

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.



Evergrande Real Estate Group Limited

恒大地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3333)

DISCLOSEABLE TRANSACTION

The Board announces that on 14 July 2015, Shengyu, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with Evergo, pursuant to which Shengyu has agreed to acquire from Evergo the equity interests in the Disposed Companies and all the interests of Evergo in the Debt Receivables of the Disposed Companies at a consideration of HK\$6,500,000,000, and Evergo has agreed to sell the equity interests it held in the Disposed Companies and all the interests in the Debt Receivables to Shengyu. Upon Completion, Shengyu will effectively hold 100% of the equity interests in the Disposed Companies and all the interests in the Debt Receivables.

Since one of the applicable percentage ratios (as defined under the Listing Rules) of the transactions contemplated under the Acquisition Agreement is more than 5% but less than 25%, the Acquisition Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Acquisition Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION: ACQUISITION AGREEMENT

The Board announces that on 14 July 2015, Shengyu, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with Evergo, pursuant to which Shengyu has agreed to acquire from Evergo the equity interests in the Disposed Companies and all the interests of Evergo in the Debt Receivables of the Disposed Companies at a consideration of HK\$6,500,000,000, and Evergo has agreed to sell the equity interests it held in the Disposed Companies and all the interests in the Debt Receivables to Shengyu. Upon Completion, Shengyu will effectively hold 100% of the equity interests in the Disposed Companies and all the interests in the Debt Receivables.

The principal terms of the Acquisition Agreement are as follows:

Acquisition Agreement

Date: 14 July, 2015

Parties to the agreement: (a) Evergo, as Transferor;
(b) Shengyu, as Transferee.

To the best of the Directors' knowledge, belief and information upon making all reasonable enquiries, Evergo and its beneficial owner are independent of and not connected with the Company and its connected persons.

Assets to be acquired

(i) *Entire issued share capital of the Disposed Companies and all interests in the Debt Receivables*

The Disposed Companies indirectly hold the following rights to the Chengdu properties respectively:

Project	Planned usage	Available- for-sale gross floor area (m²)	Interests attributable to the Transferor at Completion
Lucky Benefit Limited			
Splendid City, No.123 and No.165 Yingbin Road, Jinniu District, Chengdu City	Residential	4,038.77	100%
	Commercial	13,734.9	
	Office	10,743.5	
	Parking space (property)	410	
	Parking space (civil air defense)	458	
Metropolis, Room 1, 1/F, Unit 1, Block 4, No.60 Yixue Lane, No.38 Tangba Street, Jinjiang District, Chengdu City	Residential	96,319.6	100%
	Parking space (property)	857	
	Parking space (civil air defense)	93	

Project	Planned usage	Available- for-sale gross floor area (m²)	Interests attributable to the Transferor at Completion
Rising Sheen Limited			
(升亮有限公司)			
Chinese Estates Plaza	Residential	118,562	100%
	Commercial	73,188.3	
	Office	57,451.75	
	Parking space (property)	990	
	Parking space (civil air defense)	257	

(ii) *Other assets*

Other assets include an investment in an exempted partnership enterprise incorporated in Shanghai, the PRC with limited liability amounting to RMB300,000,000 (equivalent to approximately HK\$ 375,000,000). Such investment is held by one of the PRC subsidiaries of the Transferee, which is in turn indirectly held as to 75.8% by Lucky Benefit Limited. Lucky Benefit Limited has acquired the remaining 24.2% equity interests, but the transfer of which has not been completed. The scope of operation of the partnership enterprise is equity investment, investment management and investment consultation service, and it brings along long-term investment return to its partners through acquiring, holding and disposing companies in its investment portfolio.

Consideration

The Consideration for the transfer of the equity interests in the Disposed Companies and the interests in Debt Receivables is HK\$6,500,000,000. Among which, the Consideration for the acquisition of 100% equity interests and the Debt Receivables of Lucky Benefit Limited is HK\$3,280,701,316; the Consideration for the acquisition of the 100% equity interests and the Debt Receivables of Rising Sheen Limited (升亮有限公司) is HK\$3,219,298,684.

