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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)

DISCLOSEABLE AND CONNECTED TRANSACTION

The Board announces that on 15 October 2013, the Purchaser, a wholly owned subsidiary of the Company, entered into the Agreement with the Vendor pursuant to which the Purchaser has agreed to acquire the Sale Shares, representing 49% of the issued share capital of Grandday, from the Vendor at a consideration of US\$550 million (equivalent to approximately HK\$4,262.5 million). Upon completion of the Acquisition, Grandday will become a wholly-owned subsidiary of the Group.

As the consideration ratio in respect of the Acquisition is over 5%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Vendor is a substantial shareholder of Grandday and is a connected person at the subsidiary level of the Company for the purpose of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

As the Vendor and its associates are not interested in any Shares, no Shareholder is required to abstain from voting for the resolution to approve the Acquisition, should an extraordinary general meeting of the Company be convened to approve the Acquisition. Accordingly, the Company has applied to the Stock Exchange pursuant to Rule 14A.43 of the Listing Rules for, and the Stock Exchange has granted, a waiver from the requirement to hold a general meeting to approve the Acquisition on the basis of a written certificate provided by Xin Xin, a Shareholder holding approximately 58.49% of the issued share capital of the Company as at the date of this announcement.

An Independent Board Committee comprising the independent non-executive Directors has been established to advise the Independent Shareholders on the terms of the Agreement and an independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Acquisition.

The circular containing, amongst other things, further details about the Agreement and the Acquisition and a letter from the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Acquisition, will be despatched to the Shareholders. As the Company expects that it will need more than 15 business days to collate the information to be included in the circular, the circular is expected to be despatched to the Shareholders on or before 6 December 2013.

THE AGREEMENT

Date: 15 October 2013

Parties to the Agreement:

- (1) Purchaser: Shengjian (BVI) Limited, a wholly-owned subsidiary of the Company.
- (2) Vendor: Dynamic Grand Limited, which is an investment holding company wholly-owned by an international investment fund. The Vendor is a substantial shareholder of Grandday and is a connected person at the subsidiary level of the Company.

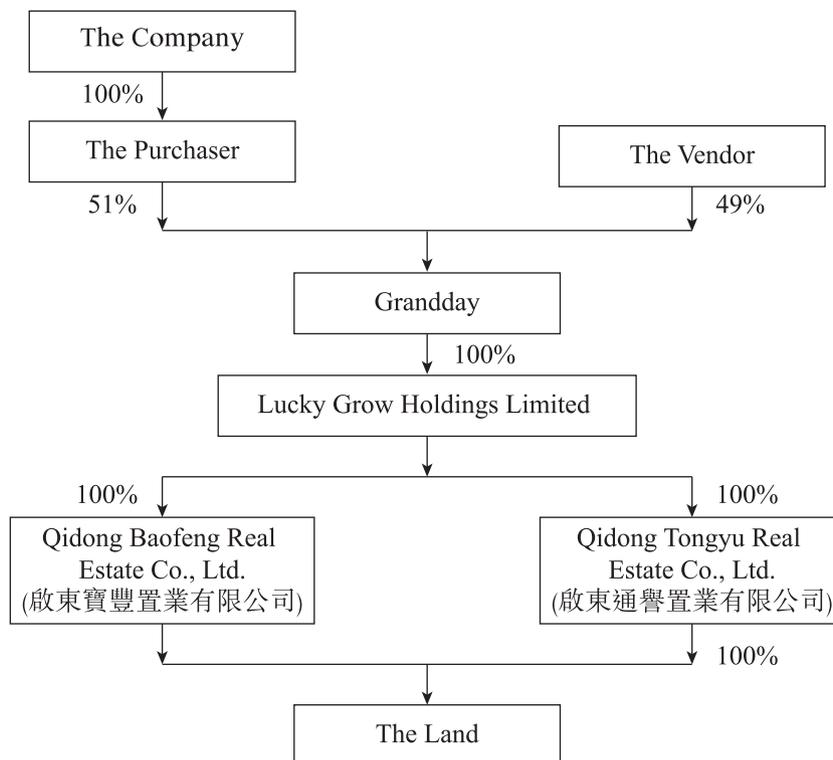
The Acquisition

Pursuant to the Agreement, the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares, which represent 49% of the issued share capital of Grandday, at the Consideration.

