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CHINA EVERGRANDE GROUP

中國恒大集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3333)

**ISSUANCE OF US\$565,000,000 11.0% SENIOR NOTES DUE 2020,
US\$645,000,000 13.0% SENIOR NOTES DUE 2022,
US\$590,000,000 13.75% SENIOR NOTES DUE 2023
BY SCENERY JOURNEY LIMITED**

Reference is made to the announcement of the Company dated 30 October 2018 in respect of the Notes Issue. The Notes are unconditionally and irrevocably guaranteed on a joint and several basis by Tianji Holding and by certain other subsidiaries of Tianji Holding organized outside the PRC. The Notes will benefit from a keepwell and equity interest purchase undertaking from Hengda Real Estate.

On 30 October 2018, the Issuer, Hengda Real Estate, Tianji Holding and the Subsidiary Guarantors entered into the Purchase Agreement with CEB International, China CITIC Bank International, Credit Suisse, Haitong International and UBS in connection with the Notes Issue in the aggregate of:

- (a) US\$565,000,000 11.0% of the 2020 Notes;
- (b) US\$645,000,000 13.0% of the 2022 Notes; and
- (c) US\$590,000,000 13.75% of the 2023 Notes.

Hengda Real Estate as the keepwell provider, Tianji Holding as the parent guarantor, the Issuer and Citicorp International Limited as trustee of the Notes (“**Trustee**”) will enter into a keepwell and equity interest purchase undertaking.

The Group intends to use the net proceeds of the Notes Issue primarily to refinance existing offshore indebtedness.

Approvals in-principle have 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 Issuer, Hengda Real Estate, the Parent Guarantor, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or any of their respective associated companies (if any), the Notes, the Parent Guarantee, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any).

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

PURCHASE OF NOTES BY CONNECTED PERSONS

Pursuant to the Notes Issue, Mr. Hui Ka Yan, and Xin Xin (BVI) Limited have each purchased US\$250 million of the 2022 Notes and US\$250 million of the 2023 Notes which in total amounts to a principal amount of US\$1.0 billion. Xin Xin (BVI) Limited is wholly-owned by Mr. Hui Ka Yan, the chairman and executive director of the Company and is hence an associate of Mr. Hui.

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 30 October 2018 in relation to the Notes Issue. The Board is pleased to announce that on 30 October 2018, the Issuer, Hengda Real Estate, Tianji Holding and the Subsidiary Guarantors entered into the Purchase Agreement with CEB International, China CITIC Bank International, Credit Suisse, Haitong International and UBS in connection with the Notes Issue.

THE PURCHASE AGREEMENT

Date: 30 October 2018

Parties: (i) the Issuer;
(ii) Hengda Real Estate;
(iii) Tianji Holding;
(iv) the Subsidiary Guarantors;
(v) CEB International;
(vi) China CITIC Bank International;
(vii) Credit Suisse;
(viii) Haitong International;
(ix) UBS.

Pursuant to the Purchase Agreement, the Issuer will issue the Notes while CEB International, China CITIC Bank International, Credit Suisse, the joint global coordinators, which are also, together with Haitong International and UBS, the joint bookrunners and joint lead managers, will be the initial purchasers of the Notes. The Notes will be unconditionally and irrevocably guaranteed on a joint and several basis by Tianji Holding, the Subsidiary Guarantors and any future JV Subsidiary Guarantors. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of CEB International, China CITIC Bank International, Credit Suisse, Haitong 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 indenture 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 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:

- (a) 100% of the principal amount with respect to the 2020 Notes;
- (b) 100% of the principal amount with respect to the 2022 Notes; and

(c) 100% of the principal amount with respect to the 2023 Notes.

Interest

The 2020 Notes will bear interest at the rate of 11.0% per annum and will mature on 6 November 2020. Interest will be payable semi-annually in arrears on 6 May and 6 November of each year, beginning on 6 May 2019.

The 2022 Notes will bear interest at the rate of 13.0% per annum and will mature on 6 November 2022. Interest will be payable semi-annually in arrears on 6 May and 6 November of each year, beginning on 6 May 2019.

The 2023 Notes will bear interest at the rate of 13.75% per annum and will mature on 6 November 2023. Interest will be payable semi-annually in arrears on 6 May and 6 November of each year, beginning on 6 May 2019.

Ranking of the Notes

The Notes are (1) general obligations of the Issuer, (2) senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes, (3) at least *pari passu* in right of payment with all the unsecured, unsubordinated indebtedness of the Issuer, (4) guaranteed by Tianji Holding, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations, (5) effectively subordinated to the secured obligations of the Parent Guarantor, the Issuer, the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor, and (6) effectively subordinated to all existing and future obligations of the non-guarantor subsidiaries.

Covenants

The Notes, the indenture governing the Notes, the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) will limit Hengda Real Estate'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 by certain of its subsidiaries;
- (f) sell assets;
- (g) create liens;

- (h) enter into sale and leaseback transactions;
- (i) enter into agreements that limit 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.

Optional Redemption for the Notes

2020 Notes

At any time prior to 6 November 2020, the Issuer may at its option redeem the 2020 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2020 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 6 November 2020, the Issuer may redeem up to 35% of the aggregate principal amount of the 2020 Notes with the net cash proceeds of one or more sales of common stock of Hengda Real Estate in an equity offering at a redemption price of 111.0% of the principal amount of the 2020 Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2020 Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

2022 Notes

On or after 6 November 2020, the Issuer may on any one or more occasions redeem all or any part of the 2022 Notes, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the 2022 Notes redeemed, to (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on 6 November of the years indicated below:

Period	Redemption Price
2020	106.5%
2021 and thereafter	103.25%

At any time prior to 6 November 2020, the Issuer 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 6 November 2020, the Issuer may redeem up to 35% of the aggregate principal amount of the 2022 Notes with the net cash proceeds of one or more sales of common stock of Hengda Real Estate in an equity offering at a redemption price of 113.0% of the principal amount of the 2022 Notes redeemed, plus accrued and unpaid interest, if any, to (but not

including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2022 Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

2023 Notes

On or after 6 November 2021, the Issuer 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 6 November of the years indicated below:

Period	Redemption Price
2021	106.875%
2022 and thereafter	103.4375%

At any time prior to 6 November 2021, the Issuer 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 6 November 2021, the Issuer may redeem up to 35% of the aggregate principal amount of the 2023 Notes with the net cash proceeds of one or more sales of common stock of Hengda Real Estate in an equity offering at a redemption price of 113.75% of the principal amount of the 2023 Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2023 Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

THE KEEPWELL AND EQUITY INTEREST PURCHASE AGREEMENT (THE “KEEPWELL AND EIPU”)

Date: to be dated 6 November 2018

Parties: (i) the Issuer;
(ii) Hengda Real Estate;
(iii) Tianji Holding;
(iv) the Trustee.

Pursuant to the Keepwell and EIPU, Hengda Real Estate will agree that it shall cause (x) Tianji Holding to have a consolidated net worth of at least RMB1.0 billion at all times and (y) the Issuer, each Subsidiary Guarantor and each JV Subsidiary Guarantor (if any) to have a consolidated net worth of at least US\$1.00 at all times, (ii) Tianji Holding, each Subsidiary Guarantor and each JV Subsidiary Guarantor (if any) to have sufficient liquidity to ensure timely payment by such entity of any amounts payable in respect of the Notes or the guarantees in accordance with their terms of payment as and

when due and (iii) each of Tianji Holding, the Issuer, each Subsidiary Guarantor and each JV Subsidiary Guarantor (if any) shall remain solvent and a going concern at all times under the laws of their respective jurisdictions of incorporation or applicable accounting standards.

Pursuant to the Keepwell and EIPU, for so long as the Notes are outstanding, Hengda Real Estate agrees to, upon receipt of a written notice from the Trustee following an event of default and subject to obtaining all necessary approvals from the relevant approval authorities, purchase the equity interest held by Tianji Holding and/or any other subsidiaries of Tianji Holding, or the equity interest held by all subsidiaries of Tianji Holding incorporated outside the PRC at a certain price. The purchase price will be determined in accordance with the terms of the Keepwell and EIPU, which provides that, among others, the purchase price in any event shall not be lower than the amount sufficient to enable Tianji Holding, the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) to discharge in full their respective obligations under the Notes, the Subsidiary Guarantees, the indenture governing the Notes, the Keepwell and EIPU (including without limitation the principal amount of the Notes then outstanding as at the date of such written notice, any premium and any interest due and unpaid and/or accrued but unpaid on the Notes up to but excluding the date of such written notice).

The Keepwell and EIPU does not constitute a guarantee by Hengda Real Estate of the payment obligation of the Issuer under the Notes. The performance by Hengda Real Estate of its obligations under the Keepwell and EIPU may be subject to necessary approvals, consents, licenses, orders, permits and any other authorizations from the relevant approval authorities.

PURCHASE OF NOTES BY CONNECTED PERSONS

Pursuant to the Notes Issue, Mr. Hui Ka Yan and Xin Xin (BVI) Limited have each purchased US\$250 million of the 2022 Notes and US\$250 million of the 2023 Notes which in total amounts to a principal amount of US\$1.0 billion. Xin Xin (BVI) Limited is principally engaged in investment holding and is wholly-owned by Mr. Hui Ka Yan, the chairman and executive director of the Company, and is hence an associate of Mr. Hui.

The subscription price of the 2022 Notes and the 2023 Notes payable by Mr. Hui and Xin Xin (BVI) Limited is 100% of the principal amount of the 2022 Notes and the 2023 Notes respectively purchased and is the same as the subscription price payable by the other investors in the Notes Issue. The purchase is being undertaken to signify Mr. Hui's support to and confidence in the Group. The purchase is part of the Notes Issue and will enable the Company to raise fund. As the terms of the purchase of the Notes by Mr. Hui and Xin Xin (BVI) Limited 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 purchase is being made on normal commercial terms, the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As the Notes are being issued under normal commercial terms, and that the Notes are not secured by the assets of the Group, the purchase of the Notes by Mr. Hui and Xin Xin (BVI) Limited are exempt connected transactions under Rule 14A.90 of the Listing Rules.

As Mr. Hui is interested in the Notes Issue, he has abstained from voting on the resolutions at the Board meeting held to approve the Notes Issue and the purchase of the Notes to avoid any conflict of interests.

REASONS FOR THE NOTES ISSUE

The Group is a leading real estate development company in China. Founded in Guangzhou City, Guangdong Province in 1996, the Group has become a leading national property developer through its economies of scale and widely recognised brand name, under the leadership of its management team. Over the years, the Group's focus on a centralised management system, a standardised operational model and quality products have allowed it to quickly replicate its success across cities in China.

The Group intends to use the net proceeds of the Notes Issue primarily to raise funds to refinance existing offshore indebtedness.

LISTING

Approvals in-principle have 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 Issuer, Hengda Real Estate, the Parent Guarantor, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or any of their respective associated companies (if any), the Notes, the Parent Guarantee, 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 rated "B" by Standard & Poor's Ratings Services, "B2" by Moody's Investors Service and "B+" by Fitch Ratings.

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:

"Board" the board of Directors;

"CEB International" CEB International Capital Corporation Limited;

“China CITIC Bank International”	China CITIC Bank International Limited;
“Credit Suisse”	Credit Suisse (Hong Kong) 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;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Haitong International”	Haitong International Securities Company Limited;
“Hengda Real Estate”	恒大地產集團有限公司 (Hengda Real Estate Group Co., Ltd*), a company established in the PRC with limited liability, a non-wholly owned subsidiary of 廣州市凱隆置業有限公司 (Guangzhou Kailong Real Estate Company Limited*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Issuer”	Scenery Journey Limited 景程有限公司, a company incorporated with limited liability in the British Virgin Islands, a subsidiary of the Company and the issuer of the Notes;
“JV Subsidiary Guarantors”	subsidiaries of Tianji Holding that will provide limited-recourse guarantee for the Notes;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Notes”	the 2020 Notes, the 2022 Notes and the 2023 Notes;
“Notes Issue”	the issue of the Notes by the Issuer;
“Parent Guarantee”	guarantee provided by Tianji Holding on the issue date of the Notes to secure the Issuer’s obligations under the Notes;
“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 purchase agreement entered into between, among others, CEB International, China CITIC Bank International, Credit Suisse, Haitong International, UBS, Hengda Real Estate, Tianji Holding, the Issuer, the Subsidiary Guarantors in relation to the Notes Issue;
“SGX-ST”	Singapore Exchange Securities Trading Limited;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary Guarantees”	the guarantees provided by the Subsidiary Guarantees;
“Subsidiary Guarantors”	the subsidiaries of Tianji Holding which guarantee the Notes;
“Tianji Holding”	Tianji Holding Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of Hengda Real Estate;
“Trustee”	Citicorp International Limited, as the trustee of the Notes;
“U.S. Securities Act”	the United States Securities Act of 1933, as amended;
“UBS”	UBS AG Hong Kong Branch;
“US\$”	United States dollars, the lawful currency of the United States of America;
“2020 Notes”	US\$ denominated senior notes due 2020 in the aggregate amount of US\$565 million to be issued by the Issuer;
“2022 Notes”	US\$ denominated senior notes due 2022 in the aggregate amount of US\$645 million to be issued by the Issuer; and
“2023 Notes”	US\$ denominated senior notes due 2023 in the aggregate amount of US\$590 million to be issued by the Issuer.

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

Hong Kong, 31 October 2018

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.

* *for identification purpose only*