The Consideration was determined after arm's length negotiations between the parties with reference to an internal estimation of the value of the properties held by the Disposal Companies conducted by the Company based on the prevailing market price of properties with similar facilities.

The Consideration will be settled by the Company's own funds.

Methods of payment

The Transferee (or its designated company) will pay the Consideration to the Transferor (or the company designated by the Transferor) in cash or through bank transfer or other payment methods as agreed between the Transferor and the Transferee in the following manner:

- (a) 10% of the Consideration, which is HK\$650,000,000, will be paid within five (5) business days after the signing of the Acquisition Agreement (or such other date as may be agreed in writing between the Transferor and the Transferee) as the Deposit of the Consideration;
- (b) 20% of the Consideration, which is HK\$1,300,000,000, will be paid after Completion of the transactions contemplated under the Acquisition Agreement and within six months from the signing of the Acquisition Agreement;
- (c) 20% of the Consideration, which is HK\$1,300,000,000, will be paid after Completion of the transactions contemplated under the Acquisition Agreement and within 12 months from the signing of the Acquisition Agreement;
- (d) 20% of the Consideration, which is HK\$1,300,000,000, will be paid after Completion of the transactions contemplated under the Acquisition Agreement and within 18 months from the signing of the Acquisition Agreement; and
- (e) 30% of the Consideration, which is HK\$1,950,000,000, will be paid after Completion of the transactions contemplated under the Acquisition Agreement and within 24 months from the signing of the Acquisition Agreement.

If any party to the Acquisition Agreement has not or fails to discharge its obligations as agreed under the Acquisition Agreement, the party in default will pay to the other party an amount equivalent to three ten-thousandth (i.e. 0.03%/day) of the relevant Consideration received or outstanding (as the case may be) as the default fee.

As one of the terms of Completion, the Company will guarantee the payment obligations of Shengyu with respect to the Consideration of the above paragraphs (b) to (e) and the aforementioned default fee.

Conditions Precedent

Completion is subject to the fulfillment of the following Conditions Precedent:

- (a) if it is so required under the Listing Rules or by the Hong Kong Stock Exchange, the ultimate controlling company of the Transferor will, in compliance with the Listing Rules, pass all necessary shareholders' resolutions (by way of written shareholders' approval or by an ordinary resolution passed at the general meeting (in case the relevant written approval is not obtained)), to approve the Acquisition Agreement and the transactions contemplated thereunder, and obtain all other necessary approvals and waivers (if applicable);

- (b) the Transferor will obtain all relevant approvals from third parties necessary for the transactions contemplated under the Acquisition Agreement (if necessary);
- (c) if it is so required under the Listing Rules or by the Hong Kong Stock Exchange, the ultimate controlling company of the Transferee will, in compliance with the Listing Rules, pass all necessary shareholders' resolutions (by way of written shareholders' approval or by an ordinary resolution passed at the general meeting (in case the relevant written approval is not obtained)), to approve the Acquisition Agreement and the transactions contemplated thereunder, and obtain all other necessary approvals and waivers (if applicable);
- (d) the Transferee will obtain all relevant approvals from third parties necessary for the transactions contemplated under the Acquisition Agreement (if necessary); and
- (e) the Transferee is satisfied with the due diligence review.

Pursuant to the Acquisition Agreement, since the signing of the Acquisition Agreement, the Transferor and the Transferee will endeavour their best efforts to procure the fulfillment of Conditions Precedent 3.1(a)-(d) (Conditions Precedent 3.1(a)-(b) for the Transferor and Conditions Precedent 3.1(c)-(d) for the Transferee) as soon as possible and no later than the expiry of the fifth business day since the signing date of the Acquisition Agreement or before. The Transferee will complete the due diligence review within fifteen (15) business days from the signing of the Acquisition Agreement.

Completion

Completion will take place on the fifth (5) business day from the date of fulfillment of the last condition precedent.

At Completion, the Transferor will transfer and/or procure its associates to transfer all (but not part) of the equity interests in the Disposed Companies and the Debt Receivables and the Transferee will receive all (but not part) of the equity interests in the Disposed Companies and the Debt Receivables.