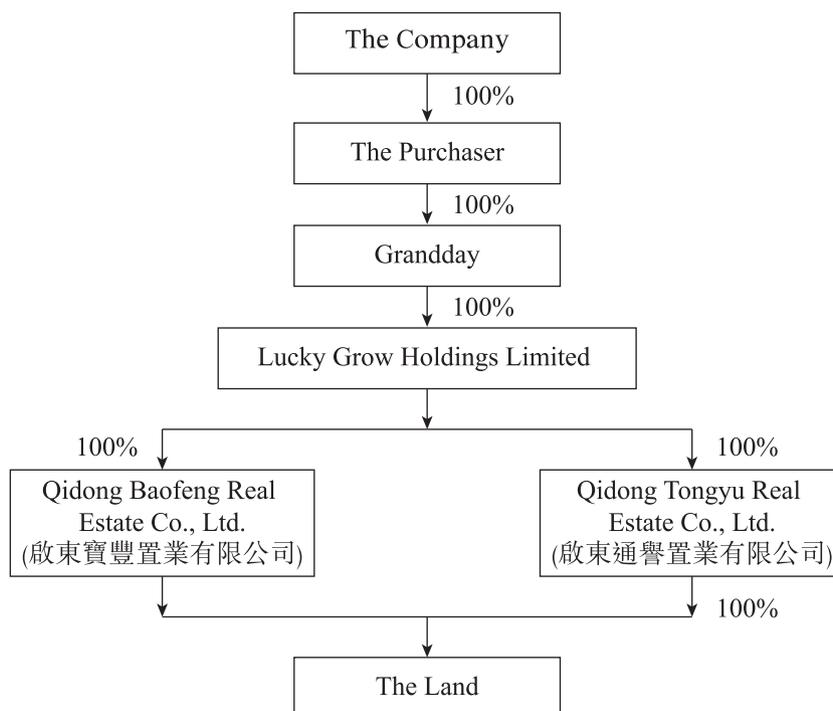
Grandday is a company incorporated in the BVI and is a 51% owned subsidiary of the Company. Grandday is an investment holding company and its subsidiaries own the Land.

The charts below set out the structure of Grandday before and after Completion:

Before Completion



After Completion



The combined net asset value of Grandday and its subsidiaries as at 31 August 2013 was approximately RMB104,838,952. The financial results of Grandday and its subsidiaries for the two years immediately preceding the date of the transaction are as follows:

	For the year ended	
	31 December	
	2011	2012
	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net (loss)/profit before tax	9,280	63,270
Net (loss)/profit after tax	11,227	12,060

After completion of the Acquisition, Grandday will become an indirect wholly-owned subsidiary of the Company and Grandday and its subsidiaries will be accounted as wholly owned subsidiaries of the Group.

Consideration

The Consideration is the sum of US\$550 million (equivalent to approximately HK\$4,262.5 million).

The Consideration was determined after arm's length negotiations between the parties. The Directors are of the view that the Acquisition is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The consideration will be payable by the Group through its own internal resources in accordance with the following schedule:

- (a) a sum of US\$150 million will be payable by the Purchaser to the Vendor upon the execution of the Agreement; and
- (b) the balance of the Consideration, equivalent to US\$400 million, will be payable by the Purchaser at Completion.

A delay payment interest of 5% per annum will be charged and be payable by the Purchaser if it fails to pay the relevant installment of the Consideration set out in paragraph (a) above.

CONDITIONS

Completion of the sale and purchase of the Sale Shares is conditional upon:

- (a) approval of the Agreement by the Independent Shareholders, and where applicable and subject to compliance with the Listing Rules, such approval may be satisfied by way of a written approval from Xin Xin; and
- (b) the obtaining of all other consents, approvals and authorisations in relation to the transactions contemplated under the Agreement.

If the conditions specified in the Agreement are not fulfilled or waived before 31 December 2013 or such later date as the parties may otherwise agree, the Agreement will forthwith become null and void and cease to have any effect whatsoever save for any antecedent breach.

COMPLETION

Completion shall take place no later than the 10th business day (or at such other time as the parties may otherwise agree) after the conditions to the Agreement have been fulfilled.

INFORMATION ON GRANDDAY AND THE LAND

Grandday and its subsidiaries are investment holding companies and they own the title to the Land. The Land is located in Yinyang Town, Qidong City, Jiangsu Province, the PRC and comprises an aggregate land area of approximately 1.335 million square meters that is intended to be developed into residential properties, commercial properties and related ancillary facilities. Construction of the first phase of the development has already commenced.

REASONS FOR THE TRANSACTION

The Group is principally engaged in the development of large scale residential properties and integrated commercial properties. The Group sold the 49% interest in Grandday to a wholly owned subsidiary of Chinese Estates Holdings Limited, a leading property developer in Hong Kong, in May 2011 for a consideration of US\$500 million to enable the Company to form a strategic alliance with Chinese Estates Holdings Limited to engage in property development in the PRC. Chinese Estates Holdings Limited sold its interest in Grandday to the Vendor in September 2012 at a consideration of US\$500 million. Given that the Vendor and its ultimate beneficial owner are financial investors and are not involved in the business of property development, the Company considers that it is in the interest of the Company to purchase the 49% interest in Grandday to enable the Group to consolidate its control over the management of Grandday and the development of the Land.

Given that the Consideration was determined after arm's length negotiations, the Directors (including the independent non-executive Directors) consider that the Agreement was entered into under normal commercial terms and the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

As the consideration ratio in respect of the Acquisition is over 5%, the transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Vendor is a substantial shareholder of Grandday and is a connected person at the subsidiary level of the Company for the purpose of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

As the Vendor and its associates are not interested in any Shares, no Shareholder is required to abstain from voting for the resolution to approve the Acquisition, should an extraordinary general meeting of the Company be convened to approve the Acquisition. Accordingly, the Company has applied to the Stock Exchange pursuant to Rule 14A.43 of the Listing Rules for, and the Stock Exchange has granted, a waiver from the requirement to hold a general meeting to approve the Acquisition on the basis of a written certificate provided by Xin Xin, a shareholder holding approximately 58.49% of the issued share capital of the Company as at the date of this announcement.

An Independent Board Committee comprising the independent non-executive Directors has been established to advise the Independent Shareholders on the terms of the Agreement and an independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Acquisition.

The circular containing, amongst other things, further details about the Agreement and a letter from the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Acquisition, will be despatched to the Shareholders. As the Company expects that it will need more than 15 business days to collate the information to be included in the circular, the circular is expected to be despatched to the Shareholders on or before 6 December 2013.

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 from the Vendor pursuant to the terms of the Agreement;
“Agreement”	the sale and purchase agreement dated 15 October 2013 between the Purchaser and the Vendor in relation to the purchase of the Sale Shares from the Vendor;
“associates”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;

“BVI”	the British Virgin Islands;
“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;
“Completion”	completion of the transactions contemplated under the Agreement;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the consideration for the acquisition of the Sale Shares in the amount of US\$550 million;
“Director(s)”	the director(s) of the Company;
“Grandday”	Grandday Group Limited, a company incorporated in the BVI, a 51% owned subsidiary of the Group as at the date of this announcement;
“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;
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors;
“Independent Shareholders”	Shareholders other than the Vendor and its associates;
“Land”	land located in Yinyang Town, Qidong City, Jiangsu Province of the PRC with an aggregate area of approximately 1.335 million square meters;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau and Taiwan;
“Purchaser”	Shengjian (BVI) Limited, a company incorporated in the BVI, a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	49 shares of US\$1.00 each in Grandday, representing 49% of the issued share capital of Grandday;

“Shares”	ordinary shares of US\$0.01 each in the share capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States Dollar, the lawful currency of the United States of America;
“Vendor”	Dynamic Grand Limited, a company incorporated in the BVI which is interested in 49% of the issued share capital of Grandday as at the date of this announcement; and
“Xin Xin”	Xin Xin (BVI) Limited, a company wholly-owned by Mr. Hui Ka Yan, the chairman and controlling shareholder of the Company.

Unless otherwise specified in this announcement, translations of US\$ into HK\$ are made in this announcement, for illustration only, at the rate of US\$1.00 to HK\$7.75. No representation is made that any amounts in US\$ or HK\$ could have been or could be converted at that rate or at any other rate or at all.

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

Hong Kong, 15 October 2013

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 Wen and Mr. Lai Lixin, and the independent non-executive directors are Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi.