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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 TRANSACTIONS AND EXEMPTED
CONNECTED TRANSACTIONS —
DISPOSAL OF INTEREST IN A SUBSIDIARY**

THE INVESTMENT

On 28 March 2021, the Company, the Vendor and the Target Company (which holds FCB) entered into an Investment Agreement with each Investor respectively, pursuant to which the Target Company agreed to issue to the Investors 651,380,929 new Target Company Shares in aggregate, at the total subscription price of HK\$8,175 million (or its equivalent currency), and the Vendor agreed to sell to the Investors 651,380,929 Target Company Shares in aggregate at the total sale price of HK\$8,175 million (or its equivalent currency). The aggregate consideration for the Investment is HK\$16,350 million (or its equivalent currency).

With the vision of “digital technology and housing and vehicle integration”, FCB innovatively applies big data, artificial intelligence, cloud computing, virtual reality and other digital technologies to realize resource and information sharing and accurate matching between buyers and sellers, and builds an online and offline full-channel comprehensive real estate and automobile transaction service platform, striving to become the world’s largest and most powerful Internet technology service group in this sector, helping hundreds of millions of families realize their dreams of quality housing and transportation.

The entering into of the Investment Agreements fully demonstrates the Investors’ high recognition of the business development of FCB after comprehensive due diligence, and confidence in the development prospects of the Internet technology platform focusing on real estate and automobile transaction services. At the same time, the Group’s financial strength will greatly be enhanced, furthering the rapid development of FCB.

THE INVESTMENT AGREEMENTS

Subject matter

The Company, the Vendor, the Target Company and FCB (if applicable) entered into an Investment Agreement with each of the Investors (and the Investor Guarantors, if applicable) respectively in respect of the Investment at the Consideration as set out below:

Investor	Investor Guarantor (if applicable)	Total consideration (HK\$) (or its equivalent currency) (Note 1)	Total number of the Target Company Shares purchased and/or subscribed (Note 2)	Shareholding percentage of the enlarged share capital of the Target Company upon Completion and assuming completion of the Restructuring (Rounded to 3 decimal places) (Note)	
1.	United Strength Harmony Limited	N/A	2,000 million	159,607,739	1.225%
2.	Shenzhen Mingsheng Duling Commerce and Trade Co., Ltd.*	N/A	1,800 million	142,802,762	1.096%
3.	Shenzhen Jianhui Investment Co., Ltd.*	N/A	1,800 million	142,802,762	1.096%
4.	Shenzhen Jianke Investment Co., Ltd.*	N/A	1,800 million	142,802,762	1.096%
5.	Foshan Xinmingzhu Enterprise Group Co., Ltd.*	N/A	1,800 million	142,802,762	1.096%
6.	Tisé Opportunities SPC for and on behalf of Tisé Equity Segregated Portfolio 1	N/A	1,160 million	92,961,699	0.714%
7.	CITIC Capital Holdings Limited	N/A	1,000 million	79,803,934	0.613%
8.	Top Shine Global Limited	Lin Ho Man	750 million	59,852,918	0.459%
9.	Triumph Roc International Ltd	Lin Ho Man	750 million	59,852,918	0.459%
10.	Kingsville Global Investments Limited	N/A	630 million	50,257,037	0.386%
11.	Top Assemble Holdings Limited	N/A	510 million	40,283,481	0.309%
12.	Advance Power International Limited	N/A	500 million	39,901,902	0.306%
13.	Genuine Fair Limited	N/A	500 million	39,901,902	0.306%
14.	Land Heritage Limited	N/A	380 million	30,987,233	0.238%
15.	Zhongrong International Trust Co., Ltd.*	N/A	350 million	28,560,579	0.219%
16.	Anatole	N/A	310 million	24,789,734	0.190%
17.	JMC Capital HK Limited	N/A	310 million	24,789,734	0.190%
	Total		16,350 million	1,302,761,858	10.000%

Notes:

- The Consideration amounts have been rounded up to HK\$10 million.
- The subscription by certain domestic Investors is subject to obtaining certain regulatory approvals under the relevant PRC laws and regulations before they can subscribe for the Target Company Shares. In the event that such approvals are not obtained on or prior to Completion, such domestic Investors will subscribe for equity interests of FCB, which shall then be exchanged into Target Company Shares upon the relevant regulatory approvals having been obtained and subject to the terms of the relevant Investment Agreement. The above table assumes that all Investors will subscribe for Target Company Shares upon Completion.

