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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)

(Note Stock Code: 5990)

**PLACING OF EXISTING SHARES AND
SUBSCRIPTION FOR NEW SHARES
AND
RESUMPTION OF TRADING**

Placing Agents*



Jefferies

* Logos of the Placing Agents are in alphabetical order.

On 28 May 2015, the Company, the Vendor and the Placing Agents entered into the Placing and Subscription Agreement pursuant to which the Placing Agents have agreed to place, on a best effort basis, the Placing Shares at a price of HK\$5.67 per Share on behalf of the Vendor. The Placing Shares represent approximately 5.54% of the existing issued share capital of the Company and approximately 5.25% of the issued share capital of the Company as enlarged by the Subscription.

The Placing Shares will be placed by the Placing Agents to more than six independent professional, institutional and/or individual investors who are or will be third parties independent of and not connected with the Company or any of its connected persons. The Placing is conditional on certain termination events upon the occurrence of which the Placing will not proceed to completion unless waived by the Placing Agents. The Vendor and the Company have each furnished lock-up undertakings to the Placing Agents.

Pursuant to the Placing and Subscription Agreement, the Vendor has also conditionally agreed to subscribe for the Subscription Shares at the Placing Price. The Subscription Shares represent approximately 5.54% of the existing issued share capital of the Company and approximately 5.25% of the issued share capital of the Company as enlarged by the Subscription.

Completion of the Subscription is conditional upon:

- (1) completion of the Placing; and
- (2) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares.

The Placing and the Subscription are effected to enable the Company to raise funds. The Company intends to use the proceeds of the Subscription for the repayment of debts and as general working capital of the Company.

As the Placing and Subscription are subject to the fulfillment of a number of conditions and may or may not proceed to completion, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares of the Company.

At the request of the Company, trading in the securities of the Company was halted from 9:00 a.m. on 28 May 2015. An application has been made to the Stock Exchange for the resumption of trading in the securities of the Company with effect from 9:00 a.m. on 29 May 2015.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date: 28 May 2015

Vendor: Xin Xin (BVI) Limited, the controlling shareholder of the Company. As at the date of this announcement, the Vendor is interested in 9,370,871,497 Shares, representing approximately 63.32% of the existing issued share capital of the Company.

Placing agents: Credit Suisse;
CLSA;
Haitong International; and
Jefferies.

Each of the Placing Agents is independent of and not connected with the Company or any of its connected persons.

Company: The Company is also party to the Placing and Subscription Agreement.

(1) The Placing

Number of Shares to be placed

820,000,000 existing Shares (to be sold by the Vendor), representing approximately 5.54% of the existing issued share capital of the Company and about 5.25% of the issued share capital as enlarged by the Subscription.

Placing Price

The Placing Price of HK\$5.67 per Share represents (i) a discount of 17.95% to the closing price of HK\$6.91 per Share as quoted on the Stock Exchange on 27 May 2015, the last full trading day prior to the release of this announcement, and (ii) a discount of approximately 14.45% to the average closing price of HK\$6.628 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 27 May 2015.

The Placing Price was determined after arm's-length negotiation between the Vendor and the Placing Agents with reference to the prevailing trading price of the Shares, and the Directors (including the independent non-executive Directors) consider that the Placing Price is fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Rights

The Placing Shares will be sold free of all liens, charges and encumbrances, and together with all rights attaching thereto as at the date of the Placing Agreement, including the right to receive all dividends or other distributions declared, made or paid on or after the date of the Placing and Subscription Agreement.

Independence of the Placing Agents and the Placees

The Placing Shares will be placed by the Placing Agents to not less than six independent professional, institutional and/or individual investors. It is not expected that any placee will become a substantial shareholder of the Company as a result of the Placing.

The Placing Agents and the placees to be procured by the Placing Agents are or will be as the case may be third parties independent of and not connected with the Company or any of its connected persons.

Completion of the Placing

The parties expect that the Placing will be completed on 2 June 2015 (or such other date as the Vendor and the Placing Agents may agree in writing).

Lock-Up Undertakings

The Vendor undertakes to the Placing Agents that (except for the sale of the Sale Shares pursuant to the Placing and Subscription Agreement) for a period of three months from the Closing Date, it will not and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein beneficially owned or held by the Vendor or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of the Placing Agents.

The Company undertakes to the Placing Agents, and the Vendor undertakes to the Placing Agents to procure, that for a period of three months from the Closing Date, the Company will not, except for the Subscription Shares and save pursuant to (1) the placing of shares not exceeding 10% of the issued share capital of the Company at the time of such placing to a Financial Institution where any such shares placed with be subject to a lock-up period of not less than twelve months, (2) the terms of any employee share option scheme of the Company, (3) any outstanding subscription warrants, (4) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of association, (5) conversion of outstanding convertible bonds or notes, or (6) any agreement to issue shares entered into in connection with any transaction, which agreement has been announced prior to the date of the Placing and Subscription Agreement, (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares, or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above, or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above without first having obtained the written consent of the Placing Agents.

(2) The Subscription

Number of new Shares to be subscribed

820,000,000 new Shares (to be subscribed by the Vendor), representing approximately 5.54% of the existing issued share capital of the Company and approximately 5.25% of the issued share capital of the Company as enlarged by the Subscription.

Subscription Price:

The subscription price per new Share is equivalent to the Placing Price of HK\$5.67 per Share. The Subscription Shares have a market value of approximately HK\$5,666.2 million, based on the closing price per Share of HK\$6.91 on 27 May 2015, the last full trading day in the Shares prior to this announcement. The net price of the Subscription is approximately HK\$5.61 per Share.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription are fair and reasonable under the current market condition and in the interest of the Company and the Shareholders as a whole.

General mandate to issue the Subscription Shares

The Subscription Shares will be issued under the general mandate granted by the Shareholders to the Directors pursuant to the resolution of the Shareholders passed in the annual general meeting of the Company held on 16 June 2014. The Company has not issued any Shares pursuant to such general mandate. The issue of the Subscription Shares will utilise up to 820,000,000 Shares in aggregate under the general mandate of the Company and upon completion of the Subscription, the Company will have general mandate left to issue up to 2,126,235,980 Shares.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank *pari passu* in all respects with the Shares in issue on the completion date of the Subscription including the right to any dividends or distributions after the date of completion of the Subscription.

Conditions of the Subscription

The Subscription is conditional upon:

- (1) completion of the Placing; and
- (2) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares.

In the event that the conditions are not fulfilled within 14 days after the date of the Placing and Subscription Agreement, all rights and obligations under the Placing and Subscription will cease and terminate.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription

Completion of the Subscription will take place upon the fulfillment of all conditions listed above and within 14 days from the date of the Placing and Subscription Agreement.

Termination Events

The obligation of the Placing Agents to proceed to completion of the Placing is conditional upon, amongst other conditions, the requirement that none of the following shall have occurred prior to completion:

- (a) there develops, occurs or comes into force:
 - (i) any new law or regulation or any change or development involving a prospective change in existing laws or regulations which in the sole judgement of the Placing Agents has or is likely to have a material adverse effect on the financial position of the Group as a whole; or
 - (ii) any significant change (whether or not permanent) in local, national or international monetary, economic, financial, political or military conditions which in the sole judgement of the Placing Agents is or would be materially adverse to the success of the Placing; or
 - (iii) any significant change (whether or not permanent) in local, national or international securities market conditions or currency exchange rates or exchange controls which in the sole judgement of the Placing Agents is or would be materially adverse to the success of the Placing; or makes it impracticable or inadvisable or inexpedient to proceed therewith; or
 - (iv) a general moratorium on commercial banking activities in Hong Kong, the PRC, London or New York declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the PRC, Singapore, the United Kingdom or the United States; or
 - (v) a change or development involving a prospective change in taxation adversely affecting the Company, the Placing Shares or the transfer thereof; or
 - (vi) any outbreak or escalation of hostilities or act of terrorism involving Hong Kong, the PRC, Singapore, the United Kingdom or the United States or the declaration by Hong Kong, the PRC, Singapore, the United Kingdom or the United States of a national emergency or war; or
 - (vii) any suspension of dealings in the Shares for any period whatsoever (other than as a result of the Placing); or
 - (viii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the London Stock Exchange, the New York Stock Exchange or Nasdaq due to exceptional financial circumstances or otherwise at any time prior to the Closing Date; or

- (b) any breach of any of the representations, warranties and undertakings by the Company and/or the Vendor set out in the Placing and Subscription Agreement comes to the knowledge of the Placing Agents or any event occurs or any matter arises on or after the date of the Placing and Subscription Agreement and prior to the Closing Date which if it had occurred or arisen before the date of the Placing and Subscription Agreement would have rendered any of such representations, warranties and undertakings untrue or incorrect in any respect or there has been a breach of, or failure to perform, any other provision of the Placing and Subscription Agreement on the part of the Vendor and/or the Company; or
- (c) there is any such adverse change, or development involving a prospective adverse change, in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the Company or the Group as a whole which in the sole judgement of the Placing Agents is materially adverse to the success of the Placing.

If any of the conditions for completion of the Placing and Subscription Agreement as set out in the Placing and Subscription Agreement shall not have been fulfilled or (alternatively) waived by the Placing Agents by completion, the Placing and Subscription Agreement and the obligations of the Placing Agents thereunder will terminate and the Placing and the Subscription will not proceed. **Shareholders and investors are therefore advised to exercise caution when dealing in the Shares.**

EFFECT OF THE PLACING AND THE SUBSCRIPTION ON SHAREHOLDING:

The shareholding structure of the Company before and after the Placing and the Subscription will be as follows:

Shareholders	Current <i>Number of Shares</i>	%	Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
			<i>Number of Shares</i>	%	<i>Number of Shares</i>	%
The Vendor and its associates (Note)	10,162,119,735	68.66	9,342,119,735	63.12	10,162,119,735	65.06
Placees	—	—	820,000,000	5.54	820,000,000	5.25
Other Shareholders	<u>4,637,296,165</u>	<u>31.34</u>	<u>4,637,296,165</u>	<u>31.34</u>	<u>4,637,296,165</u>	<u>29.69</u>
Total	<u>14,799,415,900</u>	<u>100.00</u>	<u>14,799,415,900</u>	<u>100.00</u>	<u>15,619,415,900</u>	<u>100</u>

Note: The Vendor is wholly owned by Mr. Hui Ka Yan, the chairman and controlling shareholders of the Company and is interested in 9,370,871,497 Shares. Even Honour Holdings Limited, a company wholly owned by the spouse of Mr. Hui Ka Yan, is interested in 791,248,238 Shares.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The Directors consider the Placing and Subscription will provide an opportunity to raise further capital for the Company whilst broadening the shareholder base and the capital base of the Company. The Directors (including the independent non-executive Directors) consider that the terms of the Placing and the Subscription are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS OF THE SUBSCRIPTION

The Company intends to use the estimated net proceeds of the Subscription of approximately HK\$4,600 million for the repayment of debts and as general working capital purpose.

CAPITAL-RAISING ACTIVITIES DURING PAST 12 MONTHS

The Company has not carried out other equity capital raising activities during the 12 months immediately preceding this announcement.

PRINCIPAL ACTIVITIES

The Group is a developer of large-scale quality residential property projects and a leader adopting a standardised operational model to manage various projects in different cities across China.

RESUMPTION OF TRADING

At the request of the Company, trading in the securities of the Company was halted from 9:00 a.m. on 28 May 2015. An application has been made to the Stock Exchange for the resumption of trading in the securities of the Company with effect from 9:00 a.m. on 29 May 2015.

DEFINITIONS

“Closing Date”	2 June 2015, or such other date as the Vendor and the Placing Agents may agree in writing;
“CLSA”	CLSA Limited (中信里昂證券有限公司), one of the placing agents in respect of the Placing, and a third party independent of and not connected with the Company or any of its connected persons;
“Company”	Evergrande Real Estate Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange;
“connected persons”	has the meaning ascribed to it under the Listing Rules;

“Credit Suisse”	Credit Suisse (Hong Kong) Limited, one of the placing agents in respect of the Placing, and a third party independent of and not connected with the Company or any of its connected persons;
“Directors”	the directors of the Company;
“Financial Institution”	a financial institution that is engaged in the provision of financial services, including but not limited to insurance and trust services;
“Group”	the Company and its subsidiaries;
“Haitong International”	Haitong International Securities Company Limited, one of the placing agents in respect of the Placing, and a third party independent of and not connected with the Company or any of its connected persons;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Jefferies”	Jefferies Hong Kong Limited (富瑞金融集團香港有限公司), one of the placing agents in respect of the Placing, and a third party independent of and not connected with the Company or any of its connected persons;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placing”	the placement of the Placing Shares to independent investors at the Placing Price;
“Placing Agents”	Credit Suisse, CLSA, Haitong International and Jefferies;
“Placing and Subscription Agreement”	the placing and subscription agreement dated 28 May 2015 by and among the Vendor, the Company and the Placing Agents in respect of the Placing and the Subscription;
“Placing Price”	the placing price of HK\$5.67 per Share;
“Placing Shares”	820,000,000 Shares to be sold by the Vendor pursuant to the Placing and Subscription Agreement;
“PRC” or “China”	the People’s Republic of China;
“Shares”	ordinary shares of US\$0.01 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Subscription”	the subscription of the Subscription Shares by the Vendor;
“Subscription Price”	the subscription price of HK\$5.67 per Share;
“Subscription Shares”	820,000,000 new Shares to be issued by the Company under the Subscription; and
“Vendor”	Xin Xin (BVI) Limited, a company incorporated in the British Virgin Islands, the controlling shareholder of the Company.

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

Hong Kong, 28 May 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.