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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)**

**US\$1,000 million 8.75% SENIOR NOTES DUE 2018**

Reference is made to the announcement of the Company dated 23 October 2013 in respect of the Notes Issue.

On 24 October 2013, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with Goldman Sachs, J.P. Morgan, Deutsche Bank and CMS (HK) in connection with the issue of US\$1,000 million 8.75% senior notes due 2018.

The estimated net proceeds of the Notes Issue, after deduction of expenses, will amount to approximately US\$993 million, which the Company intends to use to refinance the existing indebtedness of the Group.

The Company will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility of the listing of the Notes has been received from the Stock Exchange. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

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## **THE PURCHASE AGREEMENT**

**Date:** 24 October 2013

### **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) Goldman Sachs;
- (d) J.P. Morgan;
- (e) Deutsche Bank; and
- (f) CMS (HK).

Goldman Sachs is the sole global coordinator and Goldman Sachs, J.P. Morgan, Deutsche Bank and CMS (HK) are the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes. Goldman Sachs, J.P. Morgan, Deutsche Bank and CMS (HK) 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 Goldman Sachs, J.P. Morgan, Deutsche Bank and CMS (HK) 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 (i) in the United States to qualified institutional buyers in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A of the U.S. Securities Act and (ii) outside the United States to non-U.S. persons (as defined under Regulation S) in compliance with Regulation S under the U.S. Securities Act. None of the Notes will be offered to the public in Hong Kong or be placed to any connected person of the Company.

### **Principal terms of the Notes**

The following is a summary of certain provisions of the Notes and the Indenture. This summary is not complete and is qualified in its entirety by reference to provisions of the documents relating to the Notes.

### ***Notes Offered***

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of US\$1,000 million which will mature on 30 October 2018, unless earlier redeemed pursuant to the terms thereof.

### ***Offering Price***

The offering price of the Notes will be 100% of the principal amount of the Notes.

### ***Interest***

The Notes will bear interest from and including 30 October 2013 at the rate of 8.75% per annum, payable semi-annually in arrears, commencing on 30 April 2014.

### ***Ranking of the Notes***

The Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (3) at least *pari passu* in right of payment with the Existing Notes and all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations under applicable law; (5) effectively subordinated to the other secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor other than the collateral created under the Notes; and (6) 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 of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise; (b) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days; (c) default in the performance or breach of certain covenants, the failure by the Company to make or consummate an offer to purchase, or the failure by the Company to create, or cause certain of its subsidiaries to create, a lien on the collateral (subject to any permitted lien and the Intercreditor Agreement) under the Indenture; (d) default by the Company or certain of its subsidiaries in the performance of or breaches of any other covenant or agreement in the Indenture or under the Notes (other than a default specified in (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by Citicorp International Limited as trustee or the holders of 25% or more in aggregate principal amount of the Notes; (e) default by the Company or certain of its subsidiaries in the repayment of indebtedness having an aggregate outstanding principal amount of US\$20 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 Pledgor denying or disaffirming their obligations under the security provided under the Notes, other than in accordance with the Indentures 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 under the Indenture, the trustee or the holders of at least 25% in aggregate principal amount of Notes then outstanding, may declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable.

### ***Covenants***

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

- (a) incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- (b) declare dividends on its 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.

### ***Optional Redemption***

The Notes may be redeemed in the following circumstances:

- (1) On or after 30 October 2016, the Company may on any one or more occasions redeem all or any part of the Notes, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on 30 October of the years indicated below:

<b>Year</b>	<b>Redemption Price</b>
2016	104.3750%
2017 and thereafter	102.1875%

- (2) At any time prior to 30 October 2016, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date.
- (3) At any time and from time to time prior to 30 October 2016, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 108.75% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

### **Use of Proceeds for the Notes Issue**

The estimated net proceeds of the Notes Issue, after deduction of expenses, will amount to approximately US\$993 million, which the Company intends to use to refinance the existing indebtedness of the Group.

### **Listing and rating**

The Company will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility of the listing of the Notes has been received from the Stock Exchange. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

The Notes are expected to receive a rating of BB- by S&P and B2 by Moody's.

## DEFINITIONS

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

“2014 Notes”	means any and all outstanding notes of the RMB-denominated US\$ settled 7.5% Senior Notes due 2014 of the Company;
“2015 Notes”	means any and all outstanding notes of the 13% Senior Notes due 2015 of the Company;
“2016 Notes”	means any and all outstanding notes of the RMB-denominated US\$ settled 9.25% Senior Notes due 2016 of the Company;
“Board”	the board of Directors;
“CMS (HK)”	China Merchants Securities (HK) Co., 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 sales of the Notes;
“Directors”	the directors of the Company;
“Existing Notes”	means the 2014 Notes, the 2015 Notes and the 2016 Notes;
“Goldman Sachs”	Goldman Sachs (Asia) L.L.C., the sole global coordinator and one of the joint lead managers and joint bookrunners in respect of the offer and sale of Notes;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Indenture”	the written agreement to be entered into between the Company, the Subsidiary Guarantor as guarantors and Citicorp International Limited as trustee, that specifies the terms and conditions of the Notes, including the covenants, events of default, interest rate of the Notes and the maturity date;
“Initial Purchasers”	Goldman Sachs, J.P. Morgan, Deutsche Bank and CMS (HK);
“J.P. Morgan”	J.P. Morgan Securities plc, one of the joint lead managers and joint bookrunners in respect of the offer and sales of the Notes;
“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;
“Moody’s”	means Moody’s Investors Service, Inc. and its affiliates;
“Notes”	the 8.75% senior notes due 2018 in the aggregate principal amount of US\$1,000 million to be issued by the Company;
“Notes Issue”	the issue of the Notes by the Company;
“PRC”	the People’s Republic of China;
“Purchase Agreement”	the agreement dated 24 October 2013 entered into between, among others, the Company, Goldman Sachs, J.P. Morgan, Deutsche Bank and CMS (HK) in relation to the Notes Issue;
“S&P”	means Standard & Poor’s Ratings Service and its affiliates;
“Securities Act”	the United States Securities Act of 1933, as amended;
“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 extend the benefit of the existing 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; and

“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, 24 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.*