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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
COOPERATION WITH EVERBRIGHT TRUST AND MINMETALS TRUST**

To safeguard the lawful rights and interests of the different stakeholders, on 25 February 2022, the Group entered into cooperation agreements with Everbright Trust and Minmetals Trust in relation to the disposal of the Group's relevant equity interests in 4 Projects to them. The Trust Institutions will take over the operation and management of the Project Companies and make capital contribution to them so as to ensure the subsequent development and construction of the Projects and delivery of the properties in the Projects. The Group will be entitled to exercise its right to repurchase such equity interests.

Through the cooperation with the Trust Institutions, the Group can recover part of the initial capital contribution made to the Projects of approximately RMB1.95 billion and settle liabilities concerning the Projects of approximately RMB7.01 billion. The contribution amount recovered will have a positive impact on the Group's efforts in both debt settlement and guarantee of property delivery of other projects.

The Group will retain the financial supervision right and the joint right to set the selling price of the properties in the Projects. Upon the takeover of the 4 Projects by a Trust Institution, the Trust Institution will be responsible for contributing the required capital for the development and construction of the relevant Projects in accordance with the actual needs. When the relevant Projects generate income, the proceeds will be applied to repay the investments made by the Trust Institution (including any contribution to the relevant Projects before and after the takeover). The surplus will be applied to repay the initial capital contribution made by the Group. The Trust Institutions will not be entitled to profit distribution of the Projects as a shareholder.

Upon the repayment to the relevant Trust Institution, the Group can exercise its right to request the Trust Institution to transfer 100% of the interest in the relevant Projects to the Group at nil consideration. If the Group elects not to exercise such repurchase right, the relevant Project Company will continue to be managed by the Trust Institution, and 5% of the annual distributable profits of the relevant Project Company will be distributed to the Trust Institution whilst the balance will be distributed to the Group.

The Group will use its best endeavours to facilitate the resumption of construction and the guarantee of property delivery, and to earnestly safeguard the lawful rights and interests of home buyers and creditors.

The Company currently plans to use the proceeds from the Disposal mainly to ensure the construction and delivery of the Group's other on-shore projects and as working capital of the Company.

COMMON TERMS UNDER THE COOPERATION WITH THE TRUST INSTITUTIONS

Through (1) the Everbright Trust Disposal with Everbright Trust and (2) the Minmetals Trust Disposal with Minmetals Trust, the Trust Institutions will take over the operation and management the Project Companies. The terms that are common in the Group's cooperation with the Trust Institutions are set out below in this section.

Supervision right

Upon the takeover by the Trust Institution, the Group will retain the information and supervision rights with regards to the operation of the relevant Project Companies and the appointment of the deputy financial manager of the relevant Project Companies, and participate in the financial management and conduct the financial audit of the relevant Project Companies. The selling price of the properties held by the relevant Project Companies will be jointly determined by the Trust Institution and the Group.

Contribution by the Trust Institutions

Upon the takeover by the Trust Institution, the Trust Institution will provide all the funds required for the operation of the relevant Project Companies and the development of the relevant Projects. The Group will not be required to make any further capital contribution to the relevant Project Companies.

The proceeds from the sales by the relevant Project Companies will be used to (1) settle the accounts payable with respect to the operations and liabilities of the relevant Project Companies, and (2) repay the contribution made by the Trust Institution to the relevant Project Companies before and after the takeover. The surplus will be applied to repay the initial capital contribution made by the Group. The Trust Institutions will not be entitled to profit distribution of the Projects as a shareholder.

The Trust Institution undertakes that regardless of whether or not the relevant Project Companies are able to repay the contribution made by it in full, it will strive to ensure the completion of the development of the relevant Projects and the delivery of the properties in the relevant Projects.

Repurchase right

After the Trust Institution has been repaid with respect to the relevant Project Companies, the Group can exercise its right to request the Trust Institution to transfer 100% of the interest in the relevant Projects to the Group at nil consideration.

If the Group elects not to exercise such repurchase right, the relevant Project Company will continue to be managed by the Trust Institution, and 5% of the annual distributable profits of the relevant Project Company will be distributed to the Trust Institution whilst the balance will be distributed to the Group.

COOPERATION WITH EVERBRIGHT TRUST

The Everbright Trust Disposal

On 25 February 2022, the Group entered into agreements with Everbright Trust for the disposal of certain equity interests in, and rights to debts owed by, the project companies listed in the table below in this section (collectively, the “**Project Companies I**”) held by the Group to Everbright Trust.

Subject matter

The subject matter of the disposal is summarised as follows:

No.	Transferor	Project name (collectively, the “Projects I”)	Project Company	Assets held by the Group to be disposed of	
				Equity interest in the Project Company (%) (Note (2))	Amount of the debts owed by the Project Company (RMB' million)
1.	重慶恒昭裕房地產開發 有限公司 (Chongqing Hengzhaoyu Property Development Co., Ltd.*)	恒大黛山華庭 (Evergrande Daishan Garden)	重慶黛宸房地產開發 有限公司 (Chongqing Daichen Property Development Co., Ltd.*)	10% (Note (1))	279
2.	恒大地產集團廣東房地產開 發有限公司 (Hengda Property Group Guangdong Property Development Co., Ltd.*)	東莞恒大悅龍臺 (Dongguan Evergrande Yuelong Terrace)	東莞市鴻釧房地產開發 有限公司 (Dongguan Hongchuan Property Development Co., Ltd.*)	9.8712%	500

Notes:

- (1) In respect of the Evergrande Daishan Garden Project, 90% equity interest in the relevant Project Company is held by 重慶堃賢企業管理有限公司 (Chongqing Kunxian Enterprise Management Co., Ltd.*) (“**Chongqing Kunxian**”). As at the date of the relevant agreement, the equity interest in Chongqing Kunxian is held as to 99.9% and as to 0.01% by 重慶堃賢由重慶熙之意企業管理合夥企業(有限合夥) (Chongqing Xizhiyi Enterprise Management Partnership (Limited Partnership)*) (“**Chongqing SPV**”) and 重慶斯美企業管理有限公司 (Chongqing Simei Enterprise Management Co., Ltd.*) (“**Chongqing Simei**”), a member of the Group, respectively. Chongqing Simei also holds a general partnership share of RMB1 million in Chongqing SPV. Pursuant to the relevant agreement, the Group will additionally dispose of the 0.01% equity interest in Chongqing Kunxian and the general partnership share of RMB1 million in Chongqing SPV both so held by the Group to Everbright Trust.
- (2) The remaining equity interest in each of the Project Companies I is held by subsidiaries or associates of Everbright Trust.

Consideration

The total consideration for the disposal of the equity interests and rights to the debts under the Everbright Trust Disposal is RMB1.03 billion.

The total consideration in respect of the Everbright Trust Disposal was determined after arm’s length negotiations, taking into account that that the disposal of the equity interests and rights to the debts are under the premise of a bundled arrangement, and with reference to (i) the book value of the equity interest in the relevant Project Company I as shown in the Group’s financial statements, and (ii) the amount of the debts (on a dollar-to-dollar basis) due to the Group.

Information on the Project Companies I

The Project Companies I are principally engaged in the development of the Projects I.

The brief details and financial information of the Project Companies I are set out below:

No.	Project Company	Place of incorporation; date of incorporation	The equity interest held by the Group in the Project Company as at the date of the relevant agreement (%)	indirectly held by Everbright Trust in the Project Company as at the date of the relevant agreement (%)	The period from the date of incorporation to 31 December 2020 or for the year ended 31 December 2020 (depending on whether the Project Company was incorporated during the year 2020) (RMB' 000)	Net profit/(loss) (unaudited)	Net asset/ (liability) value (unaudited)	Net asset/ attributable to the Group (unaudited)	Net asset value of the Project Company that corresponds to the equity interest being disposed of under the Everbright Trust Disposal (unaudited)
									As at 31 December 2021 (RMB' 000)
1.	重慶黛宸房地產開發 有限公司 (Chongqing Daichen Property Development Co., Ltd.*)	the PRC; 17 July 2020	10%	90%	Before tax: (11,155) After tax: (11,155)	Before tax: (35,564.3) After tax: (35,564.3)	163,320.2	16,332.0	16,332.0
2.	東莞市鴻釧房地產開發 有限公司 (Dongguan Hongchuan Property Development Co., Ltd.*)	the PRC; 1 June 2020	9.8712%	90.1288%	Before tax: (589.5) After tax: (589.5)	Before tax: (58,171.2) After tax: (58,171.2)	2,271,239.2	224,198.6	224,198.6
Total:							2,434,559.4	240,530.6	240,530.6

Through the Everbright Trust Disposal, the Group can recover part of the initial capital contribution made to the Projects I of approximately RMB1.03 billion in aggregate and settle liabilities concerning the Projects I of approximately RMB2.77 billion in aggregate.

COOPERATION WITH MINMETALS TRUST

The Minmetals Trust Disposal

On 25 February, the Group entered into agreements with Minmetals Trust for the disposal of certain equity interests in, and rights to debts owed by, the project companies listed in the table below in this section (collectively, the “**Project Companies II**”) held by the Group to Minmetals Trust.

Subject matter

The subject matter of the disposal is summarised as follows:

No.	Transferor	Project name (collectively, the “Projects II”)	Project Company	Assets held by the Group to be disposed of		Remaining equity interest beneficially held by the Group in the Project Company upon completion of the Minmetals Trust Disposal (%)
				Equity interest in the Project Company (%) (Note)	Amount of the debts owed by the Project Company (RMB’ million)	
1.	佛山市南海俊凱房地產開發有限公司 (Foshan Nanhai Junkai Property Development Co., Ltd.*)	佛山鉞睿府項目 (Foshan Bo Ruifu Project)	佛山市順德區盈沁房地產開發有限公司 (Foshan Shunde Yingqin Property Development Co., Ltd.*)	9.23%	240	39.77%
2.	廣州文旅城旅遊發展有限公司 (Guangzhou Cultural Tourism City Tourism Development Co., Ltd.*)	廣深國際文旅城項目 (Guangzhou-Shenzhen International Cultural Tourism City Project)	(i) 廣州南沙區恒睿文化旅遊發展有限公司 (Nansha Hengrui); and (ii) 廣州南沙區恒昌文化旅遊發展有限公司 (Nansha Hengchang)	10.97% in each Project Company	640	40.03%

Note: The remaining equity interest in each of the Project Companies II is held by subsidiaries or associates of Minmetals Trust.

Consideration

The total consideration for the disposal of the equity interests and rights to the debts under the Minmetals Trust Disposal is RMB1.1 billion.

The total consideration in respect of the Minmetals Trust Disposal was determined after arm’s length negotiations, taking into account that the disposal of the equity interests and rights to the debts are under the premise of a bundled arrangement, and with reference to (i) the book value of the equity interest in the relevant Project Company II as shown in the Group’s financial statements, and (ii) the amount under the debts (on a dollar-to-dollar basis) due to the Group.

Information on the Project Companies II

The Project Companies II are principally engaged in the development of the Projects II.

The brief details and financial information of the Project Companies II are set out below:

No.	Project Company	Place of incorporation; date of incorporation	The equity interest held by the Group in the Project Company as at the date of the relevant agreement (%)	The equity interest directly held by Minmetals Trust in the Project Company as at the date of the relevant agreement (%)	The period from the date of incorporation to 31 December 2020 (RMB' 000)	Net profit/(loss) (unaudited)	Net asset value (unaudited)	Net asset value of the Project Company attributable to the Group (unaudited)	Net asset value of the Project Company that corresponds to the equity interest being disposed of under the Minmetals Trust Disposal (unaudited)		
									As at 31 December 2021 (RMB' 000)	As at 31 December 2021 (RMB' 000)	As at 31 December 2021 (RMB' 000)
1.	佛山市順德區盈沁房地產 開發有限公司 (Foshan Shunde Yingqin Property Development Co., Ltd.*)	the PRC; 6 May 2020	49%	51%	Before tax: (2,344.1) After tax: (2,344.1)	Before tax: 823.6 After tax: 674.9	332,230.8	317,782.1	59,846.0		
2.	(i) 廣州南沙區恒睿文化 旅遊發展有限公司 (Nansha Hengrui); and (ii) 廣州南沙區恒昌文化 旅遊發展有限公司 (Nansha Hengchang)	the PRC; 11 September 2020	51% in each Project Company	49% in each Project Company	<i>(As these two Project Companies are both engaged in the development of the same Project, their consolidated financial information is presented)</i>		Before tax: (280.6) After tax: (280.6)	Before tax: (47,815.7) After tax: (47,815.7)	715,472.6	719,459.4	154,720.6
							Total:	<u>1,047,703.4</u>	<u>1,037,241.5</u>	<u>214,566.6</u>	

Upon completion of the Minmetals Trust Disposal, the Group will continue to, through trust arrangement, beneficially hold a 40.03% equity interest in each of Nansha Hengrui and Nansha Hengchang. Nansha Hengrui and Nansha Hengchang will cease to be subsidiaries of the Group, and the results, assets and liabilities of these two Project Companies will no longer be consolidated into the Group's financial statements.

Through the Minmetals Trust Disposal, the Group can recover part of the initial capital contribution made to the Projects II of approximately RMB0.92 billion in aggregate and settle liabilities concerning the Projects II of approximately RMB4.24 billion in aggregate.

FINANCIAL EFFECTS OF THE DISPOSAL ON THE GROUP

The Project Companies I and the Project Companies II were all established by the Group and other shareholders by way of capital contribution. Subject to whether the Group exercises its repurchase right and final audit of the Projects, it is expected that the Group will record a gain of approximately RMB15.9028 million, being the difference between the total consideration in respect of the equity interests to be disposed of under the Disposal and the corresponding unaudited book value of such equity interests as at 31 December 2021.

The Company currently plans to use the proceeds from the Disposal mainly to ensure the construction and delivery of the Group's other on-shore projects and as working capital of the Company.

REASONS FOR THE COOPERATION

The Group's liquidity issue has adversely affected the development and progress of the Group's projects. The cooperation with the Trust Institutions will ensure the normal operation of the Project Companies and the development and construction of the Projects, ensure on-time delivery of properties in the Projects and obtaining of building certificates, safeguard the lawful rights and interests of the home buyers, solve the funding issue for subsequent development of the Projects, promote the resumption of work and production of the Projects, and protect the lawful rights and interests of creditors and home buyers.

Through the cooperation with the Trust Institutions, the Group can recover part of the initial capital contribution made to the Projects of approximately RMB1.95 billion and settle liabilities concerning the Projects of approximately RMB7.01 billion. The contribution amount recovered will have a positive impact on the Group's efforts regarding both debt settlement and guarantee of property delivery of other projects.

The Directors (including the independent non-executive Directors) consider that the terms of the cooperation with the Trust Institutions are fair and reasonable and in the interests of the Company and all the stakeholders as a whole.

INFORMATION ON THE PARTIES

Transferors

The transferors under the respective agreements with Everbright Trust and Minmetals Trust are limited liability companies established in the PRC and subsidiaries or associates of the Company. They are principally engaged in the business of property development.

Everbright Trust

Everbright Trust is a non-banking financial institution established with the approval of the China Banking and Insurance Regulatory Commission. It is principally engaged in the trust business. Based on the information provided by Everbright Trust, the ultimate beneficial owners of Everbright Trust are Central Huijin Investment Ltd. (an investment company held by the PRC government) and the Ministry of Finance of the PRC.

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

Minmetals Trust

Minmetals Trust is a non-banking financial institution established with the approval of the China Banking and Insurance Regulatory Commission. It is principally engaged in the trust business. Based on the information provided by Minmetals Trust, the ultimate beneficial owners of Minmetals Trust are Minmetals Capital Company Limited, the State-owned Assets Supervision and Administration Commission of the Government of Qinghai Province, and the Industry and Information Technology Bureau of Xining Municipality (State-owned Assets Supervision and Administration Commission of the Government of Xining Municipality). Minmetals Capital Company Limited is principally engaged in financial business, and its shares are listed on the Shanghai Stock Exchange (stock code: 600390).

As at the date of the relevant agreement, Nansha Hengrui and Nansha Hengchang are subsidiaries of the Company in each of which Minmetals Trust holds a 49% equity interest. Minmetals Trust is hence a substantial shareholder of each of Nansha Hengrui and Nansha Hengchang. As the total assets, profits and revenue of Nansha Hengrui and Nansha Hengchang in aggregate compared to those of the Group are less than 10% under the percentage ratios for each of the period from their respective dates of incorporation to 31 December 2020 and the financial year ended 31 December 2021, Nansha Hengrui and Nansha Hengchang are both insignificant subsidiaries of the Company. Minmetals Trust is not regarded as a connected person of the Company pursuant to Rule 14A.09 of the Listing Rules.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Minmetals Trust 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 each of the Everbright Trust Disposal and the Minmetals Trust Disposal are more than 5% but less than 25%, each of the Everbright Trust Disposal and the Minmetals Trust Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Group is currently negotiating with Everbright Trust and Minmetals Trust on similar cooperation in a number of projects, and the Company will comply with the disclosure requirements of the Listing Rules as and when necessary.

DEFINITIONS

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

“Board”	the board 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 Everbright Trust Disposal and the Minmetals Trust Disposal;
“Everbright Trust”	光大興隴信托有限責任公司 (Everbright Xinglong Trust Co., Ltd.*);
“Everbright Trust Disposal”	the disposal by the Group to Everbright Trust of certain equity interests in, and rights to debts owed by, the Project Companies I, as set out in the section headed “ The Everbright Trust Disposal ” in this announcement;
“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;
“Minmetals Trust”	Minmetals International Trust Co., Ltd. (五礦國際信托有限公司);
“Minmetals Trust Disposal”	the disposal by the Group to Minmetals Trust of certain equity interests in, and rights to debts owed by, the Project Companies II, as set out in the section headed “ The Minmetals Trust Disposal ” in this announcement;
“Nansha Hengchang”	廣州南沙區恒昌文化旅遊發展有限公司 (Guangzhou Nansha District Hengchang Cultural Tourism Development Co., Ltd.*);
“Nansha Hengrui”	廣州南沙區恒睿文化旅遊發展有限公司 (Guangzhou Nansha District Hengrui Cultural Tourism Development Co., Ltd.*);

“PRC”	the People’s Republic of China;
“Projects”	the Projects I and the Projects II, and “Project” means any one the Projects;
“Projects I”	has the meaning as set out in the section headed “ The Everbright Trust Disposal ” in this announcement;
“Projects II”	has the meaning as set out in the section headed “ The Minmetals Trust Disposal ” in this announcement;
“Project Companies”	the Project Companies I and the Project Companies II, and “Project Company” means any one the Project Companies;
“Project Companies I”	has the meaning as set out in the section headed “ The Everbright Trust Disposal ” in this announcement;
“Project Companies II”	has the meaning as set out in the section headed “ The Minmetals Trust Disposal ” in this announcement;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Trust Institutions”	Everbright Trust and Minmetals Trust, and “Trust Institution” means any one of them;
“%”	per cent.

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

Hong Kong, 25 February 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*