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(Incorporated in Hong Kong with limited liability)

(Stock code: 17)



(Incorporated in the Cayman Islands with limited liability)

(Stock code: 917)

JOINT ANNOUNCEMENT

DISCLOSEABLE TRANSACTION

SUBSCRIPTION FOR PERPETUAL CONVERTIBLE SECURITIES

On 23 December 2015, the First Purchaser, a direct wholly-owned subsidiary of NWD, and the Second Purchaser, an indirect wholly-owned subsidiary of NWCL entered into the Subscription Agreement with the Issuer pursuant to which the Purchasers have agreed to subscribe for the Securities in the principal amount of U.S.\$900,000,000. The Securities are convertible into the Issuer's Shares at an initial conversion price of HK\$8.06 per Issuer's Share (subject to adjustments). The First Purchaser and the Second Purchaser have agreed to subscribe for the Securities for a consideration of U.S.\$450,000,000 and U.S.\$450,000,000 in cash, respectively, as part of the aggregate consideration of U.S.\$900,000,000.

Completion of the Subscription is subject to the satisfaction of the conditions precedent to the Subscription Agreement and may or may not materialise. Shareholders and potential investors should exercise caution when dealing in the securities of NWD and NWCL.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the First Purchaser is a direct wholly-owned subsidiary of NWD and the Second Purchaser is an indirect wholly-owned subsidiary of NWCL. Hence the Subscription constitutes a notifiable transaction for each of NWD and NWCL.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Subscription exceeds 5 per cent. but is less than 25 per cent. for each of NWD and NWCL, the Subscription constitutes a discloseable transaction for each of NWD and NWCL that is subject to the reporting and announcement requirements, but exempt from the shareholders' approval requirement, under Chapter 14 of the Listing Rules.

THE SUBSCRIPTION AGREEMENT

Date

23 December 2015

Parties

1. The First Purchaser, the Second Purchaser as purchasers; and
2. The Issuer as the issuer.

To the best knowledge, information and belief of the NWD Directors and NWCL Directors having made all reasonable enquiries, the Issuer and its ultimate beneficial owner, are independent of and not connected with NWD, NWCL or their respective connected persons.

Subject matter

Subject to the satisfaction of the conditions set out in the section headed “Conditions Precedent” below, the Purchasers have agreed to subscribe for the Securities in an aggregate amount of U.S.\$900,000,000.

Consideration by the First Purchaser and the Second Purchaser

Subject to the satisfaction of the conditions set out in the section headed “Conditions Precedent” below, a consideration of U.S.\$450,000,000 and U.S.\$450,000,000 in cash shall be paid by the First Purchaser and the Second Purchaser respectively, as part of the aggregate consideration of U.S.\$900,000,000, on the Closing Date. In accordance with the terms of the Subscription Agreement, the Issuer further agrees to pay the First Purchaser and the Second Purchaser each a fee of U.S.\$4,500,000 (for a total of U.S.\$9,000,000 from the Issuer). Such fee will be deducted from the subscription monies for the Securities.

The consideration was arrived at after arm’s length negotiation between the Purchasers and the Issuer based on the agreed respective participation amounts in relation to the Subscription of the Securities. The NWD Directors and NWCL Directors (including the independent non-executive directors) believe that the terms of the Subscription Agreement have been negotiated on an arm’s length basis and on normal commercial terms and are fair and reasonable and in the interests of the NWD Group, NWCL Group and their respective shareholders as a whole.

Conditions Precedent

The respective obligations of the Purchasers and the Issuer under the Subscription Agreement are subject to the satisfaction or waiver of certain conditions precedent which are summarised below:

1. the Listing Committee of the Stock Exchange having approved the listing of and permission to deal in the Issuer's Conversion Shares;
2. the Subscription (i) being in compliance with all applicable laws and regulations, (ii) that all necessary regulatory filings having been made and (iii) any approvals or authorisations of any governmental authorities having been obtained or made in form and substance satisfactory to the Issuer or, as applicable, the Purchasers;
3. there having been delivered to each Purchaser a certified copy of the customary constitutive documents and board resolutions of the Issuer and legal opinions issued by the legal advisers to the Issuer;
4. there having been delivered to the Issuer by each Purchaser and to each Purchaser by the Issuer, a copy of their respective process agent's written acceptance of its appointment; and
5. that as at the Closing Date, the respective representations and warranties of the Issuer and the Purchasers under the Subscription Agreement shall be true, accurate and correct in all material respects at, and as if made on, such date and each of the Issuer and the Purchasers shall have performed all of their respective obligations under the Subscription Agreement expressed to be performed on or before such date.

Termination

If (i) as at the Closing Date, any of the conditions precedent of the Subscription Agreement has not been satisfied, or waived by the mutual agreement of the Purchasers and the Issuer (acting together), the Subscription Agreement shall automatically terminate, or (ii) where the Purchasers, or as the case may be the Issuer, by notice in writing to the other parties given at any time prior to the payment of the net subscription monies for the Securities to the Issuer, terminate the Subscription Agreement if there shall have come to the notice of the Purchasers, or as the case may be the Issuer, of any breach of, or any event rendering untrue or incorrect in any material respect, any of the warranties and representations contained in the Subscription Agreement or any failure by the other counterparty to perform any of its undertakings or agreements in the Subscription Agreement.

