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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 INTEREST IN THE CRYSTAL CITY PROJECT**

On 29 March 2022, the Vendor, a subsidiary of the Company, entered into the Agreement with the Purchasers, pursuant to which the Vendor agreed to transfer its interest in the Crystal City Project to the Purchasers, at a total consideration of RMB3,660,291,220.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the 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 DISPOSAL

The major terms of the Agreement are as follows:

Date: 29 March 2022

Parties

- (1) 杭州晶立置業有限公司 (Hangzhou Jingli Property Co., Ltd.*) as the Vendor;
- (2) 浙江省浙建房地產集團有限公司 (Zhejiang Zhejian Real Estate Group Co., Ltd.*) as Purchaser I;
and
- (3) 浙江省建工集團有限責任公司 (Zhejiang Construction Engineering Group Co., Ltd.) as Purchaser II.

Purchaser I and Purchaser II will be jointly liable for the obligations of the Purchasers under the Agreement.

Asset to be disposed of

The asset to be disposed of is the state-owned construction land use right of the land parcel for the Group's Crystal City Project which is under construction, and the ownership right to the buildings under construction located on such land. The Crystal City Project is situated at the northwest corner of the intersection of the Shanhusa River and the No. 3 Planned Branch Road in the Hangzhou Zhijiang National Tourism Planning Zone.

Purchaser I, being a professional property developer, will by way of the establishment of a project company, be responsible for the subsequent development work of the Crystal City Project, whereas Purchaser II, being a professional general construction contractor, will be responsible for the subsequent engineering and construction work of the Crystal City Project.

Consideration and use of proceeds

The consideration for the disposal of the interest in the Crystal City Project is RMB3,660,291,200. The consideration was determined by the Vendor and the Purchasers after arm's length negotiations, with reference to a range of factors, including the valuation of the land parcel of the Crystal City Project and the buildings under construction located thereon, the net asset value of the Crystal City Project, its development potential, and the funds required for the subsequent development, construction and marketing of the Crystal City Project.

The Purchasers will pay the consideration within 20 months after the land parcel of the Crystal City Project has been registered under their names.

The consideration for the disposal of the interest in the Crystal City Project is subject to possible adjustments according to the final construction situation of the Crystal City Project.

Part of the proceeds from the Disposal will be used to repay the construction fees of RMB920,650,400 owed by the Group to Purchaser II in respect of the Group's projects in Hangzhou area (including the Crystal City Project). The remaining proceeds from the Disposal will be used as the general working capital of the Group.

Condition precedent

The transaction contemplated under the Disposal is conditional upon the parties having fulfilled their respective listed company compliance process.

INFORMATION ON THE CRYSTAL CITY PROJECT

The Crystal City Project is situated at the northwest corner of the intersection of Shanhusa River and the No. 3 Planned Branch Road in the Hangzhou Zhijiang National Tourism Planning Zone. It has a site area of 89,303 square meters, and the buildings on the land parcel has a gross floor area of not more than 223,257.5 square meters. The planned use of the land parcel of the Crystal City Project was commercial and services use. Phase 1 of the commercial district of the Crystal City Project has already

been delivered. Phase 2 of the commercial district (with a gross floor area of approximately 114,000 square meters) has its two-storey main structure completed. The shopping centre and hotel of phase 3 of the commercial district are at the foundation piling construction stage.

The land parcel of the Crystal City Project and the buildings under construction located thereon did not generate any rental income for the years ended 31 December 2020 and 2021. The net asset value of the Crystal City Project as at 31 December 2021 was approximately RMB2.678 billion.

As at the date of this announcement, the Vendor holds 100% interest in the Crystal City Project. Upon completion of the Disposal, the Vendor will no longer hold any interest in the Crystal City Project.

EXPECTED FINANCIAL IMPACT OF THE DISPOSAL ON THE GROUP

It is expected that the Group will record a gain of approximately RMB216 million, being the consideration for the disposal of the interest in the Crystal City Project, after deducting the costs and relevant taxes attributable to the Group in relation to the assets to be disposed of and the Disposal, subject to final audit.

REASONS FOR THE DISPOSAL

The Group's liquidity issue has adversely affected the development and progress of the Group's projects. This transaction serves to realize the commercial properties that are under construction and the self-owned commercial properties, and the relevant proceeds/assets obtained from the Disposal (after deducting the repayment of construction fees) will be used as the general working capital of the Group.

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

INFORMATION ABOUT THE PARTIES

The Vendor

The Vendor is a limited liability company established in the PRC and is a 80.31%-owned subsidiary of the Company. It is principally engaged in the business of property development.

The Purchasers

Purchaser I

Purchaser I is a limited liability company established in the PRC. It is principally engaged in the business of property development. Based on the information provided by Purchaser I, the ultimate beneficial owner of Purchaser I is the State-Owned Assets Supervision and Administration Commission of the People's Government of Zhejiang Province.

Purchaser II

Purchaser II is a limited liability company established in the PRC. It is principally engaged in the business of general construction contracting. Based on the information provided by Purchaser II, the ultimate beneficial owner of Purchaser II is Zhejiang Construction Investment Group Co., Ltd.. Zhejiang Construction Investment Group Co., Ltd. is principally engaged in the business of building construction, as well as the businesses in the industry chain ancillary to the main construction business such as industrial manufacturing, engineering, infrastructure investment and operation. It is a state-owned enterprise and its shares are listed on the Shenzhen Stock Exchange (stock code: 002761).

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

IMPLICATIONS UNDER THE LISTING RULES

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal 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.

DEFINITIONS

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

“Agreement”	the agreement dated 29 March 2022;
“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 disposal by the Vendor of its state-owned construction land use right of the land parcel for the Group’s Crystal City Project and its ownership right to the buildings under construction located on such land;
“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;
“PRC”	the People’s Republic of China;
“Purchasers”	Purchaser I and Purchaser II;
“Purchaser I”	浙江省浙建房地產集團有限公司 (Zhejiang Zhejian Real Estate Group Co., Ltd.*) as Purchaser I;
“Purchaser II”	浙江省建工集團有限責任公司 (Zhejiang Construction Engineering Group Co., Ltd.*) as Purchaser II;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	杭州晶立置業有限公司 (Hangzhou Jingli Property Co., Ltd.*), a company established in the PRC and a subsidiary of the Company; and
“%”	per cent.

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

Hong Kong, 29 March 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