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CHINA EVERGRANDE GROUP

中國恒大集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3333)

**MAJOR TRANSACTION
DISPOSAL OF NON-PUBLICLY TRADED DOMESTIC SHARES IN
SHENGJING BANK**

The Board announces that on 28 September 2021, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser pursuant to which the Vendor agreed to transfer 1,753,157,895 non-publicly traded domestic shares in Shengjing Bank, representing 19.93% of the existing issued share capital of Shengjing Bank, to the Purchaser.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the Shareholders' approval requirement under Chapter 14 of the Listing Rules. As no Shareholder is interested in the transaction and is required to abstain from voting at the Shareholders' meeting, the Disposal has been approved by the written approval of Xin Xin, a Shareholder holding approximately 70.72% of the issued share capital of the Company, pursuant to Rule 14.44 of the Listing Rules and is exempted from convening a Shareholders' meeting for the approval of the Disposal.

THE DISPOSAL

The major terms of the Agreement are as follows:

Date: 28 September 2021

Parties:

- (1) 恒大集團(南昌)有限公司 (Evergrande Group (Nanchang) Co., Ltd.*) as the vendor; and
- (2) 瀋陽盛京金控投資集團有限公司 (Shenyang Shengjing Finance Investment Group Co., Ltd.*) as the purchaser.

Asset to be disposed of

The asset to be disposed of is the 1,753,157,895 non-publicly traded domestic shares in Shengjing Bank held by the Vendor, representing 19.93% of the existing issued share capital of Shengjing Bank.

Consideration

The consideration for the disposal of the non-publicly traded domestic shares in Shengjing Bank is RMB5.70 per share, totalling RMB9,993,000,001.50. The consideration was determined by the Vendor and the Purchaser after arm's length negotiations.

The Purchaser will pay the consideration after the conditions precedent of the Agreement have been satisfied and the sale shares have been transferred to the Purchaser.

Conditions precedent of the Agreement

The material conditions precedent of the Agreement include:

- (1) the transactions contemplated under the Agreement having obtained the approvals of the board of directors of Shengjing Bank;
- (2) the transactions contemplated under the Agreement having obtained the approvals of the relevant departments of the State-owned Assets Supervision and Administration Commission;
- (3) the transactions contemplated under the Agreement having obtained the approvals of the relevant departments of the China Banking and Insurance Regulatory Commission.

INFORMATION ON SHENGJING BANK

Shengjing Bank is a joint stock limited company established in the PRC on 10 September 1997 in accordance with PRC laws. Shengjing Bank and its subsidiaries are principally engaged in the provision of corporate and personal deposits, loans and advances, settlement, treasury business and other banking services in the PRC.

The financial information of Shengjing Bank for the two years ended 31 December 2019 and 2020 and the six months ended 30 June 2021 are set out below:

	For the year ended		For the
	31 December		six months
	2019	2020	ended
	<i>RMB'</i>	<i>RMB'</i>	30 June 2021
	<i>million</i>	<i>million</i>	<i>RMB'</i>
			<i>million</i>
Net profit before tax	6,142.702	591.364	914.812
Net profit after tax	5,438.061	1,231.941	1,046.301

The net asset value of Shengjing Bank as at 30 June 2021 was approximately RMB81.087 billion.

As at the date of this announcement, the Group holds 34.5% of the issued share capital of Shengjing Bank. Upon completion of the Disposal, the Group will still hold 14.57% of the issued share capital of Shengjing Bank.

REASONS FOR THE DISPOSAL

The Company's liquidity issue has adversely affected Shengjing Bank in a material way. The introduction of the Purchaser, being a state-owned enterprise, will help stabilise the operations of Shengjing Bank and at the same time, help increase and maintain the value of the 14.75% interest in Shengjing Bank retained by the Company.

Completion of the Disposal requires the cooperation of Shengjing Bank. Shengjing Bank demands that all net proceeds from the Disposal be applied to settle the relevant financial liabilities of the Group due to Shengjing Bank.

The Directors (including the independent non-executive Directors) consider that the Disposal was fair and reasonable and in the interests of the Company and all the stakeholders as a whole.

INFORMATION ON THE PARTIES

The Vendor

The Vendor is a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company. The Vendor is principally engaged in investment holding.

The Purchaser

The Purchaser is a state-owned enterprise principally engaged in the businesses of industrial investment, capital management and asset management, and is held as to 58.3346% by the State-owned Assets Supervision and Administration Commission of the Shenyang Municipal People's Government, as to 30.73788% by the Finance Bureau of Shenyang, as to 6.25% by 瀋陽市城市建設投資集團有限公司 (Shenyang Urban Construction Investment Group Co., Ltd.*) and as to 5.0366% by the Liaoning Province Finance Department. Having made all reasonable enquiries, the Directors confirm that the Purchaser and its ultimate beneficial owners are independent of the Company and its connected persons.

Shengjing Bank

Shengjing Bank is a commercial bank established in the PRC. As at the date of this announcement, the Group holds 34.5% interest in Shengjing Bank.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the Shareholders' approval requirement under Chapter 14 of the Listing Rules. As no Shareholder is interested in the transaction and is required to abstain from voting at the Shareholders' meeting, the Disposal has been approved by the written approval of Xin Xin, a Shareholder holding approximately 70.72% of the issued share capital of the Company, pursuant to Rule 14.44 of the Listing Rules and is exempted from convening a Shareholders' meeting for the approval of the Disposal.

The expected financial impact of the Disposal on the Group will be disclosed in the circular to the Shareholders and is subject to final audit.

As the Company expects that it will require more than 15 business days to collate the information to be included in the circular, including the indebtedness statement of the Company, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and delay the despatch of the circular to a date on or before 31 December 2021.

DEFINITIONS

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

“Agreement”	the agreement dated 28 September 2021 between the Vendor and the Purchaser;
“Board”	the board of Directors;
“Company”	China Evergrande Group, a company incorporated in the Cayman Islands, 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;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal by the Vendor of its 19.93% interest in Shengjing Bank;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“PRC”	the People’s Republic of China;
“Purchaser”	瀋陽盛京金控投資集團有限公司 (Shenyang Shengjing Finance Investment Group Co., Ltd.*);
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Shareholder(s)”	shareholder(s) of the Company;
“Shengjing Bank”	盛京銀行股份有限公司 (Shengjing Bank Co., Ltd.);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	恒大集團(南昌)有限公司 (Evergrande Group (Nanchang) Co., Ltd.*), a company established in the PRC with limited liability, a subsidiary of the Company;
“Xin Xin”	Xin Xin (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability, holding approximately 70.72% of the issued share capital of the Company as at the date of the Agreement; and
“%”	per cent.

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

Hong Kong, 29 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 Lixun, and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi.

* *For identification purposes only*