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**Evergrande Real Estate Group Limited**

**恒大地产集团有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3333)**

## **CONNECTED TRANSACTION**

The Board announces that on 18 January 2012, the Purchaser, a wholly-owned subsidiary of the Company, Success Will, a non-wholly owned subsidiary of the Company, the Company and the Vendor entered into the Acquisition Agreement pursuant to which the Vendor agreed to sell the Sale Shares, representing 40% of the issued share capital of Success Will, to the Purchaser for an aggregate consideration of US\$161,641,661 (equivalent to approximately HK\$1,260.8 million).

Success Will is a 60%-owned subsidiary of the Group. After completion of the Acquisition, Success Will will become a wholly owned subsidiary of the Group.

The Vendor is a substantial shareholder of Success Will and is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction for the Company for the purpose of the Listing Rules. As the applicable ratios in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements and exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **THE ACQUISITION AGREEMENT**

**Date:** 18 January 2012

### **Parties to the Acquisition Agreement:**

- (1) Pearl River Investment Company Limited, as vendor, is a company incorporated in the Cayman Islands which is an investment holding company established for holding the interest in Success Will. As at the date of this announcement, it is owned as to

approximately 69.2% by MB Asia Real Estate Fund Holdings Pte. Ltd. and as to approximately 30.8% by Elian Properties Limited. The Vendor is currently interested in 40% of the issued share capital of Success Will and is a connected person of the Company for the purpose of the Listing Rules.

- (2) ANJI (BVI) Limited, as purchaser, is a wholly-owned subsidiary of the Company which is principally engaged in investment holding.
- (3) The Company, as guarantor to the obligations of the Purchaser under the Acquisition Agreement.
- (4) Success Will, a 60% owned subsidiary of the Company.

### **The Acquisition**

Pursuant to the Acquisition Agreement, the Vendor has agreed to sell to the Purchaser the Sale Shares, representing 40% of the issued share capital of Success Will.

Success Will is a company incorporated in Hong Kong and is beneficially owned as to 60% by the Company. Success Will and its subsidiaries are principally engaged in property development in the PRC.

The net asset value of Success Will was approximately RMB1,583.4 million (equivalent to approximately HK\$1,946.7 million) as at 30 June 2011. The financial results of Success Will are as follows:

	<b>For the year ended</b>		<b>For the</b>
	<b>31 December</b>		<b>six months</b>
	<b>2009</b>	<b>2010</b>	<b>ended</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>30 June</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before tax	270,696	1,350,692	451,473
Net profit after tax	184,266	613,495	223,386

After completion of the Acquisition, the Group's interest in Success Will will increase from 60% to 100% and the results of Success Will will continue to be consolidated with the financial statements of the Company.

## **Consideration**

The aggregate consideration for the Acquisition is US\$161,641,661 (equivalent to approximately HK\$1,260.8 million). The consideration was determined after arm's length negotiations between the parties with reference to the agreed return of investment the Vendor had with the Company. The Directors, including the non-executive Directors, are of the view that the terms of the Acquisition Agreement were concluded after arm's length negotiations under normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The consideration will be satisfied by the internal resources of the Group and is payable by instalments, with the first instalment to be paid on or before 29 February and the final instalment to be paid on or before 31 January 2015.

## **Conditions**

The performance of the parties of their respective obligations under the Acquisition Agreement will be conditional upon the fulfilment or waiver of the following:

- (a) the entry into of the Pearl River Purchase Agreement by (i) Elian Properties Limited and (ii) MB Asia Real Estate Fund Holdings Pte. Ltd.;
- (b) the delivery to the Purchaser by the Vendor of a certified copy of resolutions of the board of directors of the Vendor approving and authorising the performance by it of the transactions anticipated under the Acquisition Agreement and certifying the names and signatures of the officers of the Vendor authorised to sign the Acquisition Agreement and the other documents to be delivered thereunder;
- (c) the delivery to the Vendor by the Purchaser of a certified copy of resolutions of the board of directors of the Purchaser approving and authorising the performance by it of the transactions anticipated under the Acquisition Agreement and certifying the names and signatures of the officers of the Purchaser authorised to sign the Acquisition Agreement and the other documents to be delivered thereunder; and
- (d) the delivery to the Vendor by the Company of a certified copy of resolutions of the board of directors of the Company approving and authorising the performance by it of the transactions anticipated under the Acquisition Agreement and certifying the names and signatures of the officers of the Company authorised to sign the Acquisition Agreement and the other documents to be delivered thereunder.

Condition (b) may only be waived by the Purchaser and conditions (c) and (d) may only be waived by the Vendor. If condition (a), (b) and (c) have not been satisfied or waived by 31 January 2012 and conditions (d) has not been satisfied by 15 February 2012, the Acquisition Agreement will terminate and cease to have any further effect, save for antecedent breaches.

## **REASONS FOR THE TRANSACTION**

The Group is principally engaged in the development of large scale residential properties and integrated commercial properties.

Success Will is a 60%-owned subsidiary of the Company. It was established in 2007 to facilitate the Vendor to invest into the Evergrande Royal Scenic Peninsula project, a key development project of the Group in Guangzhou. Evergrande Royal Scenic Peninsula is located at the Jinshazhou area of Guangzhou, in the centre of the commercial circle of Guangzhou and Foshan. The project occupies a total site area of approximately 544,000 square meters and a total gross floor area of approximately 1,080,000 square meters in a scenic area with a 2.8 kilometre coastline in the upstream area of the Pearl River. The project comprises high-rise residential buildings, villas, semi-detached villas as well as ancillary facilities including a five-star hotel, a large-scale indoor sports complex, an elementary school affiliated to the South China Normal University, two kindergartens, a shopping street, and a private jetty. The project is being developed in multi-phases, with the final phases of the project currently being constructed.

Pursuant to the shareholders' agreement entered into between the Purchaser and the Vendor for Success Will in September 2007, the parties will wind-up Success Will upon the sale of the last commodity housing unit of the project or the expiry of four years from the date of the shareholders' agreement. Given that it had been four years since the signing of the shareholders' agreement, the parties should wind-up Success Will in accordance with the terms of the shareholders' agreement. However, in view of the fact that the project is still being developed, the parties agreed to delay the winding-up of Success Will and enter into negotiations for the Acquisition. The Acquisition will enable the Group to consolidate its control of Success Will and to continue with the development of the Evergrande Royal Scenic Peninsula project of the Company. The Directors consider that the Acquisition was agreed after arm's length negotiations, under normal commercial terms and the terms were fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **GENERAL**

The Purchaser is a substantial shareholder of Success Will and is a connected person of the Company within the meaning of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction for the Company for the purpose of the Listing Rules. As the applicable ratios in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements and exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors are not interested in the transactions contemplated under the Acquisition Agreement and none of them are required to abstain from voting for the Board resolution to approve the transaction.

## DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser;
“Acquisition Agreement”	the agreement dated 18 January 2012;
“Board”	the board of directors of the Company;
“Company”	Evergrande Real Estate Group Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“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 People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Pearl River Purchase Agreement”	the agreement to be entered into between Elian Properties Limited, MB Asia Real Estate Fund Holdings Pte. Ltd. and the Vendor prior to completion so that MB Asia Real Estate Fund Holdings Pte. Ltd. will become the sole shareholder of the Vendor;
“PRC”	the People’s Republic of China;
“Purchaser”	ANJI (BVI) Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Sale Shares”	400 B ordinary shares in the share capital of Success Will, representing 40% of the issued share capital of Success Will;
“Shareholder(s)”	shareholder(s) of the Company;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Success Will”	Success Will Group Limited, a company incorporated in Hong Kong, a 60% owned non-wholly owned subsidiary of the Group as at the date of this announcement;
“US\$”	United States dollar, the lawful currency of the United States of America; and
“Vendor”	Pearl River Investment Company Limited, a company incorporated in the Cayman Islands.

*In this announcement, translations from US\$ to HK\$ is based on an exchange rate of US\$1.00 to HK\$7.80 and is for illustration purpose only.*

By Order of the Board  
**Evergrande Real Estate Group Limited**  
**Hui Ka Yan**  
*Chairman*

Hong Kong, 19 January 2012

*As at the date of this announcement, the executive directors are Mr. Hui Ka Yan, Mr. Xia Haijun, Mr. Li Gang, Mr. Tse Wai Wah, Mr. Xu Xiangwu, Mr. Xu Wen, Mr. Lai Lixin and Ms. He Miaoling, and the independent non-executive directors are Mr. Yu Kam Kee, Lawrence, Mr. Chau Shing Yim, David and Mr. He Qi.*