Consideration

The total consideration for new shares to be issued by the Target Company is HK\$8,175 million (or its equivalent currency) and the total consideration for the Target Company Shares to be sold by the Vendor is HK\$8,175 million (or its equivalent currency). The consideration for the Target Company Shares to be purchased and subscribed shall be satisfied by each Investor on or before the Completion Date.

The Consideration was determined after arm's length negotiations between the Target Company and the Investors on normal commercial terms by taking into consideration various factors, including the growth prospects of the Internet technology platform business for real estate and automobile transactions in the PRC and the Target Group, the valuation results of FCB by an independent valuer and the valuation of listed companies of comparable size and similar operation.

Completion

Completion shall take place on the Completion Date.

The subscription by certain domestic Investors is subject to obtaining certain regulatory approvals under the relevant PRC laws and regulations before they can subscribe for the Target Company Shares. In the event that such approvals are not obtained on or prior to Completion, such domestic Investors will subscribe for equity interests of FCB, which shall then be exchanged into Target Company Shares upon the relevant regulatory approvals having been obtained and subject to the terms of the relevant Investment Agreement.

Upon Completion, assuming that all domestic Investors will have obtained all regulatory approvals for subscribing for Target Company Shares, the Target Company will be held as to 10% by the Investors and as to 90% by the Group. The Target Company and FCB will remain as indirect non-wholly owned subsidiaries of the Company.

After Completion, the Target Group will undergo the Restructuring. Subject to the Restructuring being completed with the equity interests of the domestic shareholders of FCB being exchanged for Target Company Shares, FCB will become wholly owned by the Target Company and the shareholding percentage in the Target Company held by the Group will become approximately 71.76% (assuming no further Target Company Shares are issued by the Target Company). The Target Company will remain as an indirect non-wholly owned subsidiary of the Company.

Repurchase right

If the Target Company has not completed the Qualified IPO on or before 12 months after the Completion Date (or such later date as agreed by the parties), each Investor is entitled to require the relevant obligors (including the Company, the Vendor and the Target Company) to jointly and severally repurchase the Target Company Shares held by such Investor at the original consideration paid by such Investor with a 15% premium.

Anti-dilution protection

Save for the options or shares to be issued under any employee option plans or other similar plans, shares issued or transferred in connection with acquisitions or shares issued or transferred in accordance with the Restructuring, the Target Company shall not proceed with any financing activity at a valuation of the Target Company that is lower than that of the current round of investment, unless the Target Company has obtained the consent in writing from the Investors holding more than half of the shareholding interests acquired under this round of investment, whether such financing activity may involve the issue of new shares or transfer of old shares. This anti-dilution protection shall terminate upon the completion of the Qualified IPO of the Target Company.

INFORMATION ABOUT THE TARGET GROUP

The Target Company is a company incorporated in the Cayman Islands on 6 January 2020, which is indirectly wholly owned by the Company as at the date of this announcement. The Target Company is an investment holding company, and holds and controls approximately 80.8% interest in FCB as at the date of this announcement.

With the vision of “digital technology and housing and vehicle integration”, FCB innovatively applies big data, artificial intelligence, cloud computing, virtual reality and other digital technologies to realize resource and information sharing and accurate matching between buyers and sellers, and builds an online and offline full-channel comprehensive real estate and automobile transactions service platform, striving to become the world’s largest and most powerful Internet technology service group in this sector, helping hundreds of millions of families realize their dreams of quality housing and transportation.

The audited profit before and after tax of the Target Group for the period from the date of establishment of FCB to 31 December 2020 were RMB147.00 million and RMB102.89 million, respectively.

The audited total asset value and net asset value of the Target Group as at 31 December 2020 was approximately RMB4,740.51 million and approximately RMB3,106.48 million, respectively.

INFORMATION ABOUT THE PARTIES

The Company

The Company is a limited liability company incorporated in the Cayman Islands and holds a diversified range of business. 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 company incorporated in the British Virgin Islands and is wholly owned by the Company as at the date of this announcement. The Vendor is an investment holding company.

The Target Company

The Target Company is a company incorporated in the Cayman Islands and is indirectly wholly owned by the Company as at the date of this announcement. The Target Company is an investment holding company.

The Investors and Investor Guarantors

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry:

- (i) United Strength Harmony Limited is a company incorporated in British Virgin Islands and is principally engaged in investment holding. Its ultimate beneficial owner is Zhao John Huan. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, United Strength Harmony Limited and its ultimate beneficial owner are Independent Third Parties.
- (ii) Shenzhen Mingsheng Duling Commerce and Trade Co., Ltd.* is a company established in the PRC and is principally engaged in commerce in the mainland and materials supply and distribution. Its ultimate beneficial owner is Wang Weimin. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Shenzhen Mingsheng Duling Commerce and Trade Co., Ltd. and its ultimate beneficial owner are Independent Third Parties.
- (iii) Shenzhen Jianhui Investment Co., Ltd.* is a company established in the PRC and is principally engaged in enterprise investment. Its ultimate beneficial owner is Wang Liping. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Shenzhen Jianhui Investment Co., Ltd. and its ultimate beneficial owner are Independent Third Parties.
- (iv) Shenzhen Jianke Investment Co., Ltd.* is a company established in the PRC and is principally engaged in enterprise investment. Its ultimate beneficial owner is Lin Lei. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Shenzhen Jianke Investment Co., Ltd. and its ultimate beneficial owner are Independent Third Parties.
- (v) Foshan Xinmingzhu Enterprise Group Co., Ltd.* is a company established in the PRC and is principally engaged in the provision of commercial services. Its ultimate beneficial owner is Ye Delin. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Foshan Xinmingzhu Enterprise Group Co., Ltd. and its ultimate beneficial owner are Independent Third Parties.

- (vi) Tisé Opportunities SPC for and on behalf of Tisé Equity Segregated Portfolio 1 is a company incorporated in the Cayman Islands and is principally engaged in asset management. Its investment manager is Great Bay Securities Limited. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Tisé Opportunities SPC for and on behalf of Tisé Equity Segregated Portfolio 1 and its ultimate beneficial owners are Independent Third Parties.
- (vii) CITIC Capital Holdings Limited (“**CITIC Capital**”) made the Investment through two platforms including an overseas platform and a domestic platform. The overseas platform is Plum Blossom Holdings Limited, a company incorporated in the Cayman Islands and is principally engaged in investment holding. It is ultimately wholly-owned by CITIC Capital and will be subscribed for by a partnership to be established, the general partner of which being an associate company of CITIC Capital. The single largest shareholder of CITIC Capital is Tencent Holdings Limited. The domestic platform is Shenzhen Rongzheng Investment Center (Limited Partnership)*, a limited partnership established in the PRC, which is subscribing for a partnership to be established, the general partner of which will be CITIC Capital (Tianjin) Investment Management Partnership (Limited Partnership) (“**CITIC Capital (Tianjin)**”) or its affiliate. CITIC Capital (Tianjin) is an ordinary member of the Asset Management Association of China, and a licensed private equity and venture capital fund manager. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, CITIC Capital and its ultimate beneficial owners are Independent Third Parties.
- (viii) Top Shine Global Limited is a company incorporated in Samoa and is principally engaged in investment holding. Its ultimate beneficial owner is Lin Ho Man. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Top Shine Global Limited and its ultimate beneficial owner are Independent Third Parties.
- (ix) Triumph Roc International Ltd is a company incorporated in the British Virgin Islands and is principally engaged in investment holding. It is wholly owned by Dol-Fin PHL Fund SPC, an investment portfolio under an independent investment portfolio company incorporated under the laws of the Cayman Islands. Its fund manager is Monmonkey Group Asset Management Limited, a corporation licensed to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Triumph Roc International Ltd and its ultimate beneficial owners are Independent Third Parties.
- (x) Kingsville Global Investments Limited is a company incorporated in the British Virgin Islands and is principally engaged in enterprise investment. Its ultimate beneficial owner is Wang Zhongming. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Kingsville Global Investments Limited and its ultimate beneficial owner are Independent Third Parties.

- (xi) Top Assemble Holdings Limited is a company incorporated in the British Virgin Islands, which is wholly owned by Chow Tai Fook Nominee Limited and is ultimately controlled by the family of Dr. Cheng Kar-Shun, Henry. Its principal activity is investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Top Assemble Holdings Limited and its ultimate beneficial owners are Independent Third Parties.
- (xii) Advance Power International Limited is a company incorporated in the British Virgin Islands, and its principal activity is investment holding. Its ultimate beneficial owner is Mr. Xia Haijun who is the vice chairman of the Board and Chief Executive Officer of the Group.
- (xiii) Genuine Fair Limited is a company incorporated in the British Virgin Islands and is principally engaged in investment holding. It is held as to (1) 40% by Mighty Divine Fund SPC in trust for Mighty Divine Fund II SP ("**Mighty SP2**") and (2) 40% by United Energy Financing (Bermuda) Limited ("**United Energy**"). The investment manager of Mighty SP2 is Mighty Divine Management Limited, a company incorporated in the Cayman Islands. United Energy is a wholly-owned subsidiary of United Energy Group Limited, a company listed on the Stock Exchange with stock code 467. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Genuine Fair Limited and its ultimate beneficial owners are Independent Third Parties.
- (xiv) Land Heritage Limited is a company incorporated in British Virgin Islands and is principally engaged in investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Land Heritage Limited and its ultimate beneficial owner are Independent Third Parties.
- (xv) Zhongrong International Trust Co., Ltd.* is a company established in the PRC and is principally engaged in the provision of comprehensive financial services. It shall be the trustee setting up a trust to raise funds, which shall be invested, through its entity to be established, in the Target Company, the beneficiaries of which shall be independent qualified investors and none of the qualified investors shall hold more than 25% of the trust units. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Zhongrong International Trust Co., Ltd. and its ultimate beneficial owner are Independent Third Parties.
- (xvi) Anatole comprises certain exempted limited partnerships incorporated in the Cayman Islands which are managed by Anatole Investment Management Limited, a corporation licensed to conduct Type 9 (asset management) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), and a company incorporated in the British Virgin Islands, the controlling shareholder of which is Xiaofan Yang. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Anatole and their ultimate beneficial owners are Independent Third Parties.

(xvii) JMC Capital HK Limited is a company incorporated in Hong Kong and is principally engaged in asset management and provision of family office services. Its largest ultimate shareholders are Jin Xin, Mao Feiyong and Chen Yifan. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, JMC Capital HK Limited and its ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE INVESTMENT

With the vision of “digital technology and housing and vehicle integration”, FCB innovatively applies big data, artificial intelligence, cloud computing, virtual reality and other digital technologies to realize resource and information sharing and accurate matching between buyers and sellers, and builds an online and offline full-channel comprehensive real estate and automobile transaction service platform, striving to become the world's largest and most powerful Internet technology service group in this sector, helping hundreds of millions of families realize their dreams of quality housing and transportation.

The entering into of the Investment Agreements fully demonstrates the Investors' high recognition of the business development of FCB after comprehensive due diligence, and confidence in the development prospects of the Internet technology platform focusing on real estate and automobile transaction services. At the same time, the Group's financial strength will greatly be enhanced, furthering the rapid development of FCB.

As the Target Company will remain as a subsidiary of the Company upon Completion, the Group is not expected to recognise any actual gain or loss as a result of the Investment. The actual gain or loss to be recorded by the Group will be subject to final audit to be performed by the Company's auditors.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Investment Agreements (including the Consideration) are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The net proceeds from the Investment after deducting relevant costs are approximately HK\$16,350 million. The Group intends to apply the proceeds from the sale of the Target Company Shares for the Group's general corporate use and the proceeds from the issuance of the new Target Company Shares for the business development and general corporate use of the Target Group.

IMPLICATIONS UNDER THE LISTING RULES

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Investment is more than 5% but less than 25%, the Investment constitutes a discloseable transaction for the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

Additionally, as at the date of the Investment Agreement signed by Advance Power International Limited, the ultimate beneficial owner of Advance Power International Limited, one of the Investors, is Mr. Xia Haijun who is a Director and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Investment by Advance Power International Limited constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Investment by Advance Power International Limited exceeds 0.1% but is less than 5%, such Investment is subject to the reporting and announcement requirements, and is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Under the terms of the Investment Agreement, each Investor is entitled to require the relevant obligors (including the Company, the Vendor and the Target Company) to jointly and severally repurchase the relevant Target Company Shares held by such Investor upon the occurrence of certain events. As such right is vested with each Investor, the right will be treated as if exercised at the time of the entering into of the Investment Agreements pursuant to Rule 14.74(1) of the Listing Rules. Given that the applicable percentage ratio in respect of the maximum amount payable by the relevant obligors (including the Company, the Vendor and the Target Company) to repurchase the Target Company Shares is more than 5% and less than 25%, the repurchase right under the Investment Agreements constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the repurchase right of Advance Power International Limited in respect of its Investment exceeds 0.1% but is less than 5%, such repurchase right is subject to the reporting and announcement requirements, and is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Anatole”	Anatole Partners Master Fund, L.P., Anatole Partners Enhanced Master Fund, L.P., Anatole Partners Long Only Master Fund, L.P. and A-Squad II Ltd.;
“Board”	the board of Directors;
“Company”	China Evergrande Group, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	completion of the Investment;
“Completion Date”	in respect of each Investment Agreement, a date falling within 5 days from the date of the Investment Agreements or any other date as agreed by the parties to the Investment Agreements;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the consideration for the Investment;
“Director(s)”	the director(s) of the Company;
“FCB”	房車寶集團股份有限公司 (Fangchebao Group Co. Ltd.*), a company established in the PRC and a subsidiary of the Company as at the date of this announcement;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Parties”	third party(ies) independent of and not connected with the Company and its connected persons;
“Independent Shareholders”	Shareholder(s) other than Mr. Xia Haijun, his associates and any other Shareholder who has a material interest in the transaction contemplated under the Investment Agreements;
“Investment”	the sale of the Target Company Shares by the Vendor to the Investors (if applicable) and the subscription of the new Target Company Shares by the Investors in accordance with the Investment Agreements;

“Investment Agreements”	the agreements dated 28 March 2021 entered into by the Vendor, the Target Company, the Company and FCB (if applicable) with the relevant Investor and the relevant Investor Guarantor (if applicable) respectively in relation to the Investment;
“Investor Guarantors”	the Investor Guarantors as set out in the column headed “Investor Guarantor (if applicable)” in the table under the paragraph headed “ Subject matter ” of this announcement;
“Investors”	the Investors as set out in the column headed “Investor” in the table under the paragraph headed “ Subject matter ” of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Qualified IPO”	the initial public offering and the listing of the shares of the Target Company on the Nasdaq Stock Market or any other suitable stock exchange with a pre-financing valuation of not less than RMB150 billion (or its equivalent currency);
“Restructuring”	the corporate restructuring to be undertaken by the Target Group which includes the allotment or transfer of shares to such persons who propose to hold shares in the Target Company after completion of the overseas investment approval procedures for Chinese domestic residents or enterprises by the domestic shareholders of FCB;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	NEW GAINS GROUP LIMITED, a company incorporated in the Cayman Islands with limited liability and indirectly wholly owned by the Company as at the date of this announcement;
“Target Company Shares”	ordinary shares of the Target Company;
“Target Group”	the Target Company and its subsidiaries;
“US\$”	United States dollar, the lawful currency of the United States of America;

“Vendor” Alpha Beauty Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by the Company as at the date of this announcement; and

“%” per cent.

For the purpose of this announcement, the exchange rates of US\$1.00 = RMB6.5098 and HK\$1 = RMB0.83826 have been used for currency translation, where applicable. Such exchange rates are for illustrative purposes and do not constitute representations that any amount in any currency has been, could have been or may be converted at such rates.

* *For identification purpose only.*

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

Hong Kong, 29 March 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 Lixin, and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi.