

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA EVERGRANDE GROUP

中國恒大集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3333)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF INTERESTS IN PROJECT COMPANY**

On 14 December 2023, the Vendor, a subsidiary of the Company entered into the Agreement with the Purchaser under which the Vendor agreed to sell its interests in the Project Company to the Purchaser for a total consideration of RMB663,150,000.

The Project Company is a property development company and is responsible for the development of the Shanghai North Bund Project.

As the applicable percentage ratios set out in 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 salient terms of the Agreement are summarized below:

Date: 14 December 2023

Parties

- (1) 恒大地產集團有限公司 (Hengda Real Estate Group Co., Ltd.*) as the Vendor;
and
- (2) 光大興隴信託有限責任公司 (China Everbright Xinglong Trust Co., Ltd.*) as the Purchaser.

Subject matter

The Vendor will sell its 30% interests in the Project Company and the project operation right to the Purchaser or a designated entity of the Purchaser. The Project Company is responsible for the development of the Shanghai North Bund Project.

Consideration and application of the proceeds

The consideration for the sale of the interests in the Project Company is RMB663,150,000, which was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the Group's assessment of the price of neighbouring lands to the project and the current market conditions of the property market in the PRC.

RMB20,000,000 of the consideration will be paid in cash, and the remaining RMB643,150,000 of the consideration will be applied to settle the current accounts owed by the Vendor and its affiliates to the Project Company and the JV Partner. The cash proceeds from the Disposal will be used by the Group to secure delivery of properties.

Condition

The Disposal is conditional upon the Company having complied with the requirements of the Listing Rules in respect of the Disposal.

Other terms

Upon completion of the Disposal, the Purchaser shall waive all obligations of the Group in respect of the Shanghai North Bund Project.

INFORMATION ON THE PROJECT COMPANY AND THE SHANGHAI NORTH BUND PROJECT

The Project Company is a limited liability company established in the PRC on 30 September 2020. It is owned as to 30% by the Vendor and as to 70% by the JV Partner. The JV Partner is a related party of the Purchaser. The Project Company is responsible for the development of the Shanghai North Bund Project.

The Shanghai North Bund Project is located at Block 63, North Bund Street, Hongkou District, Shanghai. The site covers a land area of 12,545 square meters, it is planned to be a commercial and residential complex with a total constructed area of 45,000 square meters, including 20,000 square meters of residential space and 25,000 square meters of commercial space. According to the "State-owned Construction Land Use Rights

Transfer Contract”, the project must be held for not less than 20 years. Approximately 5,600 square meters of the project are preserved and protected historical buildings and must be renovated and used in harmony with the surrounding space.

The development of the Shanghai North Bund Project has been suspended. During the two years ended 31 December 2021 and 2022, no rental income was generated from the land, the construction in progress, and the real estate operation and development rights of the project.

Set out below is the financial information of the Project Company for the two years ended 31 December 2022:

	For the year ended	
	31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net profit/(loss) before taxation	(0.79)	(1,336.87)
Net profit/(loss) after taxation	(0.79)	(1,336.87)

The net asset value of the Project Company as at 30 June 2023 was approximately RMB65,026,304.30.

Upon completion of the Disposal, the Company will no longer have any interest in the Project Company and the Shanghai North Bund Project.

EXPECTED FINANCIAL IMPACT OF THE DISPOSAL ON THE GROUP

It is expected that the Group will record a loss of approximately RMB55 million from the Disposal, being the amount of the consideration for the disposal of the interest in the project after deducting the costs and relevant taxes in relation to 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. The land for the Shanghai North Bund Project has been idle for a long time and has received idle land investigation notice issued by the relevant land administration department, with the risks of administrative penalties and resumption. The Disposal serves to revitalize the Group’s assets, and provide funds for use in the guarantee delivery of properties.

The Directors are of the view that the Disposal is fair and reasonable and in the interests of the Company and all the stakeholders as a whole.

INFORMATION ON 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 is an indirect subsidiary of the Company. It is principally engaged in the business of property development.

The Purchaser

The Purchaser is a limited liability company established in the PRC and is a trust company approved by the China Banking and Insurance Regulatory Commission. It is principally engaged in capital trusts, movable and real estate trusts, other property trusts, investment funds, etc. The Purchaser is controlled by China Everbright Group Co., Ltd. (“**Everbright Group**”). Everbright Group is a Chinese state-owned enterprise that mainly engaged in financial and industrial investment business.

The JV Partner

The JV Partner is a limited partnership established in the PRC and is principally engaged in corporate management consulting services. It is held as to 99.9412% by the Purchaser, with the remaining 0.0588% held by the Group.

To the best of the Directors’ knowledge, information and belief, having made reasonable enquiry, the Purchaser and the JV Partner and their respective ultimate beneficial owners are not connected persons of the Company.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the consideration for the Disposal and the amount of debts to be set off 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.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Agreement”	the agreement dated 14 December 2023;
“Board”	the board of directors of the Company;
“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;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposal”	the transactions in respect of the sale of 30% interests in the Project Company by the Vendor;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“JV Partner”	上海亘辰信息技術合夥企業(有限合夥) (Shanghai Genchen Information Technology Partnership (Limited Partnership)*);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Project Company”	上海恒耕置業有限公司 (Shanghai Henggen Real Estate Co., Ltd.*)
“Purchaser”	光大興隴信託有限責任公司 (China Everbright Xinglong Trust Co., Ltd*) ;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanghai North Bund Project”	the project located at the North Bund, Hongkou District, Shanghai (上海市，虹口區北外灘);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Vendor” 恒大地產集團有限公司 (Hengda Real Estate Group Co., Ltd.*), a company established in the PRC with limited liability and a subsidiary of the Company; and

“%” per cent.

By order of the Board
China Evergrande Group
Siu Shawn
Executive Director

Hong Kong, 14 December 2023

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*