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CHINA EVERGRANDE GROUP

中國恒大集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3333)

**ANNOUNCEMENT
IN RELATION TO THE IN-PRINCIPLE APPROVAL FOR
THE PROPOSED SPIN-OFF**

Reference is made to the announcement of the Company dated 3 October 2016 (the “**Announcement**”) regarding the Proposed Reorganisation. Terms defined in this announcement have the same meaning as those defined in the Announcement.

In accordance with the requirements of Practice Note 15 to the Listing Rules, the Proposed Reorganisation constitutes a spin-off and would require the approval of the Stock Exchange. The Board is pleased to announce that on 24 January 2017, the Company has received from the Stock Exchange the in-principle approval for the proposed spin-off.

The Group is in discussions with Shenzhen Real Estate on the final terms and the definitive agreement for the Proposed Reorganisation. Upon completion of the Proposed Reorganisation, Hengda Real Estate will continue to remain as a subsidiary of the Group, and the Group will hold the tourism related development, finance and internet businesses with good development potentials.

The Company will issue further announcement(s) in relation to the Proposed Reorganisation as and when appropriate and/or required pursuant to the Listing Rules and the SFO.

Shareholders of the Company and other investors should note that the Proposed Reorganisation is subject to the approvals of the regulatory authorities and the internal approvals of the parties. Shareholders of the Company and other investors are reminded to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 25 January 2017

As at the date of this announcement, the executive Directors are Mr. Hui Ka Yan, Mr. Xia Haijun, Ms. He Miaoling, Mr. Pan Darong, Mr. Xu Wen and Mr. Huang Xiangui, and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi.