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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)

ISSUE OF US\$700 MILLION NOTES DUE 2019

Reference is made to the announcement of the Company dated 11 January 2016 in respect of the Notes Issue.

The Company issued US\$400 million 7.8% Private Notes due 2019.

The Board is also pleased to announce that on 11 January 2016, the Company entered into the Purchase Agreement with Credit Suisse, China Merchants Securities (HK) and Haitong International in connection with the issue of US\$300 million 8% Senior Notes due 2019.

The estimated net proceeds from the above two offerings, after deduction of expenses, will amount to approximately US\$694 million in total, which the Company intends to refinance the 9.25% senior notes with a principal amount of RMB3.7 billion due 19 January 2016 (to be settled in US\$) and other existing indebtedness of the Group with any remaining balance to be used for general working capital purposes.

The Company will seek a listing of the 8% Senior Notes on the SGX-ST. An approval in principle has been received for the listing of the 8% Senior Notes on the SGX-ST. Admission of the 8% Senior Notes to the SGX-ST is not to be taken as an indication of the merits of the Company or the 8% Senior Notes. No listing of the 8% Senior Notes has been sought in Hong Kong.

PRIVATE NOTES

The Company has completed the issuance of US\$400 million 7.8% Private Notes due 2019.

Parties

The Company as the issuer and an independent third party as the purchaser.

Offering Price

The offer price of the Private Notes was 99.625% of the principal amount of the notes.

The Private Notes have not been and will not be registered under the Securities Act. The Private Notes were sold outside the U.S. only in accordance with Regulation S of the U.S. Securities Act. No application of the listing and the dealings for the Private Notes will be made by the Company to the Stock Exchange or any other stock exchange.

Interest

The Private Notes bear interest at the rate of 7.8% per annum, payable semi-annually.

Ranking of the Private Notes

The Private 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 Private Notes; (3) at least *pari passu* in right of payment with the Existing *Pari Passu* Secured Indebtedness 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 thereof other than the collateral created under the Private Notes; and (6) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which are not providing guarantees under the Private Notes.

Covenants of the Private Notes

The Private Notes, the Private Notes Indenture, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) will limit the Company's ability and the ability of 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 shares or purchase or redeem its shares;
- (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.

8% SENIOR NOTES

Reference is made to the announcement of the Company dated 11 January 2016 in respect of the issue of the 8% Senior Notes.

The Board is pleased to announce that on 11 January 2016, the Company entered into the Purchase Agreement with Credit Suisse, China Merchants Securities (HK) and Haitong International in connection with the issue of US\$300 million 8% senior notes due 2019.

The Purchase Agreement

Date: 11 January 2016

Parties to the Purchase Agreement

- (a) the Company as the issuer;
- (b) Credit Suisse as one of the joint lead managers and the joint bookrunners;
- (c) China Merchants Securities (HK) as one of the joint lead managers and the joint bookrunners;
- (d) Haitong International as one of the joint lead managers and the joint bookrunners; and
- (e) certain subsidiaries of the Group outside the PRC as guarantors.

The pricing of the issue of the 8% Senior Notes, including the aggregate principal amount and the offer price for the 8% Senior Notes was determined through a book building exercise conducted by Credit Suisse, China Merchants Securities (HK) and Haitong International as the joint lead managers and the joint bookrunners. In respect of the offer and sale of the 8% Senior Notes, Credit Suisse, China Merchants Securities (HK) and Haitong International are also the initial purchasers of the 8% Senior

Notes. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Credit Suisse, China Merchants Securities (HK) and Haitong International is an independent third party and not a connected person of the Company.

The 8% Senior Notes have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States or other jurisdictions, and will not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state or local securities law in the United States. None of the 8% Senior Notes will be offered to the public in Hong Kong.

Principal terms of the 8% Senior Notes

The following is a summary of certain provisions of the 8% Senior Notes and the 8% Senior Notes Indenture. This summary is not complete and is qualified in its entirety by reference to provisions of the documents relating to the 8% Senior Notes.

8% Senior Notes Offered

Subject to certain conditions to completion, the Company will issue the 8% Senior Notes in the aggregate principal amount of US\$300 million which will mature on 15 January 2019, unless earlier redeemed pursuant to the terms thereof.

Offering Price

The offering price of the 8% Senior Notes will be 100% of the principal amount of the notes.

Interest

The 8% Senior Notes will bear interest from and including 15 January 2016 at the rate of 8% per annum, payable semi-annually in arrears, commencing on 15 July 2016.

Ranking of the 8% Senior Notes

The 8% Senior 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 8% Senior Notes; (3) at least *pari passu* in right of payment with the Existing *Pari Passu* Secured Indebtedness 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 thereof other than the collateral created under the 8% Senior Notes; and (6) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which are not providing guarantees under the 8% Senior Notes.

