

*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 25 January 2024, the Vendor, a subsidiary of the Company, and (among others) the Purchaser entered into the Agreement under which the Vendor agreed to sell its 65% interests in the Project Company to the Purchaser for a total consideration of RMB137,620,138.57.

As part of the transaction, the Project Company will waive part of the debts owed by the Vendor and its related parties to the Project Company in the amount of RMB376,017,496.98.

The Project Company is a property development company and is responsible for the development of the 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:** 25 January 2024

### **Parties**

- (1) 恒大地產集團粵東有限公司 (Hengda Real Estate Group Yuedong Co., Ltd.\*) as the Vendor;
- (2) 汕頭市恒耀房地產開發有限公司 (Shantou Hengyao Property Development Co., Ltd.\*) as the Purchaser;
- (3) Redleaf Trading Pte. Limited (澳大利亞紅葉貿易有限公司\*) as the JV Partner;  
and
- (4) the Project Company.

### **Subject matter**

The Vendor will sell its 65% interests in the Project Company to the Purchaser. The Purchaser will undertake the obligations to the Project Company and the development of the Project, and will fully promote the resumption of work and construction of the Project to ensure the realization of the goals of “ensuring the delivery of properties, protecting people’s livelihood, and ensuring stability”.

### **Consideration and the set-off of debts**

The consideration for the sale of the interests in the Project Company is RMB137,620,138.57, which was determined after arm’s length negotiations between the parties with reference to the Vendor’s external price inquiry and the net asset value of the Project Company as at 31 December 2023.

As of 31 October 2023, the Vendor and some of its related parties were indebted to the Project Company in the total amount of RMB713,637,635.55, after setting off against the net current accounts between the Project Company and the Vendor and its related parties. The consideration for the sale of the interests in the Project Company will be used to set off against part of the debt owed by the Vendor and its related parties to the Project Company in an amount equivalent to the consideration. In addition, as part of the transaction, the Project Company will waive part of the debt owed to it by the Vendor and its related parties in the amount of RMB376,017,496.98.

The Project Company agreed that upon completion of the transaction, no interest or liquidated damages will be charged on the remaining outstanding debt in the amount of RMB200,000,000 owed to it by the Vendor. The debt will be repaid on 31 December 2026.

In addition, on the date of the Agreement, the Project Company paid RMB2,000,000 in cash to the Vendor, being the fee charged by the Vendor for handling the announcement procedures in respect of the Agreement on behalf of the Project Company and the Purchaser.

As the entire amount of the consideration will be used to set off against part of the debts owed by the Vendor and its related parties to the Project Company, the Group will not realise any cash proceeds from the Disposal.

### **Condition**

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

### **Profit distribution**

After completion of the transaction, if the Project Company distributes profits during the development process, the parties agreed to distribute 10% of the total profits of the Project Company to an assignee designated by the Vendor. If development of all the land held by the Project Company has completed and has satisfied completion conditions, the Vendor will have the right to liquidate the assets and verify the capital of the Project Company. All parties must cooperate with the Vendor in this capital verification process and provide the required information. After the assets liquidation and capital verification process is completed, if the Project Company has profits, all parties agreed to distribute 10% of the total profits of the Project Company to an assignee designated by the Vendor.

## **INFORMATION ON THE PROJECT COMPANY AND THE PROJECT**

The Project Company is a limited liability company established in the PRC on 14 October 2005. It is owned as to 65% by the Vendor and as to 35% by the JV Partner. The Project Company is responsible for the development of the Project.

The Project is located in the Leikou to Guoxiyang area of Haojiang District of Shantou. The site covers a land area of 445.4 acres. Sale of the Project commenced on 27 August 2017, and 478,800 square meters of the development have been sold, with 1,145 units subject to guaranteed-delivery.

Due to the Group's liquidity issue, development of the Project is currently on hold. During the two years ended 31 December 2022 and 2023, no rental income was generated from the Project land, the construction in progress, and the real estate operation and development rights of the Project land.

Set out below is the financial information of the Project Company for the two years ended 31 December 2023:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net profit/(loss) before taxation	110,427.57	21,426.09
Net profit/(loss) after taxation	110,427.57	12,634.25

The net asset value of the Project Company as at 31 December 2023 was approximately RMB211,696,569.71.

Upon completion of the Disposal, the Group will no longer have any shareholding interest in the Project Company.

### **EXPECTED FINANCIAL IMPACT OF THE DISPOSAL ON THE GROUP**

It is expected that the Group will record a gain of approximately RMB304 million from the Disposal, being the amount of the consideration for the disposal of the interest in the Project plus the amount of part of the debts owed by the Vendor and its related parties to the Project Company which will be waived, after deducting the costs and relevant taxes in relation to the assets to be sold 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. The Disposal serves to revitalize the Group's projects, promote the resumption of work and construction of existing projects, and safeguard the legitimate rights and interests of project investors, creditors and home buyers.

The Board is 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 principally engaged in the business of property development and operation, building project construction, property leasing, interior decoration, air conditioning and refrigeration equipment installation, landscaping project construction, as well as sales and building materials business. The Purchaser is owned as to 39%, 33% and 28% by Dong Heming (董和明), Yao Xinrong (姚欣榮) and Yang Jinxi (羊錦喜) respectively.

### **The JV Partner**

The JV Partner is a private company established in the Australia and is principally engaged in trading, export and investment businesses. It is wholly owned by Mr. Wei Nan Dong. As at the date of this announcement, the JV Partner is interested in 35% of the Project Company.

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 independent of the Company and its connected persons.

## **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 25 January 2024;
“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 disposal of 65% 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”	Redleaf Trading Pte. Limited (澳大利亞紅葉貿易有限公司*);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Project”	the Shantou Jinbi Bay project located at Leikou to Guoxiyang of Haojiang District of Shantou (位於汕頭市濠江磊口至過溪洋片區的汕頭市金碧江灣項目);
“Project Company”	汕頭市恒明房地產開發有限公司 (Shantou Hengmeng Property Development Co., Ltd.*);
“Purchaser”	汕頭市恒耀房地產開發有限公司 (Shantou Hengyao Property Development Co., Ltd.*);
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Vendor” 恒大地產集團粵東有限公司 (Hengda Real Estate Group Yuedong Co., Ltd.\*), a company established in the PRC and an indirect subsidiary of the Company; and

“%” per cent.

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

Hong Kong, 25 January 2024

*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*