Guarantee of the Company

The Company has irrevocably and unconditionally guaranteed the Transferee's due and punctual performance of and compliance with all of its obligations as set out in the Acquisition Agreement.

Information about the Transferor

The Transferor is an investment holding company incorporated in the British Virgin Islands, and is an indirect wholly-owned subsidiary of Chinese Estates Holdings Limited (Hong Kong Stock Exchange stock code: 0127), a company incorporated under Bermuda Laws with limited liability. Chinese Estates Holdings Limited is principally engaged in property investment and development, brokerage, securities investment, money lending and cosmetics distribution and trading.

Information about the Disposed Companies

Lucky Benefit Limited is an investment holding company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of Evergo. Upon Completion, Shengyu will become the beneficial owner of the entire issued capital of Lucky Benefit Limited. As at the date of this announcement, save for the property interest disclosed above, Lucky Benefit Limited does not hold any other material assets.

Rising Sheen Limited (升亮有限公司) is an investment holding company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of Evergo. Upon Completion, Shengyu will become the beneficial owner of the entire issued capital of Rising Sheen Limited (升亮有限公司). As at the date of this announcement, save for property interest disclosed above, Rising Sheen Limited (升亮有限公司) does not hold any other material assets.

The summary of the unaudited consolidated or combined results of the Disposed Companies for the two years ended 31 December 2013 and 2014 are prepared according to the Hong Kong Financial Reporting Standards, and set forth as below:

	For the year ended	
	31 December	
	2013	2014
	(unaudited)	(unaudited)
	<i>HK\$ million</i>	<i>HK\$ million</i>
Net profit before tax	129	208
Net profit after tax	88	110

As at 31 March 2015, the unaudited consolidated or combined net asset of the Disposed Companies was approximately HK\$1,537,000,000.

Upon Completion, the Disposed Companies will become subsidiaries of the Group, and their assets and liabilities as well as their gain or loss will be incorporated into the consolidated financial statements of the Company.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the development of large-scale residential properties and integrated commercial properties. The Disposed Companies own interests in properties and lands located in Chengdu which the Group may use for development. The Directors are of the opinion that the Acquisition represents a good opportunity for the Company to acquire lands in Chengdu for project development.

Chengdu is the economic, technological, cultural and educational center in Southwest China. At the end of 2014, the city has a permanent population of 14.298 million, increasing by 120,000 as compared with the end of the previous year. The city's registered population increased by 146,000 to 11.880

million at the end of the year. The natural population growth rate is 2.71% while the fertility rate in line with policy is 93.3%. In 2014, the city achieved regional gross domestic product (GDP) of RMB910.89 billion, which ranked 3rd among sub-provincial cities in China and represented an increase of 10.2% from 2013. In 2015, Chengdu's real estate market regains strength. According to the "Changes in Residential Selling Prices in 70 Large and Medium Cities in May 2015" published by the National Bureau of Statistics on 18 June, the number of cities which recorded period-on-period rise in property prices kept increasing, reflecting further recovery of the property market. In addition, Chengdu also recorded encouraging data on property market; according to the statistics of funi.com, the transactions in greater Chengdu experienced slight increase for three consecutive months. With the rebound in sales, the property prices also stopped falling and have stabilized. The reference average transaction price in the main city area of Chengdu also increased to RMB9,380 per square meter, representing a period-on-period increase of 1.08% as compared with last month. The continued recovery of the residence sales market and the stabilization of housing prices also stimulated the investment in real estate development and the land market, which in turn promoted the positive and healthy development of Chengdu's property market.

The Metropolis, a project developed by the Disposed Companies, is located at Tangba Road, Jinjiang District, Chengdu City. It is about 2km from Tianfu Square and about 1km from Chunxi Road. Adjacent to the Funan river, also known as the mother river of Chengdu, the project boasts one of the highest quality living facilities among residential buildings in the area. The available-for-sale residential area of the project is 96,319.6m², of which 46,186.31m² were completed while 50,133.29m² were undeveloped; the number of available-for-sale parking space is 857, of which 857 were built; the number of available-for-sale parking space of civil air defense is 93, of which 93 were built. The area where the project located does not have any spare land and product supply in the area is scarce.