Event of Default

The events of default under the 8% Senior 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 8% Senior Notes 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 8% Senior Notes Indenture or under the 8% Senior 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 8% Senior 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 8% Senior Notes or, except as permitted by the 8% Senior Notes 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 8% Senior Notes, which adversely affects the enforceability, validity, perfection or priority of the applicable lien on the collateral created under the 8% Senior 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 8% Senior Notes or, other than in accordance with the 8% Senior Notes Indenture and the relevant security documents provided under the 8% Senior 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 8% Senior 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 8% Senior Notes Indenture, the trustee or the holders of at least 25% in aggregate principal amount of the 8% Senior Notes then outstanding, may declare the principal of, premium, if any, and accrued and unpaid interest on the 8% Senior Notes to be immediately due and payable.

Covenants of the 8% Senior Notes

The 8% Senior Notes, the 8% Senior Notes Indenture, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) will limit the Company's ability and the ability of 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

- (1) The Company can choose to redeem all instead of part of the notes at any time prior to 15 January 2019 at a redemption price equivalent to 100% of the principal amount of the redeemed notes plus the applicable premium as at (but excluding) the redemption date and the accrued and unpaid interest (if any).
- (2) Subject to certain conditions, the Company can redeem up to 35% of the principal amount of the notes and sell the proceeds of certain of its classes of share capital at 108% of the redemption price plus accrued and unpaid interest (if any) at any time and from time to time prior to 15 January 2019.

Listing

The Company will seek a listing of the 8% Senior Notes on the SGX-ST. An approval in principle has been received for the listing of the 8% Senior Notes on the SGX-ST. Admission of the 8% Senior Notes to the SGX-ST is not to be taken as an indication of the merits of the Company or the 8% Senior Notes. No listing of the 8% Senior Notes has been sought in Hong Kong.

USE OF PROCEEDS FOR THE ISSUE OF 8% SENIOR NOTES AND PRIVATE NOTES

The estimated net proceeds from the above two offerings, after deduction of expenses, will amount to approximately US\$694 million in total, which the Company intends to refinance the 9.25% senior notes with a principal amount of RMB3.7 billion due 19 January 2016 (to be settled in US\$) and other existing indebtedness of the Group with any remaining balance to be used for general working capital purposes.

DEFINITIONS

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

“2016 Notes”	any and all outstanding notes of the US\$-settled 9.25% senior notes due 2016 of the Company;
“2018 Notes”	any and all outstanding notes of the 8.75% senior notes due 2018 of the Company;
“2020 Notes”	any and all outstanding notes of the 12% senior notes due 2020 of the Company
“8% Senior Notes”	the 8% US\$-settled senior notes due 2019 in the aggregate principal amount of US\$300 million to be issued by the Company;
“8% Senior Notes 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 8% Senior Notes, including the covenants, events of default, interest rate of the 8% Senior Notes and the maturity date;
“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 Notes Issue;
“Company”	Evergrande Real Estate Group, 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 Notes Issue;
“Directors”	the directors of the Company;

“Existing Bank Loans”	the bank loans granted to the Company or a Subsidiary Guarantor Pledgor and subject to the intercreditor agreement dated 19 January 2011 entered into between the Company, the Subsidiary Guarantors Pledgors, Citicorp International Limited as trustee and collateral agent for the 2016 Notes;
“Existing Notes”	the 2016 Notes, the 2018 Notes, the 2020 Notes and the Private Notes;
“Existing Pari Passu Secured Indebtedness”	the Existing Bank Loans and the Existing Notes;
“Group”	the Company and its subsidiaries;
“Haitong International”	Haitong International Securities Company Limited, one of the joint lead managers and joint bookrunners in respect of the Notes Issue;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Indentures”	the Private Notes Indenture and the 8% Senior Notes Indenture;
“JV Subsidiary Guarantors”	certain subsidiaries of the Company, other than the Subsidiary Guarantors, that guarantee the Company’s obligations under the Notes;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Notes”	the Private Notes and the 8% Senior Notes;
“Notes Issue”	the issue of the 8% Senior Notes by the Company;
“PRC”	the People’s Republic of China;
“Private Notes”	the 7.8% US\$-settled private notes due 2019 in the principal amount of US\$400 million issued by the Company;
“Private Notes Indenture”	written agreements entered into by the Company, the Subsidiary Guarantor (as guarantor) and Citicorp International Limited (as trustee and collateral agent), which specified the terms and conditions of the Private Notes, including covenants, events of default, the interest rate of Private Notes and the maturity date;
“Purchase Agreement”	the agreement dated 11 January 2016 entered into between, among others, the Company, Credit Suisse, China Merchants Securities (HK) and Haitong International in relation to the Notes Issue;
“Securities Act”	the United States Securities Act of 1933, as amended;

“SGX-ST”	Singapore Exchange Securities Trading Limited;
“Subsidiary Guarantor(s)”	certain subsidiaries of the Company that on the issue date of the Notes will guarantee the Company’s obligations under the Notes;
“Subsidiary Guarantor Pledgor(s)”	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 Indentures 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, 12 January 2016

As at the date of this announcement, the board of Directors comprises nine members, of which Mr. Hui Ka Yan, Mr. Xia Haijun, Ms. He Miaoling, Mr. Tse Wai Wah, Mr. Xu Wen and Mr. Huang Xiangui are the executive Directors; and Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi are the independent non-executive Directors.