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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 INTEREST IN THE CITY LIGHT PLAZA PROJECT**

On 26 May 2022, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchasers, pursuant to which the Vendor agreed to transfer its interest in the City Light Plaza project to the Purchasers, at a total consideration of RMB1,347,783,100.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the City Light Plaza Disposal are more than 5% but less than 25%, the City Light Plaza Disposal (on a standalone basis) constitutes a discloseable transaction for the Company. As the City Light Plaza Disposal takes place within 12 months of the Crystal City Disposal and both transactions were entered into by the Group with the Purchasers, the City Light Plaza Disposal is required to be aggregated with the Crystal City Disposal as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As the aggregated applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the City Light Plaza Disposal and the Crystal City Disposal are more than 25% but less than 75%, the City Light Plaza Disposal (on an aggregate basis with the Crystal City Disposal) constitutes a major transaction for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As no Shareholder is interested in the City Light Plaza Disposal and is required to abstain from voting at the general meeting (if the Company were to convene a general meeting for the approval of the City Light Plaza Disposal), the Company has approved the City Light Plaza Disposal by way of the written approval of Xin Xin, a Shareholder holding 7,893,031,497 shares of the Company, representing approximately 59.78% of the issued share capital of the Company as at the date of the Agreement, pursuant to Rule 14.44 of the Listing Rules and is exempted from convening a general meeting for the approval of the City Light Plaza Disposal.

As the Company expects that it will require more than 15 business days to collate the information to be contained 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 will dispatch the circular to the Shareholders as soon as practicable.

THE CITY LIGHT PLAZA DISPOSAL

The major terms of the Agreement are as follows:

Date

26 May 2022

Parties

- (1) 城博(寧波)置業有限公司 (Chengbo (Ningbo) Property Co., Ltd.*) as the Vendor;
- (2) 浙江省浙建房地產集團有限公司 (Zhejiang Zhejian Real Estate Group Co., Ltd.*) as Purchaser I;
and
- (3) 浙江省建工集團有限責任公司 (Zhejiang Construction Engineering Group Co., Ltd.) as Purchaser II.

Purchaser I and Purchaser II will be jointly liable for the obligations of the Purchasers under the Agreement.

Asset to be disposed of

The asset to be disposed of is the state-owned construction land use right of the land parcel for the Group's City Light Plaza which is under construction, the ownership right to the buildings under construction located on such land and the real estate development right of such land. The Project is situated at the south of Zhongshan East Road, east of Xing'an Road, north of Songxia Street, west of Guihua Road in the East New Town of Ningbo City.

A new project company to be established by the Purchasers will be responsible for the subsequent development work of the Project after the transfer of ownership of the buildings under construction.

Consideration and use of proceeds

The consideration for the disposal of the interest in the Project is RMB1,347,783,100. The consideration was determined by the Vendor and the Purchasers after arm's length negotiations, based on (1) the total value of the land parcel of the Project of RMB2,480,934,400 as at 31 October 2021 as valued and appraised by Wanbang Assets Valuation Co., Ltd., an independent valuer engaged by the Purchasers, on the assumption that the land parcel will be developed, and (2) the funds required for the

subsequent development of the Project, including the construction and installation fees, management and marketing fees, financial expenses, taxes and planning expenses, together with the subsequent development cost of the Project, in the aggregate amount of RMB1,133,151,300.

Part of the consideration will be used to directly set off the unpaid construction fees in respect of the Group's other projects in Ningbo owed by the Group to Purchaser II and its subsidiaries in the amount of RMB218,601,100. The Purchasers will pay part of the consideration of RMB50,000,000 within 5 working days after the state-owned construction land use right of the land parcel for the Project has been registered under the name of the Purchasers, and the remaining consideration of RMB1,079,182,000 within 24 months after the other assets to be disposed of to the Purchasers have been registered in the names of the Purchasers.

Part of the proceeds from the City Light Plaza Disposal of approximately RMB294 million will be used to settle certain unpaid construction fees in respect of the land parcel of the Project and to settle the unpaid construction fees in respect of the Group's other projects in Ningbo owed by the Group to the Purchaser and its subsidiaries as described above. The remaining proceeds from the City Light Plaza Disposal will be used as the general working capital of the Group.

Completion

Completion shall take place within 30 business days after the signing of the Agreement.

As at the date of this announcement, the Vendor holds 100% interest in the Project. Upon completion of the City Light Plaza Disposal, the Vendor will no longer hold any interest in the Project.

INFORMATION ON THE PROJECT

The Project is located at the south of Zhongshan East Road, east of Xing'an Road, north of Songxia Street, west of Guihua Road in the East New Town of Ningbo City. The land shall be used for commerce and finance, as well as sports and entertainment. The Project has a site area of 14,565 square meters, with a planned gross floor area of 169,605.33 square meters and 1,024 underground car parking spaces (including 210 community public car parking spaces).

The planned construction of the Project includes a 42-storey building with a height of 195.05 meters. Currently, the building has been built up to 26 storeys above ground.

The land parcel of the Project and the buildings under construction located thereon did not generate any rental income for the years ended 31 December 2020 and 2021.

As at 31 December 2021, the net asset value of the Project is approximately RMB970 million.

EXPECTED FINANCIAL IMPACT OF THE DISPOSAL ON THE GROUP

It is expected that the Group will record a gain of approximately RMB175 million, being the consideration for the disposal of the interest in the Project, after deducting the costs and relevant taxes in relation to the City Light Plaza Disposal, subject to final audit.

REASONS FOR THE DISPOSAL

The Group's liquidity issue has adversely affected the development and progress of the Group's projects. This transaction serves to revitalize the Group's assets, and the relevant proceeds obtained from the City Light Plaza Disposal (after deducting the repayment of construction fees) will be used as the general working capital of the Group to support the continued construction of other projects in Ningbo, which is conducive to maintaining the orderly operation of the Group's property development business and safeguarding the common rights and interests of all stakeholders..

The Directors (including the independent non-executive Directors) consider that the City Light Plaza Disposal are fair and reasonable and in the interests of the Company and all the stakeholders as a whole. The Company is a conglomerate and is principally engaged in the property development, property investment, property management, new energy vehicle business, hotel operations, finance business, internet business and health industry business in the PRC.

INFORMATION ABOUT THE PARTIES

The Vendor

The Vendor is a limited liability company established in the PRC and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in the business of property construction operation and property management.

The Purchasers

Purchaser I

Purchaser I is a limited liability company established in the PRC. It is principally engaged in the business of property development. Based on the information provided by Purchaser I, the ultimate beneficial owner of Purchaser I is the State-Owned Assets Supervision and Administration Commission of the People's Government of Zhejiang Province.

Purchaser II

Purchaser II is a limited liability company established in the PRC. It is principally engaged in the business of general construction contracting. Based on the information provided by the Purchaser II, the ultimate beneficial owner of the Purchaser II is Zhejiang Construction Investment Group Co., Ltd.. Zhejiang Construction Investment Group Co., Ltd. is principally engaged in the business of building construction, as well as the businesses in the industry chain ancillary to the main construction business such as industrial manufacturing, engineering, infrastructure investment and operation. It is a state-owned enterprise and its shares are listed on the Shenzhen Stock Exchange (stock code: 002761).

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Purchasers and its ultimate beneficial owners are not connected persons of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the City Light Plaza Disposal are more than 5% but less than 25%, the City Light Plaza Disposal (on a standalone basis) constitutes a discloseable transaction for the Company. As the City Light Plaza Disposal takes place within 12 months of the Crystal City Disposal and both transactions were entered into by the Group with the Purchasers, the City Light Plaza Disposal is required to be aggregated with the Crystal City Disposal as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As the aggregated percentage ratios under Rule 14.07 of the Listing Rules in respect of the City Light Plaza Disposal and the Crystal City Disposal are more than 25% but less than 75%, the City Light Plaza Disposal (on an aggregate basis with the Crystal City Disposal) constitutes a major transaction for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

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As the Company expects that it will require more than 15 business days to collate the information to be contained 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 will dispatch the circular to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Agreement”	the agreement dated 26 May 2022;
“Board”	the board of the Company;
“City Light Plaza Disposal”	the disposal by the Vendor of its interests in the state-owned construction land use right of the land parcel for the Group's City Light Plaza Project, the ownership right to the buildings under construction located on such land and the real estate development right of such land;
“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;
“Crystal City Disposal”	the disposal by 杭州晶立置業有限公司 (Hangzhou Jingli Property Co., Ltd.*), a subsidiary of the Company, of the state-owned construction land use right and the ownership right to the buildings under construction of a land parcel situated at the northwest corner of the intersection of the Shanhusa River and the No. 3 Planned Branch Road in the Hangzhou Zhijiang National Tourism Planning Zone to the Purchasers, the details of which are set out the Company’s announcement dated 29 March 2022;
“Director(s)”	the director(s) of the Company;
“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;
“Project”	the City Light Plaza (land parcel C3-5#) situated at the south of Zhongshan East Road, east of Xing’an Road, north of Songxia Street, west of Guihua Road in the East New Town of Ningbo City;
“Purchasers”	Purchaser I and Purchaser II;
“Purchaser I”	浙江省浙建房地產集團有限公司 (Zhejiang Zhejian Real Estate Group Co., Ltd.*);
“Purchaser II”	浙江省建工集團有限責任公司 (Zhejiang Construction Engineering Group Co., Ltd.);
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	城博(寧波)置業有限公司 (Chengbo (Ningbo) Property Co., Ltd.*), a company established in the PRC and an indirectly wholly-owned subsidiary of the Company;

“Xin Xin”

鑫鑫(BVI)有限公司 (Xin Xin (BVI) Limited), a limited company established in the British Virgin Islands and a substantial shareholder of the Company holding 59.78% of the Company’s issued share capital as at the date of this announcement; and

“%”

per cent.

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

Hong Kong, 26 May 2022

As at the date of this announcement, the executive directors are Mr. Hui Ka Yan, Mr. Xia Haijun, Mr. Siu Shawn, Mr. Shi Junping and Mr. Pan Darong, 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.

* *For identification purposes only*