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**CHINA EVERGRANDE GROUP**

中國恒大集團

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3333)**

**PROPOSED SPIN-OFF AND SEPARATE LISTING OF  
EVERGRANDE PROPERTY SERVICES  
ON THE MAIN BOARD OF THE STOCK EXCHANGE**

**PUBLICATION OF PROSPECTUS BY  
EVERGRANDE PROPERTY SERVICES  
AND  
EXPECTED SIZE OF THE GLOBAL OFFERING AND  
OFFER PRICE RANGE**

**DISCLOSEABLE TRANSACTION**

The Board announces that in connection with the Proposed Spin-off and the Global Offering, Evergrande Property Services published the Prospectus on 23 November 2020. The Prospectus is available for viewing and downloading from the websites of Evergrande Property Services at [www.evergrandeservice.com](http://www.evergrandeservice.com) and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) from 23 November 2020.

If the Global Offering and the Listing proceeds, the Group's interest in Evergrande Property Services will be reduced to approximately 59.04% immediately upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised). The Global Offering hence constitutes a deemed disposal by the Company of its interest in Evergrande Property Services.

As one of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Global Offering is more than 5% but less than 25%, the Global Offering constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under the Listing Rules.

## **INTRODUCTION**

References are made to the previous announcements of the Company (the “**Announcements**”) in relation to the Proposed Spin-off. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

## **PUBLICATION OF THE PROSPECTUS**

In connection with the Proposed Spin-off and the Global Offering, Evergrande Property Services publishes the Prospectus on 23 November 2020. The Prospectus contains, among other things, (a) details of the number of the Evergrande Property Services Shares to be offered in the Global Offering, the offer price range, other details of the Global Offering and (b) certain business and financial information relating to Evergrande Property Services.

The Prospectus is available for viewing and downloading from the websites of Evergrande Property Services at [www.evergrandeservice.com](http://www.evergrandeservice.com) and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) from 23 November 2020. Printed copies of the Prospectus may be obtained, free of charge, at designated locations specified in (a) the formal notice issued by Evergrande Property Services on 23 November 2020 and (b) the Prospectus, during normal business hours from 9:00 a.m. on Monday, 23 November 2020 until 12:00 noon on Thursday, 26 November 2020.

## **PREFERENTIAL OFFERING**

Qualifying Shareholders will be provided with the Assured Entitlement to an aggregate of 129,730,000 Reserved Shares in the Preferential Offering (representing approximately 8.0% of the Evergrande Property Services Shares initially available under the Global Offering (before any exercise of the Over-allotment Option)) and the basis of the Assured Entitlement is one Reserved Share for every integral multiple of 102 Shares held by Qualifying Shareholders on the Record Date, being Wednesday, 18 November 2020. The Reserved Shares will be offered out of the Evergrande Property Services Shares initially being offered for subscription and purchase under the International Offering and will not be subject to reallocation.

A blue application form has been despatched to each Qualifying Shareholder at the address of such Qualifying Shareholder as shown on the register of members of the Company on the Record Date. Qualifying Shareholders will receive a copy of the Prospectus in the manner in which they have elected, or are deemed to have elected, to receive corporate communications under the Company’s corporate communications policy. The procedures for applying for the Reserved Shares pursuant to the Preferential Offering are set out in the Prospectus and the blue application form.

## **EXPECTED SIZE OF THE GLOBAL OFFERING AND OFFER PRICE RANGE**

As disclosed in the Prospectus, the total number of the Evergrande Property Services Shares to be offered pursuant to the Global Offering will be 1,621,622,000 Evergrande Property Services Shares (assuming the Over-allotment Option is not exercised), representing approximately 15% of the total number of the Evergrande Property Services Shares in issue immediately upon completion of the Global Offering, and 1,864,865,000 Evergrande Property Services Shares (assuming the Over-allotment Option is exercised in full), representing approximately 17.25% of the total number of the Evergrande Property Services Shares in issue immediately upon completion of the Global Offering and the exercise in full of the Over-allotment Option.

The offer price for the Evergrande Property Services Shares in the Global Offering is expected to be not less than HK\$8.50 per Evergrande Property Services Share and not more than HK\$9.75 per Evergrande Property Services Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).

On the basis of the number of the Evergrande Property Services Shares to be offered pursuant to the Global Offering and the expected offer price range as stated above, if the Global Offering proceeds:

- (a) the market capitalisation of Evergrande Property Services will be between approximately HK\$91,891.9 million and approximately HK\$105,405.4 million (assuming that the Over-allotment Option is not exercised); and
- (b) the Company, through its wholly owned subsidiaries, will indirectly control in aggregate approximately 59.04% of the total issued share capital of Evergrande Property Services immediately upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

## **CONDITIONS OF THE GLOBAL OFFERING**

The Global Offering (including the Preferential Offering) is subject to, among other things, (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Evergrande Property Services Shares; (ii) the final offer price for the Evergrande Property Services Shares in the Global Offering having been duly agreed among Evergrande Property Services and the Joint Representatives (on behalf of the Underwriters); and (iii) the obligations of the Underwriters under the Hong Kong Underwriting Agreement and the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements.

Application has been made by Evergrande Property Services to the Stock Exchange for granting the approval for the listing of, and permission to deal in, the Evergrande Property Services Shares on the main board of the Stock Exchange.

## USE OF PROCEEDS

Assuming the final offer price of the Evergrande Property Services Shares under the Global Offering is determined at HK\$9.13 per Evergrande Property Services Shares (being the mid-point of the indicative offer price range under the Global Offering), the net proceeds from the Global Offering will be approximately HK\$14,536 million, after deducting underwriting commissions and other expenses. It is currently expected that approximately (a) HK\$7,230 million of the proceeds will be used by Evergrande Property Services to (i) pursue strategic acquisition and investment, (ii) develop value-added services, (iii) upgrade information system and equipment, (iv) recruit and cultivate talent, and (v) for working capital and other general corporate purpose, and (b) HK\$7,306 million of the proceeds will be used by the Group for general corporate purposes.

## INFORMATION ON EVERGRANDE PROPERTY SERVICES

Evergrande Property Services and its subsidiaries are principally engaged in the provision of property management services and related value-added services in the PRC. It is one of the largest and fastest-growing comprehensive property management service providers in the PRC.

The financial information of Evergrande Property Services for the two years ended 31 December 2019 and the six months ended 30 June 2020 is set out below:

	<b>For the year ended</b>		<b>For the six</b>
	<b>31 December</b>		<b>months ended</b>
	<b>2018</b>	<b>2019</b>	<b>30 June 2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	310,292	1,229,185	1,500,241
Profit after tax	239,008	930,524	1,147,693

The net asset value of Evergrande Property Services as at 30 June 2020 was approximately RMB2,882.2 million.

Evergrande Property Services is currently owned as to 71.939% by the Group. Immediately upon completion of the Global Offering (and on the basis that the Over-allotment Option is not exercised), the interest of the Group in Evergrande Property Services will be reduced to approximately 59.04%. Evergrande Property Services will remain as a subsidiary of the Company and its results will continue to be consolidated into the financial statements of the Company. As the Global Offering will not result in the Company's loss of control over Evergrande Property Services, the deemed disposal under the Global Offering will be accounted for as an equity transaction of the Company. Therefore, there will be no recognition of gain or loss in the Company's consolidated statement of profit or loss and other comprehensive income from the deemed disposal under the Global Offering.

## **REASONS FOR AND BENEFITS OF PROPOSED SPIN-OFF AND GLOBAL OFFERING**

The business of the Spin-off Group has grown to a size sufficient to command a separate listing and the Board considers that the Proposed Spin-off will be in the interest of the Group for the following reasons:

- (a) the Proposed Spin-off will allow the Company and its shareholders an opportunity to realise the value of investment in the Spin-off Group under a separate standalone platform for the Spin-off Business;
- (b) the Proposed Spin-off will enable the Spin-off Group to build its identity as a separately listed group, to have a separate fund-raising platform and to broaden its investor base through the Global Offering. The Proposed Spin-off would allow the Spin-off Group to gain direct access to capital markets for equity and/or debt financing to fund its existing operations and future expansion without reliance on the Company, thereby improving its operating and financial management efficiencies;
- (c) the Proposed Spin-off will enable the Spin-off Group to enhance its corporate profile, thereby increasing its ability to attract strategic investors for making investments in and forming strategic partnerships directly with the Spin-off Group, which could provide synergy for the Spin-off Group;
- (d) the Proposed Spin-off will enable more focused development, strategic planning and better allocation of resources for the Group and the Spin-off Group with respect to their respective businesses. Both the Group and the Spin-off Group will benefit from the efficient decision-making process under separate management structures;
- (e) the separate listing of Evergrande Property Services will strengthen its reputation, thus leading to potentially better operational performance and better realisation of its value. Such increased value will enable the Company and its shareholders an opportunity to increase the value of investment in the Spin-off Group under such separate standalone platform for the Spin-off Business; and
- (f) the Proposed Spin-off will improve the operational and financial transparency of Evergrande Property Services, which would enable investors to better appraise its operation results and financial conditions on a standalone basis, which in turn may enhance the overall value.

As such, the Directors believes that there are clear commercial benefits to the Group under the Proposed Spin-off, and that the terms and conditions of the Proposed Spin-off and Global Offering are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

If the Global Offering and the Listing proceeds, the Group's interest in Evergrande Property Services will be reduced to approximately 59.04% immediately upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised). The Global Offering hence constitutes a deemed disposal by the Company of its interest in Evergrande Property Services.

As one of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Global Offering is more than 5% but less than 25%, the Global Offering constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under the Listing Rules.

## GENERAL

The Company was founded in 1996 in Guangzhou, Guangdong Province, and has established an overall industry layout leveraging in real estate development as its foundation, developing cultural tourism and health and wellbeing management industries as complementary pillars, and focusing in new energy vehicle as a lead growth driver. It ranked 152nd in the Fortune Global 500 in 2020.

In connection with the Global Offering, the price of the Evergrande Property Services Shares may be stabilized in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Details of any intended stabilization and how it will be regulated under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) will be contained in the Prospectus.

**Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off and the Global Offering (including the Preferential Offering) will proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company. Persons who are in doubt about their position or any action to be taken are recommended to consult their own professional advisers.**

This announcement is not intended to, and does not, constitute an offer to sell or a solicitation of an offer to subscribe for or purchase any Evergrande Property Services Shares in connection with the Global Offering or otherwise. Any such offer or solicitation is made solely through the Prospectus or other offering documents that may be issued in compliance with applicable laws and any decision to subscribe for or purchase the Evergrande Property Services Shares in connection with the Global Offering or otherwise should be made solely on the basis of the information contained in the Prospectus and such other offering documents. No action has been or will be taken in any jurisdiction (other than in Hong Kong) that would permit a public offering of the Evergrande Property Services Shares to be offered in the Global Offering in any jurisdiction where action for that purpose is required.

Further announcement(s) will be made by the Company in relation to the Proposed Spin-off and the Global Offering as and when appropriate.

## DEFINITION

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

“Hong Kong Underwriters”	the underwriters for the Hong Kong Public Offering;
“Hong Kong Underwriting Agreement”	the underwriting agreement entered into by, among others, Evergrande Property Services and the Hong Kong Underwriters relating to the Hong Kong Public Offering;
“International Underwriters”	the underwriters for the International Offering;
“International Underwriting Agreement”	the underwriting agreement to be entered into by, among others, Evergrande Property Services and the International Underwriters in relation to the International Offering;
“Joint Representatives”	the joint representatives to the joint global coordinators, joint bookrunners, joint lead managers and the Underwriters of the Global Offering;
“Over-allotment Option”	the option expected to be granted the Selling Shareholder to the International Underwriters, exercisable by the Joint Representatives (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, under which the Selling Shareholder may be required to sell up to an aggregate of 243,243,000 additional Evergrande Property Services Shares to cover over-allocations in the International Offering;
“Selling Shareholder”	CEG Holdings (BVI) Limited, a wholly owned subsidiary of the Company;
“SFC”	the Securities and Futures Commission of Hong Kong; and
“Underwriters”	the Hong Kong Underwriters and the International Underwriters.

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

Hong Kong, 23 November 2020

*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 Lixin, and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi.*