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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 the Vendors have on 21 January 2011 accepted the bid of the Company and pursuant to such confirmations, the Company will acquire the Sale Shares, representing a 71% interest in the registered capital of the Target Company, for a consideration of RMB1,660,000,000.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition is more 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. Accordingly, the Acquisition is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE ACQUISITION

Date of the
Transaction: 21 January 2011

On 15 January 2011, Shenzhen Property Auction informed the Company that it has accepted the bid of the Company for the Sales Shares and subject to the acceptance of the bid by the Vendors, the Company will acquire the Sale Shares. On 21 January 2011, the Vendors have confirmed their acceptance of the bid and instructed the 深圳市市場監督管理局 (Shenzhen Market Supervision and Administration Bureau*) to proceed with the transfer of the Sale Shares to the Company.

- Parties:
- (1) The Company
 - (2) Shenzhen Property Auction, acting on behalf of the Vendors
 - (3) The Vendors

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, each of the Vendors and Shenzhen Property Auction Co., Ltd. and their beneficial owners is independent of and not connected with the Company and its connected persons.

Assets to be acquired

The Sale Shares, representing 71% of the registered capital of the Target Company. Upon completion of the Acquisition, the Target Company and its subsidiaries will become subsidiaries of the Company.

Consideration

The aggregate consideration for the acquisition of the Sale Shares is a sum of RMB1,660,000,000, which shall be satisfied by the internal resources of the Company and payable in cash in the following manner:

- (a) the sum of RMB500 million (the “**Initial Deposit**”) paid by the Company to participate in the auction will be applied to settle part of the consideration.
- (b) the sum of RMB1,160 million (the “**Final Payment**”) to be paid within 5 business days of completion of the transfer of the Sale Shares to the Company.

The consideration for the Acquisition was determined after a public bidding process and the Directors consider that the terms and conditions of the Acquisition, including the consideration, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE TARGET COMPANY

The Target Company was established in 2003 through the conversion of the state-owned 深圳建設總承包有限公司 (Shenzhen Construction Contracting Co., Ltd.*), which was further restructured into a limited liability company in 2006. It possesses licenses to undertake property development and general contracting work (including class 1 license to contract for municipal infrastructure work). Prior to completion of the Acquisition, it has a registered capital of RMB300 million and is held as to 29% by 深圳市投資控股有限公司 (Shenzhen Investment Holding Co., Ltd.*), as to 51% by 深圳市建設(集團)有限公司工會委員會 (Shenzhen Construction (Group) Co., Ltd. Labour Union Committee*) and as to 20% by 深圳市建設家園物業服務有限公司工會委員會 (Shenzhen Construction Home Property Services Co., Ltd. Labour Union Committee*).

The Target Company is principally engaged in property development, property leasing and general contracting. The Target Company is currently engaged in property development projects in Shenzhen, Dongguan and Hefei comprising an aggregate site area of approximately 180,895 sq.m. and a planned GFA of approximately 380,000 sq.m.

The Target Company also has property available for lease of approximately 50,000 sq.m.

Financial information on the Target Company

The following information is extracted from the audited consolidated financial statements of The Target Company for the two financial years ended 31 December 2008 and 2009, and the six months ended 30 June 2010:

	For the year ended 31 December		For the six months ended 30 June
	2008	2009	2010
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	1,462,519.5	1,286,477.9	362,431.2
Profit/Loss before taxation	(115,356.3)	245,710.2	83,883.8
Profit/Loss after taxation	(117,314.5)	211,967.9	64,038.8

The net assets value of the Target Company as at 30 June 2010 was RMB880,000,000. Upon completion of the Acquisition, the Target Company will be held as to 71% by the Company and as to 29% by Shenzhen Investment Holding Co., Ltd., and the Target Company will be accounted as a non wholly-owned subsidiary of the Group.

GENERAL

The Company is principally engaged in the property development, property investment, property management, property construction, land leveling and other property development related services in the PRC.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the development of large scale residential properties and integrated commercial properties. The Directors consider the Acquisition is a good opportunity for the Company to acquire development projects with the potential of generating attractive return for the Company. As the Acquisition was made through an auction, the Directors consider that the Acquisition was made on normal commercial terms and that such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the Acquisition is in the interest of the Company and the Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is 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 terms have the meanings set opposite them below:

“Acquisition”	the acquisition by the Company of the Sale Shares
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Evergrande Real Estate Group Limited, a company incorporated in the Cayman Islands as an exempted company 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
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“RMB”	Renminbi, the lawful currency of the PRC

“Sale Shares”	71% in the registered capital of the Target Company which is held by the Vendors as at the date of this announcement
“Shareholder(s)”	shareholder(s) of the Company
“Shenzhen Property Auction”	深圳產權拍賣有限責任公司 (Shenzhen Property Auction Co., Ltd.*), an auction company located in the PRC, which was acting on behalf of the Vendors in the sale of the Sale Shares
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	深圳市建設(集團)有限公司 (Shenzhen Construction (Group) Co., Ltd.*), a company established in the PRC
“Vendors”	深圳市建設(集團)有限公司工會委員會 (Shenzhen Construction (Group) Co., Ltd. Labour Union Committee*) and 深圳市建設家園物業服務有限公司工會委員會 (Shenzhen Construction Home Property Services Co., Ltd. Labour Union Committee*), which together own the Sale Shares
“%”	per cent.

* *The English transliteration of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.*

By Order of the Board of
EVERGRANDE REAL ESTATE GROUP LIMITED
HUI KA YAN
Chairman

Hong Kong, 21 January 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.