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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)**

## **ISSUANCE OF US\$1,000 MILLION 12% SENIOR NOTES DUE 2020**

Reference is made to the announcement of the Company dated 10 February 2015 in respect of the Notes Issue.

The Board is pleased to announce that on 10 February 2015, the Company entered into the Purchase Agreement with J.P. Morgan, Credit Suisse, Deutsche Bank, China Merchants Securities (HK) and Jefferies in connection with the issue of US\$1,000 million 12% senior notes due 2020.

The estimated net proceeds of the Notes Issue, after deduction of expenses, will amount to approximately US\$995 million, which the Company intends to use to refinance the existing indebtedness of the Group.

Approval in-principle has been received for the listing of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in-principle from, admission of the Notes to the Official List of, and the listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the offering, the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or any of their respective associated companies (if any) or the Notes.

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## **THE PURCHASE AGREEMENT**

Date: 10 February 2015

### **Parties to the Purchase Agreement**

- (a) the Company as the issuer;
- (b) J.P. Morgan as sole global coordinator, one of the joint lead managers and joint bookrunners;
- (c) Credit Suisse as one of the joint lead managers and joint bookrunners;
- (d) Deutsche Bank as one of the joint lead managers and joint bookrunners;
- (e) China Merchants Securities (HK) as one of the joint lead managers and joint bookrunners; and
- (f) Jefferies as one of the joint lead managers and joint bookrunners.

The pricing of the Notes Issue, including the aggregate principal amount, the offering price and interest rates are determined through a book building exercise conducted by J.P. Morgan as the sole global coordinator and J.P. Morgan, Credit Suisse, Deutsche Bank, China Merchants Securities (HK) and Jefferies as the joint lead managers and the joint bookrunners in respect of the offer and sale of the Notes. J.P. Morgan, Credit Suisse, Deutsche Bank, China Merchants Securities (HK) and Jefferies 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 J.P. Morgan, Credit Suisse, Deutsche Bank, China Merchants Securities (HK) and Jefferies 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 U.S. Securities Act. The Notes will only be offered and sold by the initial purchaser to non-U.S. persons (as defined under Regulation S) outside the United States (as defined under Regulation S) in offshore transactions in reliance on 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 17 February 2020, 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 17 February 2015 at the rate of 12% per annum, payable semi-annually in arrears, commencing on 17 August 2015.

### *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 Indenture, 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 any Subsidiary Guarantor Pledgor in the performance of its obligations under the security documents 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 its obligations under the security documents provided under the Notes or, 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, subject to any permitted lien and the intercreditor agreement.

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, the Indenture governing the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) 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) enter into agreements that restrict certain of its subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (j) enter into transactions with shareholders or affiliates; and
- (k) effect a consolidation or merger.

*Optional Redemption*

The Notes may be redeemed in the following circumstances:

- (1) On or after 17 February 2018, 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 17 February of the years indicated below:

<b>Year</b>	<b>Redemption Price</b>
2018	106%
2019 and thereafter	103%

- (2) At any time prior to 17 February 2018, 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 17 February 2018, the Company may redeem up to 35% of the aggregate principal amount of the Notes at a redemption price of 112% of the Notes, plus accrued and unpaid interest, if any, with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

**Use of Proceeds for the Notes Issue**

The estimated net proceeds of the Notes Issue, after deduction of expenses, will amount to approximately US\$995 million, which the Company intends to use to refinance the existing indebtedness of the Group.

## **Listing and rating**

Approval in-principle has been received for the listing of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in-principle from, admission of the Notes to the Official List of, and the listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the offering, the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or any of their respective associated companies (if any) or the Notes.

The Notes are expected to receive a rating of B+ 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:

“2016 Notes”	means any and all outstanding notes of the US\$-settled 9.25% Senior Notes due 2016 of the Company;
“2018 Notes”	means any and all outstanding notes of the 8.75% Senior Notes due 2018 of the Company;
“Board”	the board of Directors;
“China Merchants Securities (HK)”	China Merchants Securities (HK) Co., Limited, one of the joint lead managers and joint bookrunners in respect of the offer and sales 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;
“Credit Suisse”	Credit Suisse Securities (Europe) Limited, one of the joint lead managers and joint bookrunners in respect of the offer and sales of the Notes;
“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 2016 Notes and the 2018 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 Guarantors as guarantors and Citicorp International Limited as trustee and collateral agent, that specifies the terms and conditions of the Notes, including the covenants, events of default, interest rate of the Notes and the maturity date;
“Jefferies”	Jefferies Hong Kong Limited, one of the joint lead managers and joint bookrunners in respect of the offer and sales of the Notes;
“J.P. Morgan”	J.P. Morgan Securities plc, the sole global coordinator, one of the joint lead managers and joint bookrunners in respect of the offer and sale 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 12% senior notes due 2020 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 10 February 2015 entered into between the Company and J.P. Morgan, Credit Suisse, Deutsche Bank, China Merchants Securities (HK) and Jefferies 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;
“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 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, 11 February 2015

*As at the date of this announcement, the executive Directors are Mr. Hui Ka Yan, Mr. Xia Haijun, Ms. He Miao Ling, Mr. Tse Wai Wah, Mr. Xu Wen and Mr. Huang Xiangui, and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi.*