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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 SHARES IN HENGTEN

China Evergrande Group announces that, on 17 November 2021, a subsidiary of the Company (as vendor) has agreed to sell all the shares of HengTen held by it to the Purchaser at a total consideration of HK\$2,127,638,999.04. Upon completion of the transaction, the Company will cease to hold any shares of HengTen.

The board of directors (“**Directors**”) of China Evergrande Group (the “**Company**”) announces that on 17 November 2021, its wholly-owned subsidiary (the “**Vendor**”) has entered into an agreement (the “**Agreement**”) with Allied Resources Investment Holdings Limited (the “**Purchaser**”) pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, 1,662,217,968 issued shares (the “**Sale Shares**”) with par value of HK\$0.02 in HengTen Networks Group Limited (stock code: 136) (“**HengTen**”) at a purchase price of HK\$1.28 per share (representing a discount of approximately 24.26% to the closing price of HengTen on 17 November 2021 of HK\$1.69 per share) (the “**Transaction**”) and a total consideration of HK\$2,127,638,999.04 (the “**Consideration**”).

The Sale Shares represent approximately 18.00% of the issued shares of HengTen as at the date of this announcement. Upon completion of the Transaction, the Company will cease to hold any shares in HengTen.

Pursuant to the Agreement, 20% of the Consideration shall be payable within five business days from the date of the Agreement and the remaining 80% of the Consideration shall be payable within two months from the date of the Agreement. Completion of the sale and purchase of the Sale Shares shall take place within five business days after payment of the first instalment.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, among others, the current trading price of HengTen. The Company considers that the Transaction could help improving the liquidity issue of the Company. The Directors are of the view that the terms of the Agreement (including the Consideration) are fair and reasonable, and are in the interest of the Company and the shareholders as a whole.

INFORMATION ON HENGTEN

HengTen and its subsidiaries are principally engaged in film and television programmes production, distribution and online streaming platform business, internet community services and related businesses, manufacture and sales of accessories for photographic and electrical products and investment and trading of securities. HengTen is not a subsidiary of the Company.

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

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before tax	16,128	109,114
Net profit after tax	12,022	92,073

As of 30 June 2020, the net asset value of HengTen was approximately RMB1,993,296,000.

The Company is expected to incur a loss of approximately HK\$8.5 billion from the Transaction, calculated based on the difference between the Consideration and the book value for the Sale Shares as of 30 June 2021. The Company proposes to use the proceeds from the Transaction for general working capital of the Company.

INFORMATION ON THE PARTIES

The Vendor is a 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.

Based on the information provided by the Purchaser, the Purchaser is a company incorporated in Hong Kong with limited liability whose ultimate beneficial owner is Li Shao Yu. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are independent of the Company and its connected persons.

GENERAL

The Company and its subsidiaries are principally engaged in the property development, property investment, property management, new energy vehicle business, hotel operations, finance business and health industry business in the People's Republic of China.

As the applicable percentage ratios under Rule 14.07 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) in respect of the Transaction are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders of the Company and other investors are reminded to consider the related risks and exercise caution when dealing in the securities of the Company.

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

Hong Kong, 17 November 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.