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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 2.66% ISSUED SHARES IN EVERGRANDE VEHICLE**

The board of directors of China Evergrande Group is pleased to announce that, the Group placed 260 million shares of China Evergrande New Energy Vehicle Group Limited (“**Evergrande Vehicle**”) (708.HK) at HK\$40.92 per share (representing a discount of 20% to the closing price of Evergrande Vehicle on 12 May 2021 of HK\$51.15 per share). The sale shares accounted for approximately 2.66% of the issued shares of Evergrande Vehicle on the date of this announcement, with placing proceeds of approximately HK\$10.6 billion.

The placing of 260 million shares serves to reduce the shareholding ratio of the top 20 shareholders of Evergrande Vehicle to below 90%, fulfilling the necessary conditions for Evergrande Vehicle to participate in the Hong Kong Stock Connect in the next step.

INFORMATION ON EVERGRANDE VEHICLE

Evergrande Vehicle, together with its subsidiaries, are principally engaged in the technology research and development and manufacturing of, and sales services in respect of new energy vehicles, as well as the health management businesses including “Internet+” community health management, international hospitals, elderly care and rehabilitation, and the shares of which are traded on the Stock Exchange (stock code: 708). The Company is the ultimate controlling shareholder of Evergrande Vehicle. As at the date of this announcement, the Company together with its associates held, in aggregate, 67.64% of the shares of Evergrande Vehicle.

The financial information of Evergrande Vehicle for the two years ended 31 December 2019 and 2020 are set out below:

	Year ended 31 December	
	2019	2020
	<i>RMB million</i>	<i>RMB million</i>
Net profit/(loss) before tax	(4,526)	(7,395)
Net profit/(loss) after tax	(4,947)	(7,665)

As at 31 December 2020, the total deficit of Evergrande Vehicle was approximately RMB5.84 billion.

The agreement dated 13 May 2021 regarding the placing of 260 million shares of Evergrande Vehicle by the Company (the “**Disposal**”) has been entered into among Evergrande Health Industry Holdings Limited as vendor (the “**Vendor**”, a wholly-owned subsidiary of the Company), the Company as guarantor, and Haitong International Securities Company Limited, Huatai Financial Holdings (Hong Kong) Limited and CMB International Securities Limited (each as placing agent, the “**Placing Agents**”). The sale price was determined after arm’s length negotiations between the Company and the Placing Agents with reference to, among others, the current trading price of Evergrande Vehicle. The Directors are of the view that the sale price and terms of the Agreement are fair and reasonable, and are in the interest of the Company and the shareholders as a whole. Subject to fulfillment of the customary conditions precedent to completion, the completion of the Disposal shall take place on the fifth trading day after the date of the agreement.

It is expected that the Group will not record any gain or loss from the Disposal. Currently, the Company proposes to use the proceeds from the Disposal as the general working capital of the Company.

INFORMATION ON THE PARTIES

The Vendor

The Vendor is company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company. The Vendor is principally engaged in investment holding.

Placing Agents

Haitong International Securities Company Limited, being one of the Placing Agents, is a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO.

Huatai Financial Holdings (Hong Kong) Limited, being one of the Placing Agents, is a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), and Type 9 (asset management) regulated activities under the SFO.

CMB International Securities Limited, being one of the Placing Agents, is a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Placing Agents and its ultimate beneficial owners is independent of the Company and its connected persons.

GENERAL

The Group, established in Guangzhou, Guangdong Province in 1996, has established an overall industry layout of having real estate development as its foundation, developing cultural tourism and health and well-being industries as complementary pillars, and focusing on new energy vehicle as leading growth driver. In 2020, the Group was ranked 152nd in the Fortune Global 500. As the applicable percentage ratio under Rule 14.07 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) in respect of the Disposal are 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.

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

Hong Kong, 13 May 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.