

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

On 2 June 2015, the Purchaser, a wholly-owned subsidiary of the Company, and the Company have entered into the Agreement with the Vendor pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase the Sale Shares and the Sale Loan at the aggregate consideration of RMB5,500,000,000 (equivalent to approximately HK\$6,968,500,000). The Sale Shares represent 92% of the issued share capital in the Target Company.

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 AGREEMENT

Date: 2 June 2015

Parties: (1) The Company;

(2) Shengyu (BVI) Limited, a wholly-owned subsidiary of the Company, as the purchaser; and

(3) Marvel Leader Investments Limited as the vendor.

The Vendor is a company incorporated in the British Virgin Islands and is a wholly owned subsidiary of C C Land Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange. C C Land is principally engaged in property development and investment in Western China. To the best knowledge of the Directors, having made all reasonable enquiry, each of the Vendor and C C Land is independent of and not connected with the Company and its connected persons.

Assets to be acquired

All of the Vendor's interest in the Sale Shares, representing 92% interest in the Target Company, and all of the Vendor's benefits of and interests in the Sale Loan, which as at the date of the signing of the Agreement was HK\$627,735,887.50.

Upon completion of the Acquisition, members of the Target Group will become subsidiaries of the Company.

Consideration

The aggregate consideration for the acquisition of the Sale Shares and Sale Loan is RMB5,500,000,000 (equivalent to approximately HK\$6,968,500,000), which will be satisfied by the internal resources of the Company and payable in cash in the following manner:

- (a) RMB550,000,000 (equivalent to approximately HK\$696,850,000) (the “**Deposit**”), being 10% of the consideration, will be payable within five business days after the date of signing of the Agreement;
- (b) RMB1,650,000,000 (equivalent to approximately HK\$2,090,550,000), being 30% of the consideration, will be payable on the Completion Date;
- (c) RMB1,650,000,000 (equivalent to approximately HK\$2,090,550,000), being 30% of the consideration, will be payable within six months after the date of signing of the Agreement (or such other date as the Vendor and the Purchaser may agree in writing); and
- (d) RMB1,650,000,000 (equivalent to approximately HK\$2,090,550,000), being 30% of the consideration, will be payable within nine months after the date of signing of the Agreement (or such other date as the Vendor and the Purchaser may agree in writing).

The consideration for the Acquisition was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the adjusted unaudited consolidated net asset value of the Target Group attributable to the Vendor of approximately HK\$6,289,026,000 as at 31 March 2015 after taking into account the intrinsic value of the properties of the Target Group and the sole distribution entitlement attached to the Sale Shares and on the assumption that of the Vendor under the shareholders' agreement between the Vendor and the other shareholder in the Target Company, Mr. Tsang having completed his subscription for shares in the Target Company pursuant to the terms of the shareholders' deed between the Vendor and Mr. Tsang in respect of the Target Company, and the amount of the Sale Loan. Further details about Mr. Tsang's subscription of shares in the Target Company are set out in the paragraph headed "Subscription of shares in the Target Company" below.

Taking into consideration the result of the valuation of the properties performed by an independent firm of valuers and the value of the Target Group, the Directors are of the view 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.

Conditions Precedent

Completion is conditional upon the following matters:

- (a) if it is required under the Listing Rules or by the Stock Exchange, CC Land having obtained all necessary approval by its shareholders in general meeting by way of an ordinary resolution to approve the Agreement and the transactions contemplated thereunder (where applicable);
- (b) the Vendor having obtained all necessary consent from any third parties in relation to the Acquisition;
- (c) if it is required under the Listing Rules or by the Stock Exchange, the Company having obtained all necessary approval by its shareholders in general meeting by way of an ordinary resolution to approve the Agreement and the transactions contemplated thereunder (where applicable);
- (d) the Purchaser having obtained all necessary consent from any third parties in relation to the Acquisition (where applicable);
- (e) each party to the Agreement shall fulfil and comply with all relevant regulatory requirements in connection with the transactions contemplated under the Agreement; and
- (f) the Purchaser is satisfied with its due diligence results on the Target Group.

If any of the conditions precedent (except for condition (f) which shall be completed within 15 business days of the signing of the Agreement) are not fulfilled by the date falling on the expiry of the 6-month period from the date of the Agreement, unless the parties otherwise agree, the Agreement will terminate automatically upon which the Vendor will return the Deposit without interest to the Purchaser and repay such amount (if any) that the Purchaser may incur in connection with the execution of the Agreement and neither party will have any further liability to the other as a result of such termination.

Completion

Completion will take place on the 5th business day after the fulfillment of the last condition precedent (or such other date as the Vendor and the Purchaser may agree). The sale and purchase of the Sale Shares and the assignment of the Sale Loan will be completed simultaneously.

Guarantee by the Company

The Company has irrevocably and unconditionally guaranteed the due and punctual performance and observance by the Purchaser of all of its obligations contained in the Agreement.

Termination

- (a) If the Purchaser is not satisfied with the result of its due diligence review on the Target Group, the Purchaser will be entitled to unilaterally early terminate the Agreement whereupon the Vendor will return the Deposit (without interest) to the Purchaser within 5 Business Days after such termination, in which case neither party shall have any further liability to the other party as a result of such termination.
- (b) The Agreement may be terminated as a result of the occurrence of any one of the following events: (i) the parties to the Agreement having reached a mutual agreement in writing in respect of the termination; (ii) the Agreement having been performed in full; (iii) as in accordance with applicable law; or (iv) the Agreement not being capable of performance for more than 3 months as a result of a force majeure event and the parties to the Agreement having agreed in writing confirming termination of the Agreement.
- (c) Unless the Agreement otherwise provides, if any party commits a breach of its obligations under the Agreement, the defaulting party shall be liable to the non-defaulting party for all losses and damages (including pecuniary and non-pecuniary losses and damages) that the non-defaulting party may suffer as a result of such breach.

SUBSCRIPTION OF SHARES IN THE TARGET COMPANY

On 7 April 2014, the Vendor and Mr. Tsang entered into an investment agreement pursuant to which Mr. Tsang agreed to invest in the Target Company by (a) the Vendor selling to Mr. Tsang 8% of the issued share capital of the Target Company, and (b) the Target Company allotting and issuing to Mr. Tsang 1,600 shares in the Target Company which will constitute approximately 34.78% of the issued share capital of the Target Company as enlarged by such subscription (the “**Target Subscription**”). The sale of the 8% interest in the Target Company from the Vendor to Mr. Tsang was completed. As at the date of this announcement, the Target Subscription has not been completed and pursuant to the Agreement, the Vendor will liaise with Mr. Tsang on postponing the completion of the Target Subscription to a date within one month after the date of Completion.

Pursuant to the terms of the Target Subscription, Mr. Tsang or its nominee will subscribe for 1,600 shares in the Target Company for a subscription price of HK\$624,000,000. Upon completion of the Acquisition and the Target Subscription, the Target Company will be held as to 60% by the Group and as to 40% by Mr. Tsang and the subscription amount will be received by the Target Company.

INFORMATION ON THE TARGET GROUP

The Target Company is a private limited company incorporated in the British Virgin Islands on 17 March 2006 with a current issued share capital of US\$3,000 (equivalent to approximately HK\$23,250). As at the date of this announcement, the Target Company is directly owned as to 92% by the Vendor and indirectly owned as to 8% by Mr. Tsang, an independent third party to the Company and its connected persons. The Target Company is an investment holding company and the registered and beneficial owner of Charm Best. The sole business of the Target Company is the ownership of Charm Best.

Charm Best is a private limited company incorporated in Hong Kong on 30 March 2006 with a current issued share capital of HK\$1 which is directly wholly-owned by the Target Company. Charm Best is an investment holding company and the registered and beneficial owner of CQZY. The sole business of Charm Best is the ownership of CQZY.

CQZY is a privately-owned enterprise established in the PRC on 11 June 1992 with a current registered and paid-up capital of US\$131,000,000 (equivalent to approximately HK\$1,015,250,000) which is directly wholly-owned by Charm Best. The principal business of CQZY Group is property development and investment in the PRC.

During the period of 2007 to 2014, CQZY Group has completed various property development projects of about 1.8 million sqm. CQZY Group currently owns a portfolio of completed properties and developing projects with total GFA of about 3.42 million sqm consisting of self-used properties with total GFA of approximately 22,800 sqm, investment properties with total GFA of approximately 83,100 sqm, underground garage with total GFA of approximately 500,000 sqm, completed and unsold properties with total GFA of approximately 487,300 sqm, and properties under development and held for future development with total GFA of approximately 2.33 million sqm, including residential, commercial and hotel complexes which are mainly situated right at the heart of the Yubei District of Chongqing, a district where the central government administration region, major highway junctions and a new rail transportation hub are located.

Financial information on the Target Group

The following information is the consolidated operating results of the Target Group for the two financial years ended 31 December 2013 and 31 December 2014, and the three months ended 31 March 2015:

	For the year ended		For the three
	31 December (unaudited)		months ended
	2013	2014	31 March
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	1,879,475	2,766,416	167,980
Profit before taxation	661,395	676,585	3,252
Profit/Loss after taxation	263,908	215,440	(13,831)
	As at	As at	As at
	31 December	31 December	31 March
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets	7,133,529	7,356,022	7,302,281

Upon completion of the Acquisition, companies in the Target Group will become subsidiaries of the Group.

GENERAL

The Target Group 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 Target Group is interested in properties and land located in Chongqing which the Group could use for development. The Directors consider that the Acquisition a good opportunity for the Company to acquire land in Chongqing for project development. Given that the consideration was determined with reference to, among other things, a valuation on the properties held by the Target Group, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Agreement are fair and reasonable and the entering into of the Agreement is in the interests 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 of the Sale Shares and the Sale Loan by the Purchaser from the Vendor pursuant to the terms of the Agreement;
“Agreement”	the sale and purchase agreement dated 2 June 2015 entered into between the Purchaser, the Company and the Vendor in relation to the Acquisition;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which banks are open for business in Hong Kong and the PRC;
“C C Land”	C C Land Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange;

“Charm Best”	Charm Best Investment Limited, a company incorporated in Hong Kong with limited liability, which is directly wholly-owned by the Target Company;
“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;
“Completion”	completion of the Acquisition pursuant to the Agreement;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“CQZY”	重慶中渝物業發展有限公司 (Chongqing Zhong Yu Property Development Co. Ltd.), a privately-owned enterprise established in the PRC, which is directly wholly-owned by Charm Best;
“CQZY Group”	CQZY and its subsidiaries;
“GFA”	gross floor area;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Tsang”	Mr. Tsang Wai Choi, a director and the deputy chairman of C C Land, an independent third party of the Company and its connected persons;
“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;

“Purchaser”	Shengyu (BVI) Limited (盛譽(BVI)有限公司), a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Loan”	the shareholder’s loan extended by the Vendor to the Target Company, which as at the date of the Agreement, amounted to HK\$627,735,887.59;
“Sale Shares”	2,760 shares in the share capital in the Target Company held by the Vendor, representing 92% of the issued share capital of the Target Company;
“Shareholder(s)”	shareholder(s) of the Company;
“sq.m.”	square metre;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Starhigh International Limited, a company incorporated in the British Virgin Islands with limited liability which is owned as to 92% by the Vendor and as to 8% by Mr. Tsang Wai Choi, a director of C C Land and an independent third party of the Company and its connected persons;
“Target Group”	the Target Company and its subsidiaries;
“Vendor”	Marvel Leader Investments Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by C C Land; and
“%”	per cent.

For the purpose of this announcement, the exchange rate of HK\$1.00 = RMB0.78927 has been used for currency translation, where applicable. Such exchange rates are for illustration purposes and do not constitute representations that any amount in RMB or HK\$ have been, could have been or may be converted at such rates.

** 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, 2 June 2015

As at the date of this announcement, the executive Directors are Mr. Hui Ka Yan, Mr. Xia Haijun, Ms. He Miaoling, 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.