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CHINA EVERGRANDE GROUP

中國恒大集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3333)

MAJOR TRANSACTION

DISPOSAL OF COMMERCIAL LAND IN SHENZHEN

On 26 November 2022, the Vendor, a subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor agreed to transfer a piece of commercial land in Shenzhen held by it to the Purchaser, at a total consideration of RMB7,543,203,600.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As no Shareholder is interested in the Disposal and is required to abstain from voting at the general meeting (if the Company were to convene a general meeting for the approval of the Disposal), the Company has approved the Disposal by way of the written approval of Xin Xin, a Shareholder holding 7,893,031,497 shares of the Company, representing approximately 59.78% of the issued share capital of the Company as at the date of the Agreement, pursuant to Rule 14.44 of the Listing Rules, and is exempted from convening a general meeting for the approval of the Disposal.

As the Company expects that it will require more than 15 business days to collate the information to be contained in the circular, including the indebtedness statement of the Company, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and will dispatch the circular to the Shareholders as soon as practicable.

THE DISPOSAL

The major terms of the Agreement are as follows:

Date: 26 November 2022

Parties

- (1) 恒大集團有限公司 (Evergrande Group Co., Ltd.*) as the Vendor; and
- (2) 深圳市安和一號房地產開發有限公司 (Shenzhen Anhe No. 1 Property Development Co., Ltd.*) as the Purchaser.

Asset to be disposed of

The asset to be disposed of is a piece of commercial land in Shenzhen held by the Vendor. The Land will be transferred on “as-is” basis.

Consideration

The consideration for the Disposal of the Land is RMB7,543,203,600, which was determined with reference to the valuation of the Land by an independent land and real estate appraiser in the amount of RMB7,543,203,600 and by way of open bidding at the Shenzhen Exchange Group Co., Ltd. (Shenzhen Public Resources Trading Center*) (深圳交易集團有限公司(深圳公共資源交易中心)).

The deposit of RMB800,000,000 paid by the Purchaser for participating in the bidding process has been automatically converted into part of the consideration upon the entering into of the Agreement. The balance of the consideration will be paid to Shenzhen Public Resources Trading Center under custody within 3 working days after the date of the Agreement.

Delivery of the Land and use of proceeds

The Land is currently under mortgage. Within 3 working days from the date on which the consideration is paid in full, the Vendor will be responsible for completing the procedures for releasing the mortgage registration of the Land, and within 3 working days after completion of the aforesaid release procedures, apply to the Shenzhen Real Estate Registration Center (深圳市不動產登記中心) for the registration of transfer of the Land.

After completing the registration procedures for the transfer of property rights relating to the Land, the Shenzhen Public Resources Trading Center will transfer the entire amount of the consideration of the Land to the Vendor. All the proceeds will be used to pay the relevant taxes and fees required to be paid by the Vendor arising from the transfer of the Land and all construction fees of the project on the Land in arrears, and to discharge the mortgage on the Land.

INFORMATION ON THE LAND

The Land is located at the southeast corner of the intersection of Shenwan 3rd Road and Baishi 4th Road in Shenzhen. The area of the Land is 10,376.82 square meters and is intended for commercial services development with a total buildable area of not exceeding 289,200 square meters.

The Land did not generate any rental income for the years ended 31 December 2020 and 2021.

The net asset value of the Land as of 31 December 2021 was approximately RMB7,284,796,177.79.

EXPECTED FINANCIAL IMPACT OF THE DISPOSAL ON THE GROUP

It is expected that the Group will record a loss of approximately RMB163 million, being the total book value of the Land and the buildings, structures and other fixtures on the Land, minus the amount of the consideration for the Disposal, subject to final audit.

REASONS FOR THE DISPOSAL

The Land is commercial land. The Group's liquidity issue has adversely affected the development and construction progress of the Land. The proceeds from the Disposal will be used to repay the relevant debts in respect of the Land, which is conducive to the Group focusing on the development of its property business and safeguarding the common rights and interests of the relevant stakeholders.

The Directors (including the independent non-executive Directors) consider that the Disposal is fair and reasonable and in the interests of the Company and all the stakeholders as a whole.

INFORMATION ABOUT THE PARTIES

The Company

The Company is a conglomerate and is principally engaged in the property development, property investment, property management, new energy vehicle business, hotel operations, finance business, internet business and health industry business in the PRC.

The Vendor

The Vendor is a limited liability company established in the PRC and a subsidiary of the Company. It is principally engaged in the business of property development.

The Purchaser

The Purchaser, Shenzhen Anhe No. 1 Property Development Co., Ltd. is a limited liability company established in the PRC and is primarily engaged in the property development business. It is a subsidiary of 深圳市安居建業投資運營有限公司 (Shenzhen Anju Construction Investment and Operation Co., Ltd.*) (“**Shenzhen Anju**”). Shenzhen Anju is primarily engaged in investment, housing and non-residential real estate leasing, property demolition and relocation services and real estate development and operation.

Shenzhen Anju is jointly held by 深圳市人才安居集團有限公司 (Shenzhen Talent Housing Group Co., Ltd.*), 深圳市特區建工集團有限公司 (Shenzhen SEZ Construction Group Co., Ltd.*), 深業集團有限公司 (Shum Yip Group Limited.) and China Vanke Co., Ltd. as to 40%, 20%, 20%, and 20%, respectively. Shenzhen Talent Housing Group Co., Ltd., Shenzhen SEZ Construction Group Co., Ltd. and Shum Yip Group Limited are all state-owned enterprises held by the Shenzhen State-owned Assets Supervision and Administration Commission, and are engaged respectively in the planning and building housing for talents, commercial and public housing, promotion of the development of the construction business in Shenzhen, and conglomerate business. China Vanke Co., Ltd. is engaged in property development, property management, commercial real estate, logistics and warehousing. The shares of China Vanke Co., Ltd. are listed on the Shenzhen Stock Exchange (stock code: 000002) and the Stock Exchange (stock code: 2202).

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners is not a connected person of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

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DEFINITIONS

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

“Agreement”	the land use rights transfer agreement dated 26 November 2022;
“Board”	the board of Directors;
“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 disposal by the Vendor of its rights and interests in the Land;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Land”	a piece of commercial land in Shenzhen, details of which is set out in the section headed “Information on the Land” in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China;
“Purchaser”	深圳市安和一號房地產開發有限公司 (Shenzhen Anhe No. 1 Property Development Co., Ltd.*);
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	恒大集團有限公司 (Evergrande Group Co., Ltd.*), a company established in the PRC and a subsidiary of the Company;

“Xin Xin”

鑫鑫(BVI)有限公司 (Xin Xin (BVI) Limited), a limited company established in the British Virgin Islands and a substantial shareholder of the Company holding 59.78% of the Company’s issued share capital as at the date of this announcement; and

“%”

per cent.

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

Hong Kong, 28 November 2022

As at the date of this announcement, the executive directors are Mr. Hui Ka Yan, Mr. Siu Shawn, Mr. Shi Junping, Mr. Liu Zhen and Mr. Qian Cheng, 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*