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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 PROPOSED RESTRUCTURING OF OFFSHORE DEBTS

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

Reference is made to the announcement of the Company dated 22 March 2023 (the “**Announcement**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as used in the Announcement or the Term Sheets (as defined below).

A. RECENT EVENTS

As disclosed in the Announcement, the Group has reached a substantial milestone in achieving the Proposed Restructuring and its efforts have culminated in term sheets (collectively, the “**Term Sheets**”) being signed on 20 March 2023. As contemplated in the Term Sheets, the Proposed Restructuring is expected to be implemented via, *inter alia*, the CEG Schemes, the TJ Scheme and the SJ Scheme (each defined and further described below).

B. THE PROPOSED RESTRUCTURING

(a) CEG Schemes

1. CEG plans to implement a restructuring through, *inter alia*, schemes of arrangement in the Cayman Islands, Hong Kong and/or other applicable jurisdictions (the “**CEG Schemes**”). There would be two classes of debts under the CEG Schemes, namely, “**Class A**” and “**Class C**”:
 - (i) **Class A** debts consist of ten series of US dollar denominated senior secured notes, one series of HK dollar denominated convertible bonds and one private loan; and
 - (ii) **Class C** debts consist of debts including private loans, repurchase obligations and guarantees provided by the Company in relation to certain offshore and onshore debts.
2. Both Class A creditors and Class C creditors can elect from two options of scheme consideration under the CEG Schemes, namely, “**Option 1**” and “**Option 2**”.
3. Under Option 1, creditors would receive new notes to be issued by the Company with a tenor of 10–12 years (“**A1/C1 Notes**”).
4. Under Option 2, creditors can elect to convert their entitlements into the following (subject to adjustments and re-allocations):
 - (i) new notes to be issued by the Company with a tenor of 5–9 years (“**A2/C2 Notes**”);
 - (ii) a package of rights and instruments consisting of mandatory exchangeable bonds to be issued by the Company exchangeable into shares in Evergrande Property Services Group Limited, mandatory exchangeable bonds to be issued by the Company exchangeable into shares of China Evergrande New Energy Vehicle Group Limited, mandatory convertible bonds to be issued by the Company and security linked notes to be issued by the Company (collectively, “**A2/C2 Package**”); or
 - (iii) a combination of the A2/C2 Notes and A2/C2 Package.
5. Class A creditors’ entitlement to distribution will be on a full accrued claim basis, while Class C creditors’ entitlement to distribution will be on a deficiency claim basis which means, in respect of a debt instrument, (x) the full accrued claims minus (y) the assessed value (determined pursuant to adjudication principles and procedures to be set out in the relevant scheme documents) of any related rights (whether principal, guarantee or collateral support) which are against any party who is not CEG. A similar approach will be taken to determine any net claim in respect of a put option.

(b) SJ Scheme

1. Scenery Journey Limited (“**SJ**”) plans to implement a restructuring through, *inter alia*, a scheme of arrangement in the British Virgin Islands (the “**SJ Scheme**”). Creditors under the SJ Scheme are referred to as “**SJ creditors**” and consist of holders of the “**Existing SJ Notes**”, which comprised of 4 series of US dollar denominated senior notes issued by SJ.
2. SJ creditors’ entitlement to distribution of scheme consideration will be on the deficiency claim basis (i.e. the full accrued claims minus the assessed value of any related rights (whether principal, guarantee or collateral support) which are (i) against any party who is not SJ or SJ Subsidiary Guarantors (as defined in the SJ Term Sheet appended to the Announcement) or keepwell provider but is an obligor or provides credit support; and (ii) in connection with the Existing SJ Notes.
3. Under the proposed SJ Scheme, each SJ creditor will be allocated a pro rata portion of the new notes to be issued by SJ in an aggregate principal amount equal to US\$6,500 million (“**SJ New Notes**”) based on such SJ creditor’s entitlement.

(c) TJ Scheme

1. Tianji Holding Limited (“**TJ**”) plans to implement a debt restructuring through, *inter alia*, a scheme of arrangement in Hong Kong (the “**TJ Scheme**”).
2. Creditors under the TJ Scheme are referred to as “**TJ creditors**”. Debts included in the TJ Scheme (the “**TJ Existing Debt Instruments**”) consist of TJ’s guarantee obligations under the SJ Existing Notes and certain other financial indebtedness as set out in the TJ Term Sheet (appended to the Announcement).
3. TJ creditors’ entitlement to distribution scheme consideration will be on the deficiency claim basis (i.e. the full accrued claims minus the assessed value of any related rights (whether principal, guarantee or collateral support) which are (i) against any party who is not TJ but is an obligor or provides credit support; and (ii) in connection with the TJ Existing Debt Instruments).
4. Under the proposed TJ Scheme, each TJ creditor will be allocated a pro rata portion of the new notes to be issued by TJ in an aggregate principal amount equal to US\$800 million (“**TJ New Notes**”) based on such TJ creditor’s entitlement.

(d) **Overview table of the CEG Schemes, SJ Scheme and TJ Scheme**

Scheme(s) to be proposed at	Company		SJ	TJ
Summary of classes	Two separate classes:		Single-class	Single-class
	Class A	Class C		
Scheme jurisdiction	Cayman Islands and Hong Kong (parallel schemes)		British Virgin Islands	Hong Kong
Entitlement for scheme consideration	Full accrued claim basis	Deficiency claim basis		
Scheme considerations	Option 1: A1 Notes	Option 1: C1 Notes	SJ New Notes	TJ New Notes
	Option 2: A2 Notes, and/or A2 Package (subject to adjustments and re-allocations)	Option 2: C2 Notes, and/or C2 Package (subject to adjustments and re-allocations)		

C. RESTRUCTURING SUPPORT

(a) **Class A RSA, SJ RSA and TJ RSA**

On 3 April 2023, the Company and members of the AHG (representing over 20% and 35% of the aggregate outstanding principal amount of the Existing CEG Notes and the Existing SJ Notes respectively), among others, entered into three restructuring support agreements, namely the “**Class A RSA**”, the “**SJ RSA**” and the “**TJ RSA**” under which the parties agreed to cooperate in order to facilitate the implementation of the Proposed Restructuring.

Under the Class A RSA, the SJ RSA and the TJ RSA, each participating creditor undertakes that it shall use its beneficial interest in its debts to approve and support the Proposed Restructuring on the terms and conditions of the respective restructuring support agreements.

(b) **Class C RSA**

On 3 April 2023, the Company has also launched a restructuring support agreement in relation to Class C (the “**Class C RSA**”, together with the Class A RSA, the SJ RSA and the TJ RSA, the “**RSAs**”). The Class C RSA also provides that each participating creditor confirms that it shall use its beneficial interest in its debts to approve and support the Proposed Restructuring on the terms and conditions of the Class C RSA.

D. CONSENT FEE

Each relevant creditor who validly executes or accedes to the Class A RSA, Class C RSA or TJ RSA and holds the eligible restricted debts as of the consent fee deadline set by CEG or TJ (as applicable) (the “**Consent Fee Deadline**”, being 5:00 p.m. Hong Kong time on 27 April 2023), will receive a consent fee in the amount of 0.25% of the outstanding principal amount of the respective Class A debts, Class C debts and TJ debts held by it at the voting record time

designated by the Company or TJ (as applicable) in accordance with the terms of the relevant RSAs. The consent fee is contemplated to be paid by way of payment-in-kind new notes to be issued by the Company or TJ (as applicable) pursuant to the Proposed Restructuring in accordance with the terms of the relevant scheme documents.

E. INVITATION TO ACCEDE

The Company sincerely invites all Class A creditors, Class C creditors, SJ creditors and TJ creditors to review the applicable RSAs and to accede to the applicable RSAs as soon as possible.

Morrow Sodali Limited (“**Morrow Sodali**”), as the information agent, will be responsible for receipt and processing of accession letter debt notices the (“**Accession Letters**”) and transfer notices, distribution of accession codes and overseeing evidence of holdings of the participating creditors in respect of the relevant debt instruments. All the RSAs (including the Term Sheets) will be available for access on the transaction website of Morrow Sodali (the “**Transaction Website**”) from 3 April 2023. Morrow Sodali can be contacted using the below details:

Transaction Website: <https://projects.morrowsodali.com/evergrande>

Email: evergrande@investor.morrowsodali.com

Attention: Debt Services Team

Accession Letters portals:

Class A creditors: <https://portal.morrowsodali.com/evergrandeA>

Class C creditors: <https://portal.morrowsodali.com/evergrandeC>

SJ creditors: <https://portal.morrowsodali.com/SceneryJourney>

TJ creditors: <https://portal.morrowsodali.com/Tianji>

F. REQUEST FOR INFORMATION

Any requests for information on the Proposed Restructuring can be directed to the Company’s financial advisor:

Houlihan Lokey (China) Limited

Email: Evergrande@HL.com

or to the AHG’s financial advisor:

Moelis & Company

Email: Project_Evergrande_Ext@moelis.com

G. SUSPENSION OF TRADING

Trading in the shares of the Company has been suspended since 9:00 a.m. on 21 March 2022. The trading in the shares of the Company will remain suspended until further notice.

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

Hong Kong, 3 April 2023

As at the date of this announcement, the executive directors are Mr. Hui Ka Yan, Mr. Siu Shawn, Mr. Shi Junping, Mr. Liu Zhen and Mr. Qian Cheng, the non-executive director is Mr. Liang Senlin, and the independent non-executive directors are Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi.