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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)

RMB5,550,000,000 US\$ Settled 7.50% Senior Notes Due 2014

RMB3,700,000,000 US\$ Settled 9.25% Senior Notes Due 2016

On January 13, 2011, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with BofA Merrill Lynch, Deutsche Bank, Citi and BOC International in connection with the issue of RMB5,550,000,000 US\$ settled 7.50% senior notes due 2014 and RMB3,700,000,000 US\$ settled 9.25% senior notes due 2016.

The estimated net proceeds of the Notes Issue, after deduction of expenses, will amount to approximately US\$1,379.7 million, which the Company intends to use not less than 45% of the net proceeds to fund the repayment of onshore bank borrowings and to replenish cash reserves that have been used to repay onshore bank borrowings since January 1, 2011, and the remaining portion to finance the existing and new property projects of the Group, and for general corporate purposes.

Approval in-principle has been received for the listing of the Notes on the SGX-ST. Admission of the Notes to the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes.

Reference is made to the announcement of the Company dated January 10, 2011 in respect of the Notes Issue. The Board is pleased to announce that on January 13, 2011, the Company, together with the Subsidiary Guarantors, entered into the Purchase Agreement with BofA Merrill Lynch, Deutsche Bank, Citi and BOC International in connection with the issue of RMB5,550,000,000 US\$ settled 7.50% senior notes due 2014 and RMB3,700,000,000 US\$ settled 9.25% senior notes due 2016.

THE PURCHASE AGREEMENT

Date: January 13, 2011

Parties to the Purchase Agreement

- (a) the Company as the issuer;
- (b) certain subsidiaries of the Company as Subsidiary Guarantors of the Company's obligations under the Notes;
- (c) BofA Merrill Lynch;
- (d) Deutsche Bank;
- (e) Citi; and
- (f) BOC International

BofA Merrill Lynch, Deutsche Bank, Citi and BOC International are the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes. They are also the initial purchasers of the Notes. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of BofA Merrill Lynch, Deutsche Bank, Citi and BOC International is an independent third party and not a connected person of the Company.

The Notes have not been, and will not be, registered under the Securities Act. The Notes will only be offered outside the United States in compliance with Regulations S to non-U.S. persons under the Securities Act. None of the Notes will be offered by the Initial Purchasers to the public in Hong Kong and none of the Notes will be placed to any connected persons of the Company.

Principal terms of the Notes

The 2014 Notes

Notes Offered

The Company will issue the 2014 Notes in the aggregate principal amount of RMB5,550,000,000 which will mature on January 19, 2014, unless earlier redeemed pursuant to the terms thereof.

Offering Price

The offering price of the 2014 Notes will be 100% of the principal amount of the 2014 Notes, settled in US\$ at an exchange rate of RMB6.5997 to US\$1.00, resulting in a US\$ issue price of US\$151,522.04 per RMB1,000,000 in principal amount of the 2014 Notes.

Interest

The 2014 Notes will bear interest from and including January 19, 2011 at the rate of 7.50% per annum, payable semi-annually in arrears.

The 2016 Notes

Notes Offered

The Company will issue the 2016 Notes in the aggregate principal amount of RMB3,700 million which will mature on January 19, 2016, unless earlier redeemed pursuant to the terms thereof.

Offering Price

The offering price of the 2016 Notes will be 100% of the principal amount of the 2016 Notes, settled in US\$ at an exchange rate of RMB6.5997 to US\$1.00, resulting in a US\$ issue price of US\$151,522.04 per RMB1,000,000 in principal amount of the 2016 Notes.

Interest

The 2016 Notes will bear interest from and including January, 19 2011 at the rate of 9.25% per annum, payable semi-annually in arrears.

Other terms of the Notes

Ranking of the Notes

The Notes are general obligations of the Company and senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes. The Notes (1) rank at least *pari passu* in right of payment with the 2015 Notes and all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law), (2) are guaranteed by the Subsidiary Guarantors on a senior basis, subject to certain limitations as provided therein, (3) are effectively subordinated to the other secured obligations of the Company (if any) and the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor, and (4) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which are not providing guarantees under the Notes.

Events of default

The events of default under the Notes include, among others: (a) default in the payment of principal; (b) default in the payment of interest; (c) default in the performance or breach of certain covenants under the indentures for the Notes or the Notes; (d) default by the Company or certain of its subsidiaries in the performance or breach of the provisions of certain covenants under the indentures for the Notes or the Notes; (e) default by the Company or certain of its subsidiaries in the repayment of indebtedness having, in the aggregate, an outstanding principal amount in excess of US\$7.5 million; (f) one or more final judgments or orders for the payment of money are rendered against the Company or certain of its subsidiaries and are not paid or discharged; (g) involuntary bankruptcy or insolvency proceedings against the Company or certain of its subsidiaries; (h) voluntary bankruptcy or insolvency proceedings commenced by the Company or certain of its subsidiaries or consent to such similar action; (i) any Subsidiary Guarantor or JV Subsidiary Guarantor denying or disaffirming its obligations under its guarantees securing the obligations of the Notes or except as permitted by the indentures for the Notes, any such guarantee being determined to be unenforceable or invalid or for any reason ceasing to be in full force and effect; (j) default by the Company or the Subsidiary Guarantor Pledgors in the performance of their obligations under the security provided under the Notes, which adversely affects the enforceability, validity, perfection or priority of the applicable lien on the collateral created under the Notes or which adversely affects the condition or value of such collateral, taken as a whole, in any material respect; or (k) the Company or any Subsidiary Guarantor Pledgors denying or disaffirming their obligations under the security provided under the Notes, other than in accordance with the indentures for the Notes and the relevant security documents provided under the Notes, any such relevant security document ceasing to be or is not in full force and effect, or the collateral agent ceasing to have a security interest in the collateral given under the Notes.

If an event of default (other than an event of default specified in (g) and (h) above) occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of outstanding Notes may declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable or instruct the collateral agent to foreclose the security.

Covenants

The Notes, the indentures for the Notes and the subsidiary guarantees for the Notes will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness and issue disqualified or preferred shares or stock;
- (b) declare dividends on its shares or capital stock or purchase or redeem capital stock;
- (c) make investments or other specified restricted payments;
- (d) issue or sell capital stock of certain of its subsidiaries;
- (e) guarantee indebtedness of certain of its subsidiaries;

- (f) sell assets;
- (g) create liens;
- (h) enter into sale and leaseback transactions;
- (i) engage in any business other than permitted business;
- (j) enter into agreements that restrict certain of its subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (k) enter into transactions with shareholders or affiliates; and
- (l) effect a consolidation or merger.

Redemption

2014 Notes

At any time prior to January 19, 2014, the Company may at its option redeem the 2014 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2014 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to the redemption date.

At any time and from time to time, the Company may redeem up to 35% of the aggregate principal amount of the 2014 Notes at a redemption price of 107.50% of the principal amount of the 2014 Notes, plus accrued and unpaid interest, if any, with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

2016 Notes

At any time prior to January 19, 2016, the Company may at its option redeem the 2016 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2016 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to the redemption date.

At any time and from time to time, the Company may redeem up to 35% of the aggregate principal amount of the 2016 Notes at a redemption price of 109.25% of the principal amount of the 2016 Notes, plus accrued and unpaid interest, if any, with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

The Company will give not less than 30 days' nor more than 60 days' notice of redemption for the Notes.

Reason for the Notes Issue

The Group is one of the largest developers of quality residential property projects and a leader in adopting a standardized operational model to manage our various projects in different cities across China. Founded in Guangzhou, Guangdong Province in 1996, we have become a leading national property developer through economies of scale and widely recognized brand name, under the leadership of our management team. Over the years, the Group's focus on a centralized management system, a standardized operational model and quality products has allowed it to quickly replicate its success across China. The Group focuses primarily on provincial capitals and other selected cities that it believes have high-growth potential. The Group believes its land reserves cover the most provincial capitals and municipalities among all PRC property developers. Through its standardized operational model, the Group has been able to simultaneously manage projects in various development and sale stages in 62 cities across China as of December 31, 2010.

The Notes Issue is being undertaken to raise fund for the Company. The estimated net proceeds of the Notes Issue, after deduction of expenses, will amount to approximately US\$1,379.7 million, which the Company intends to use, not less than 45% of the net proceeds to fund the repayment of onshore bank borrowings and to replenish cash reserves that have been used to repay onshore bank borrowings since January 1, 2011, and the remaining portion to finance the existing and new property projects of the Group; and for general corporate purposes.

The Company may adjust its acquisition and development plans in response to changing market conditions and, thus, reallocate the use of the proceeds in accordance with the requirements of the Company. Pending application of the net proceeds, the net proceeds will be invested in temporary cash investments.

Listing

Approval in-principle has been received for the listing of the Notes on the SGX-ST. Admission of the Notes to the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes.

DEFINITIONS

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

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| “2014 Notes” | RMB5,550,000,000 US\$ settled 7.50% senior notes due 2014 to be issued by the Company |
| “2015 Notes” | the US\$750,000,000 13% Senior Notes due 2015 issued by the Company on January 27, 2010 (the “Initial 2015 Notes”), and the additional notes issued by the Company on April 16, 2010 in the principal amounts of US\$350,000,000 and US\$250,000,000, respectively, on the terms and conditions of the Initial 2015 Notes |

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|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “2016 Notes” | RMB3,700,000,000 US\$ settled 9.25% senior notes due 2016 to be issued by the Company |
| “Board” | the board of Directors |
| “BOC International” | BOCI Asia Limited, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes |
| “BofA Merrill Lynch” | Merrill Lynch International, the sole global coordinator and one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes |
| “Citi” | Citigroup Global Markets Limited, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes |
| “Company” | Evergrande Real Estate Group Limited, 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 |
| “Deutsche Bank” | Deutsche Bank AG, Singapore Branch, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes |
| “Directors” | the directors of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Initial Purchasers” | BofA Merrill Lynch, Deutsche Bank, Citi and BOC International |
| “JV Subsidiary Guarantors” | certain subsidiaries of the Company, other than the Subsidiary Guarantors, that on the issue date of the Notes will provide guarantees to secure the Company’s obligations under the Notes |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Notes” | the 2014 Notes and the 2016 Notes |
| “Notes Issue” | the issue of the Notes by the Company |
| “PRC” | the People’s Republic of China |

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| “Purchase Agreement” | the agreement dated January 13, 2011 entered into between, among others, the Company, BofA Merrill Lynch, Deutsche Bank, Citi and BOC International in relation to the Notes Issue |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Securities Act” | the United States Securities Act of 1933, as amended |
| “SGX-ST” | Singapore Exchange Securities Trading Limited |
| “Subsidiary Guarantors” | certain subsidiaries of the Company that on the issue date of the Notes will provide guarantees to secure the Company’s obligations under the Notes |
| “Subsidiary Guarantor Pledgors” | certain Subsidiary Guarantors that on the issue date of the Notes will provide pledges over their stock in the Subsidiary Guarantors held by it to secure the obligations of the Company under the Indenture and the Notes and of such Subsidiary Guarantor under its guarantee provided to secure the Company’s obligations under the Notes |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “US\$” | United States dollars, the lawful currency of the United States of America |

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

Hong Kong, January 14, 2011

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.