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CHINA EVERGRANDE GROUP

中國恒大集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3333)

**STRATEGIC COOPERATION ARRANGEMENT
DISCLOSEABLE TRANSACTION
EQUITY INVESTMENT IN GUANGHUI GROUP**

STRATEGIC COOPERATION

On 21 September 2018, Evergrande Group entered into a strategic cooperation agreement with Guanghui Group, pursuant to which the parties agreed to fully cooperate strategically in the fields of vehicle sales, energy, real estate and logistics, to give full play to their strengths in resource integration, and promote relevant industry development.

EQUITY INVESTMENT

Date

21 September 2018

Parties to the agreement

- (i) Evergrande Group, a subsidiary of the Company, as the purchaser;
- (ii) Guanghui Controlling Shareholder; and
- (iii) Guanghui Group.

To the best knowledge of the Directors, having made all reasonable enquiries, each of Guanghui Controlling Shareholder, the Vendors, Guanghui Group and their ultimate beneficial owners is independent of the Company and its connected persons.

Subject matter

Guanghui Controlling Shareholder agreed to procure the existing shareholders of Guanghui Group other than Guanghui Controlling Shareholder, i.e. the Vendors, to transfer an aggregate of 23.865% interest in Guanghui Group to Evergrande Group for a consideration of RMB6.68 billion within seven working days from the signing of the investment agreement. Evergrande Group will also contribute additional capital of RMB7.81 billion to Guanghui Group. Upon completion of the capital increase, Evergrande Group will hold an aggregate of 40.964% interest in Guanghui Group and will become the second largest shareholder of Guanghui Group. The financial information of Guanghui Group will not be consolidated with that of the Group and Guanghui Group will not be regarded as a subsidiary of the Group.

Consideration

The total consideration for the transaction was RMB14.49 billion, which was determined based on the net assets of Guanghui Group as at 30 June 2018. The consideration will be payable by Evergrande Group in installments.

The consideration will be satisfied by the Company's internal resources.

INFORMATION ABOUT GUANGHUI GROUP

Guanghui Group is principally engaged in the energy, vehicle sales, logistics and real estate businesses, with operations conducted across China and various countries worldwide.

According to the financial information provided by Guanghui Group, the financial results of the Guanghui Group for the two years ended 31 December 2016 and 2017, respectively, are as follows:

	For the year ended	
	31 December	
	2016	2017
	(Audited)	(Audited)
	RMB'000	RMB'000
Net profits before tax	4,762,709.9	5,920,379.7
Net profits after tax	3,988,158.5	3,942,820.0

As at 30 June 2018, the net asset value of Guanghui Group, after deducting certain businesses to be divested, was approximately RMB26.964 billion.

REASONS FOR THE EQUITY INVESTMENT

In order to promote better corporate development, the Group will commence full strategic cooperation with Guanghui Group to promote the Company's development in the areas of vehicle sales, energy, real estate and logistics.

As the Equity Investment is being carried out on terms that are fair and reasonable, the Directors (including the independent non-executive Directors) consider that the Equity Investment is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

The Group is principally engaged in the development of large-scale residential properties and integrated commercial properties in the PRC.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Equity Investment are more than 5% but less than 25%, the Equity Investment 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, and 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;
“Directors”	the directors of the Company;
“Equity Investment”	the transaction where Evergrande Group will acquire 40.964% interest in Guanghui Group upon completion;
“Evergrande Group”	恒大集團有限公司 (Evergrande Group Limited*), a subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“Guanghui Controlling Shareholder”	Mr. 孫廣信 (Sun Guangxin*), who holds 63.60% interest in Guanghui Group as at the date of this announcement, the controlling shareholder and controller of Guanghui Group;
“Guanghui Group”	新疆廣匯實業投資(集團)有限責任公司 (Xinjiang Guanghui Industry Investment Group Co., Ltd.*);
“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, excluding, for the purpose of this announcement, Hong Kong, Taiwan and the Macao Special Administration Region;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Vendors”	the existing shareholders of Guanghui Group other than Guanghui Controlling Shareholder.

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

Hong Kong, 21 September 2018

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

* *For identification purpose only*