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(I) ISSUANCE OF US\$1,000 MILLION 11.5% SENIOR NOTES DUE 2023
(II) ISSUANCE OF US\$1,000 MILLION 12.0% SENIOR NOTES DUE 2024
CONNECTED TRANSACTION
PURCHASES OF NOTES BY CONNECTED PERSONS OF THE COMPANY

Reference is made to the announcement of the Company dated 16 January 2020 in respect of the proposed Notes Issue.

The Board is pleased to announce that on 16 January 2020, the Company entered into the Purchase Agreement with, among others, Credit Suisse, BofA Securities, BNP PARIBAS, CCB International, CEB International, China CITIC Bank International, TF International and UBS in connection with the issue of (i) US\$1,000 million 11.5% senior notes due 2023 and (ii) US\$1,000 million 12.0% senior notes due 2024.

THE PURCHASE AGREEMENT

Date: 16 January 2020

Parties (i) the Company;
(ii) the Subsidiary Guarantors;
(iii) Credit Suisse;

- (iv) BofA Securities;
- (v) BNP PARIBAS;
- (vi) CCB International;
- (vii) CEB International;
- (viii) China CITIC Bank International;
- (ix) TF International; and
- (x) UBS.

Pursuant to the Purchase Agreement, the Company will issue the Notes while Credit Suisse, BofA Securities, BNP PARIBAS, CCB International, CEB International, China CITIC Bank International, TF International 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, BofA Securities, BNP PARIBAS, CCB International, CEB International, China CITIC Bank International, TF International 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 indentures governing the Notes, the Notes and the Subsidiary Guarantees.

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 A 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 2023 Notes; and

(ii) 100% of the principal amount with respect to the 2024 Notes.

Interest

The 2023 Notes will bear interest from and including 22 January 2020 at the rate of 11.5% per annum and will mature on 22 January 2023. Interest will be payable semi-annually in arrears on 22 January and 22 July of each year, beginning on 22 July 2020.

The 2024 Notes will bear interest from and including 22 January 2020 at the rate of 12.0% per annum and will mature on 22 January 2024. Interest will be payable semi-annually in arrears on 22 January and 22 July of each year, beginning on 22 July 2020.

Ranking of the Notes

The Notes are (1) general obligations of the Company, (2) 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), (3) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes, (4) guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations, (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 securing the Notes), and (6) effectively subordinated to all existing and future obligations of the non-guarantor subsidiaries.

Optional Redemption for the Notes

2023 Notes

At any time prior to 22 January 2023, 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 redeemed plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to 22 January 2023, the Company may redeem up to 35% of the aggregate principal amount of the 2023 Notes at a redemption price of 111.5% 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 22 January 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 22 January of the years indicated below:

Year	Redemption Price
2022	106.0%
2023 and thereafter	103.0%

At any time prior to 22 January 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 redeemed plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to 22 January 2022, the Company may redeem up to 35% of the aggregate principal amount of the 2024 Notes at a redemption price of 112.0% 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.

PURCHASES OF NOTES BY CONNECTED PERSONS

Pursuant to the Notes Issue, Mr. Hui Ka Yan (“**Mr. Hui**”), the chairman and executive director of the Company, has purchased US\$50 million of the 2024 Notes.

Pursuant to the Notes Issue, Mr. Xia Haijun (“**Mr. Xia**”), the chief executive officer and executive director of the Company, has purchased US\$50 million of the 2023 Notes.

The subscription price of the Notes payable by Mr. Hui and Mr. Xia is 100% of the principal amount of the Notes and is the same as the subscription price payable by the other investors in the Notes Issue. The purchases by Mr. Hui and Mr. Xia are being undertaken to signify their support to and confidence in the Group. The purchases are part of the Notes Issue and will enable the Company to raise fund. As the terms of the purchases of the Notes by Mr. Hui and Mr. Xia are the same as the other investors in the Notes Issue, the Directors (including the independent non-executive Directors) are of the view that the purchases are being made on normal commercial terms, the terms of which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

As each of Mr. Hui and Mr. Xia is a connected person of the Company, their purchases of the Notes constitute connected transaction. As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of each of the purchases by Mr. Hui and Mr. Xia is over 0.1% but is below 5%, the purchases are subject to the reporting and announcement requirements, and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Hui and Mr. Xia are interested in the Notes Issue, they have abstained from voting on the resolutions at the Board meeting held to approve the Notes Issue and the purchases of the Notes to avoid any conflict of interests.

REASONS FOR THE NOTES ISSUE

The Company was founded in 1996 in Guangzhou, Guangdong Province, and has established an overall industry layout leveraging in real estate development as its foundation, developing cultural tourism and health and wellbeing management industries as complementary pillars, and focusing in new energy vehicle as a lead growth driver. It ranked 138th in the Fortune Global 500 in 2019.

The Notes Issue is being undertaken by the Group mainly to refinance its existing indebtedness, including the 2020 Notes, with the remainder to be used for general corporate purposes.

LISTING

Application 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 stable outlook by Moody's and a rating of B+ with a stable 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:

“2020 Notes”	the 7.0% senior notes due 2020 in the aggregate principal amount of US\$1,600,000,000 issued by the Company;
“2023 Notes”	US\$ denominated senior notes due 2023 in the aggregate amount of US\$1,000 million to be issued by the Company;
“2024 Notes”	US\$ denominated senior notes due 2024 in the aggregate amount of US\$1,000 million to be issued by the Company;
“BofA Securities”	Merrill Lynch (Asia Pacific) Limited;
“BNP PARIBAS”	BNP Paribas, a public limited company (société anonyme) incorporated in France and the liability of its members is limited;
“Board”	the board of Directors;
“CCB International”	CCB International Capital Limited;
“CEB International”	CEB International Capital Corporation Limited;
“China CITIC Bank International”	China CITIC Bank International 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;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“JV Subsidiary Guarantee(s)”	the guarantees provided by the JV Subsidiary Guarantors;
“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;
“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 purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Purchase Agreement”	the agreement entered into, among the Company, the Subsidiary Guarantors, Credit Suisse, BofA Securities, BNP PARIBAS, CCB International, CEB International, China CITIC Bank International, TF International 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(s)”	the guarantees provided by the Subsidiary Guarantors;
“Subsidiary Guarantor(s)”	the subsidiaries of the Company which guarantee the Notes, other than the JV Subsidiary Guarantors;
“TF International”	TFI Securities and Futures Limited;
“Trustee”	Citicorp International Limited, as the trustee of the Notes;
“UBS”	UBS AG Hong Kong Branch (UBS AG is incorporated in Switzerland with limited liability);
“U.S. Securities Act”	the United States Securities Act of 1933, as amended;
“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, 16 January 2020

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.