Chinese Estates Plaza, another project developed by the Disposed Companies, is located at Taisheng South Road. It is approximately 600 meters from Tianfu Square and about 300 meters from Chunxi Road. With a linear distance of 300 meters from Taisheng Road Station of subway line 4 and neighbouring Jinniu Inn and Chadianzi station in Chengdu City, the project enjoys highly convenient transportation, and there is no spare land in the entire business district and the surrounding areas. The available-for-sale residential area of the project is 118,562m², of which 118,562m² were completed; the available-for-sale commercial area of the project is 73,188.3m², of which 73,188.3m² were built; the available-for-sale office area of the project is 57,451.75m², of which 57,451.75m² were built; the number of available-for-sale parking space is 990, of which 990 were built; the number of available-for-sale parking space of civil air defense is 257, of which 257 were built.

Splendid City, a project developed by the Disposed Companies, is located at Yingbin Road, Jinniu District, Chengdu City. It is about 8km from Tianfu Square and about 10km from Chunxi Road. The available-for-sale residential area of the project is 4,038.77m², of which 4,038.77 m² were built; the available-for-sale commercial area is 13,734.9m², of which 13,734.9m² were built; the available-for-sale office area is 10,743.5m², of which 10,743.5m² were built; the number of available-for-sale parking space is 410, of which 410 were built; the number of available-for-sale parking space of civil air defense is 458, of which 458 were built.

Taking into consideration the aforementioned, the Board considers that the terms of the Acquisition Agreement are fair and reasonable and are on normal commercial terms, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Since one of the applicable percentage ratios (as defined under the Listing Rules) of the transactions contemplated under the Acquisition Agreement is more than 5% but less than 25%, the Acquisition Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Acquisition Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the transactions and matters contemplated under the Acquisition Agreement
“Acquisition Agreement”	the equity interests and creditor’s rights transfer agreement dated 14 July 2015 entered into by the Transferor and the Transferee
“Board”	the board of Directors of the Company
“business day(s)”	means the day(s) on which major commercial banks in Hong Kong are generally open for business (save for Saturdays, Sundays and public holidays)
“Company”	Evergrande Real Estate Group Limited (Hong Kong Stock Exchange stock code: 3333), a company incorporated in the Cayman Islands with limited liability
“Completion”	the completion of the transfer of the equity interests and the Debt Receivables of the Disposed Companies as agreed under the Acquisition Agreement
“Completion Date”	the date when the Acquisition Agreement was duly performed and the Completion took place
“Conditions Precedent”	the conditions precedent stated in the Acquisition Agreement
“Consideration”	the total consideration of the Acquisition Agreement, which is HK\$6,500,000,000

“Debt Receivables”	the amount of debt receivables of the Disposed Companies and its subsidiaries entitled to the Transferor and its related parties at Completion. At the signing of the Acquisition Agreement, the amount of debt receivables is HK\$4,604,500,000
“Deposit of the Consideration”	10% of the Consideration to be paid by the Transferee to the Transferor or the designated person(s) of the Transferor pursuant to the terms of the Acquisition Agreement within five business days from the signing of the Acquisition Agreement
“Director(s)”	the director(s) of the Company
“Disposed Companies”	Lucky Benefit Limited and Rising Sheen Limited (升亮有限公司)
“Evergo” or “Transferor”	Evergo Holdings (China) Company Limited (愛美高集團(中國)有限公司), a company incorporated in the British Virgin Islands
“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 PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“PRC”	the People’s Republic of China, and for the purpose of the Acquisition Agreement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shengyu” or “Transferee”	盛譽(BVI)有限公司 (Shengyu (BVI) Limited), a company incorporated in the British Virgin Islands, which is an indirect wholly-owned subsidiary of the Company

Note: For the purpose of illustration only, RMB is translated to HK\$ at the illustrative rate of RMB1.00 = HK\$1.25.

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

Hong Kong, 14 July 2015

As at the date of this announcement, the board of Directors comprises nine members, of which Mr. Hui Ka Yan, Mr. Xia Haijun, Ms. He Miaoling, Mr. Tse Wai Wah, Mr. Xu Wen and Mr. Huang Xiangui are the executive Directors; and Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi are the independent non-executive Directors.