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CHINA EVERGRANDE GROUP

中國恒大集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3333)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF SHARES IN CHINA VANKE CO., LTD.**

The Board announces that on 9 June 2017, the Vendors, Hengda Real Estate and its subsidiaries, entered into an agreement with the Purchaser, pursuant to which the Vendors have sold the 1,553,210,974 Vanke A Shares held by the Vendors to the Purchaser for an aggregate consideration of approximately RMB29.2 billion.

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 9 June 2017, the Vendors, Hengda Real Estate and its subsidiaries, entered into an agreement with the Purchaser, pursuant to which the Vendors have sold the 1,553,210,974 Vanke A Shares held by the Vendors to the Purchaser.

THE DISPOSAL

The major terms of the agreement as follows:

Date: 9 June 2017

Parties:

Vendors: Hengda Real Estate and its subsidiaries

Purchaser: Shenzhen Metro Group Co., Ltd.

The Purchaser is a state-owned enterprise in Shenzhen which is involved in the operation of the metro system and related business in Shenzhen. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are independent of the Company and its connected persons.

Assets to be sold

The assets to be sold are the 1,553,210,974 Vanke A Shares held by the Vendors, representing approximately 14.07% of the total issued share capital of Vanke as at the date of this announcement.

Consideration

The consideration for the disposal of the Vanke A Share is RMB18.80 per share, with the aggregate consideration of approximately RMB29,200,266,311.20, which was determined by the parties after arm's length negotiations.

The Group acquired the Vanke A Shares in 2016 for an aggregate consideration of approximately RMB36.27 billion. Subject to final audit, it is expected that the Group will incur a loss of approximately RMB7.07 billion as a result of the Disposal. The Company plans to use the proceeds from the Disposal mainly for repayment of debts of the Group.

The Purchaser will pay the initial share transfer price of approximately 65.5% of the share transfer price (approximately RMB19,104,180,000) before 16 June 2017, with the balance to be paid before 28 June 2017. Upon the full payment of the share transfer price by the Purchaser, the parties shall procure the transfer and registration of the relevant shares.

INFORMATION ABOUT VANKE

Vanke is a joint stock company established in the PRC, the A shares and H shares of which are listed on the Shenzhen Stock Exchange and the main board of the Stock Exchange, respectively. Vanke is principally engaged in the business of property development in the PRC.

According to the published financial statements of Vanke, the financial results of Vanke for the two years ended 31 December 2015 and 2016 are as follows:

	For the year ended 31 December	
	2015	2016
	<i>(audited)</i>	<i>(audited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before tax	40,516,708	49,468,746
Net profit after tax	25,949,438	28,350,255

The net asset value of Vanke as at 31 December 2016 was RMB161,676,571,000.

REASON FOR THE DISPOSAL

The Disposal is the strategic development requirement of the Company.

GENERAL

The Group is engaged in the business of property development in the PRC.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of directors of the Company;
“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 sale by the Company of an aggregate of 1,553,210,974 Vanke A Shares;
“Group”	the Company and its subsidiaries;
“Hengda Real Estate”	恒大地產集團有限公司 (Hengda Real Estate Co., Ltd.), a company established in the PRC, a subsidiary of the Company;
“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 and, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administration Region;
“Purchaser”	深圳市地鐵集團有限公司 (Shenzhen Metro Group Co., Ltd.);
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Shareholder(s)”	shareholder(s) of the Company;

“Vanke”	China Vanke Co., Ltd., a joint-stock company established in the PRC, the A shares and H shares of which are listed on the Shenzhen Stock Exchange and main board of the Stock Exchange, respectively (A share stock code: 000002; H share stock code: 2202);
“Vanke A Shares”	domestic listed shares of RMB1.00 each in the issued share capital of Vanke;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Vendors”	Hengda Real Estate and a series of its subsidiaries.

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

Hong Kong, 9 June 2017

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