group and other assets (including but not limited to investment properties, hotels and other properties). An update on some of these measures since 31 August 2021 is set out below:

No material progress on sales of interests in members of the Group

The Group has been actively exploring with potential investors on the sales of part of its interests in China Evergrande New Energy Vehicle Group Limited (708.HK) and Evergrande Property Services Group Limited (6666.HK), the Group is also considering bringing in new investors to the Company and its other subsidiaries.

As at the date of this announcement, the Group has not entered into any legally binding agreement with any investor. It is uncertain as to whether the Group will be able to consummate any such sale.

The disposal of the Company's office building in Hong Kong has not been completed within the expected timetable

The Company is actively exploring with potential purchasers on the disposal of the office building that it owns in Hong Kong, namely, China Evergrande Centre which is located at 38 Gloucester Road, Wan Chai, Hong Kong.

As at the date of this announcement, no legally binding agreement has been entered into by the Group with any investor or any purchaser for such disposal. There is no guarantee that a disposal agreement will be entered into.

If such disposal is consummated, the Company will comply with the relevant requirements under the Listing Rules and disclose such disposal (as applicable).

TWO SUBSIDIARIES OF THE COMPANY FAILED TO DISCHARGE THEIR GUARANTEE OBLIGATIONS AND UPDATE ON LIQUIDITY ISSUES

The Company refers to the disclosure on the borrowings of the Group as at 30 June 2021 under the section headed "Management Discussion and Analysis — Borrowing" in the Interim Results Announcement.

As of the date of this announcement, two subsidiaries of the Company failed to discharge their guarantee obligations as scheduled for the wealth management products issued by third parties. The relevant amount involved is approximately RMB934 million. The Company is in active discussion with the issuers and investors with a view to reaching a mutually agreeable repayment arrangement.

In view of the difficulties, challenges and uncertainties in improving its liquidity as mentioned above, there is no guarantee that the Group will be able to meet its financial obligations under the relevant financing documents and other contracts. If the Group is unable to meet its guarantee obligation or to repay any debt when due or agree with the relevant creditors on extensions of such debts or alternative agreements, it may lead to cross-default under the Group's existing financing arrangements and relevant creditors demanding acceleration of repayment. This would have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

STRENGTHENING IMPLEMENTATION OF MEASURES TO EASE THE LIQUIDITY ISSUES

The Group will continue to implement the measures to ease the liquidity issues of the Group as disclosed in the Interim Results Announcement, which include but are not limited to adjusting project development timetable, strictly controlling costs, vigorously promoting sales and payment collection, striving for renewal and extension of borrowings, disposing of equity interests and assets (including but not limited to investment properties, hotels and other properties), and introducing new investors to increase the equity of the Group and its subsidiaries. The Company will closely monitor the implementation of the measures mentioned above and update the market as appropriate on material development.

ENGAGEMENT OF FINANCIAL ADVISERS

The Board announces that the Company has engaged Houlihan Lokey (China) Limited and Admiralty Harbour Capital Limited as joint financial advisers to the Group to assess the Group's capital structure, evaluate the liquidity of the Group and explore all feasible solutions to ease the current liquidity issue and reach an optimal solution for all stakeholders as soon as possible.

Offshore creditors of the Company may contact the following representatives:

Houlihan Lokey (China) Limited

Address: 506–508, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Tel.: +852 3551 2300
Email: Evergrande@HL.com

Admiralty Harbour Capital Limited

Address: 17/F, Prosperity Tower, 39 Queen's Road Central, Hong Kong
Tel: +852 2110 1666
Email: Evergrande@ahfghk.com

Shareholders of the Company and other investors should note that it is uncertain whether the Group could successfully implement the measures to ease the liquidity issues as mentioned in this announcement. Shareholders of the Company and other investors are reminded to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 14 September 2021

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