PRINCIPAL TERMS OF THE SECURITIES

Issuer	The Issuer
Aggregate principal amount	U.S.\$900,000,000
Issue price	100 per cent. of the principal amount of the Securities
Distributions	Subject to the terms of the Securities, the Securities confer a right to receive distributions (each a “ Distribution ”) at the applicable rate of distribution (the “ Distribution Rate ”) from the Issue Date. Distributions will be payable on the Securities in U.S.\$ semi-annually in arrear on 29 June and 29 December in each year, starting on (and including) 29 June 2016 (the “ Distribution Payment Date ”).
Distribution Rate	<p>The Distribution Rate applicable to the Securities are:</p> <ul style="list-style-type: none">(i) in respect of the period from, and including, the Issue Date to, but excluding, 29 December 2017 (the “First Reset Date”), the Initial Distribution Rate; and(ii) in respect of the periods (A) from, and including, the First Reset Date to, but excluding, the immediately following Reset Date and (B) from, and including, each Reset Date falling thereafter to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate.
Distribution deferral	The Issuer may, at its sole discretion, elect to defer a Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice in accordance with the terms of the Securities, unless a Compulsory Distribution Payment Event has occurred. Any such deferred Distribution shall constitute “ Arrears of Distribution ”. The Issuer may, at its sole discretion, elect to further defer any Arrears of Distribution and is not subject to any limits as to the number of times Distributions and Arrears of Distribution can be deferred. Each amount of Arrears of Distribution shall bear interest at the prevailing Distribution Rate (the amount of such interest, the “ Additional Distribution Amount ”).

Restrictions in case of deferral

If: (a) on any Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date (including Arrears of Distribution and any Additional Distribution Amount) is not made in full by reason of and in accordance with the terms of the Securities, or (b) a credit event or a payment default has occurred and is continuing, the Issuer shall not (1) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend or other payment is made on any junior securities, preference shares or parity securities (other than a payment declared, paid or made in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, directors or consultants) or (2) at its discretion directly or through its subsidiaries repurchase, redeem or otherwise acquire any of its junior securities, preference shares or parity securities, unless and until (a) the Issuer satisfies in full all outstanding Arrears of Distribution and any Additional Distribution Amounts; or (b) it is permitted to do so by an extraordinary resolution of the holders of the Securities (the “**Holders**”).

No default

Notwithstanding any other provisions under the terms of the Securities, the deferral of any Distribution payment will not constitute a default for any purpose on the part of the Issuer under the Securities or for any other purpose.

Conversion period

Subject to the terms of the Securities, each Holder has the right to convert the Securities in whole or in part into the Issuer’s Conversion Shares at any time on or after the later of (a) the Closing Date of the Securities and (b) the date upon which the Listing Committee of the Stock Exchange approves the listing of and permission to deal in the Issuer’s Conversion Shares, up to and including, if such Security shall have been called for redemption by the Issuer, the close of business on the date falling seven business days prior to the date fixed for the redemption.

Conversion Price	HK\$8.06 per Issuer's Conversion Share, subject to adjustment on the occurrence of any adjustment events. The adjustment events are (i) the consolidation, subdivision or reclassification of the Issuer's Shares, (ii) the issuance of the Issuer's Shares by way of capitalisation of profits and reserves or by way of scrip dividends, (iii) the making of certain capital distributions to the Issuer's shareholders, (iv) rights issues of the Issuer's Shares or options over Shares at less than 95 per cent. of the current market price, (v) rights issues of other securities of the Issuer, (vi) issues of the Issuer's Shares at less than 95 per cent. of the current market price, (vii) issues of any securities convertible into the Issuer's Shares at less than the current market price by the Issuer or any of its subsidiaries, (viii) modification of rights of conversion to securities issued pursuant to item (vii) above to less than 95 per cent. of the current market price, (ix) other offers to the Issuer's shareholders of equity related securities and (x) any other events that the Issuer may otherwise determine.
Number of the Issuer's Conversion Shares issuable	865,384,000 Issuer's Conversion Shares (432,692,000 Issuer's Conversion Shares for each of the Purchasers) will be issued upon full conversion of the Securities based on the initial conversion price of HK\$8.06.
No fixed redemption date	The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer will only have the right to redeem or purchase them in accordance with the terms of the Securities.
Redemption	Redemption is available in limited circumstances, namely redemption for taxation reasons and redemption at the option of the Issuer.
Status	The Securities constitute direct, unsubordinated and unsecured obligations of the Issuer and will at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Securities will, save for such exceptions as may be provided by applicable law, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Listing	No application will be made for the listing of the Securities on the Stock Exchange.

The Issuer will as soon as practicable following the Closing Date take all such steps as may be necessary or desirable in order to facilitate the clearance and settlement of the Securities through the automated facilities of the clearing systems, and take such steps as may be required for the purpose of obtaining a listing of the Securities on the Singapore Stock Exchange (“SGX”). As at the date of this announcement, no application has been made to the SGX.

REASONS FOR THE SUBSCRIPTION

The Subscription enables NWD and NWCL to enhance the recurring income stream of each of NWD and NWCL as well as providing a steady investment return. Further, the Subscription will enable NWD and NWCL to capture the upside benefit from the potential conversion of the Securities.

The NWD Directors and NWCL Directors (including the independent non-executive directors) believe that the terms of the Subscription have been negotiated on an arm’s length basis and on normal commercial terms and are fair and reasonable and in the interests of the NWD Group, NWCL Group and their respective shareholders as a whole.

INFORMATION ON THE ISSUER, THE FIRST PURCHASER AND THE SECOND PURCHASER

The Issuer

To the best knowledge of the NWD Directors and NWCL Directors, the Issuer is a company incorporated in the Cayman Islands with limited liability, with its shares listed on the Stock Exchange. The Issuer and its subsidiaries are principally engaged in the development of large scale residential properties and integrated commercial properties in the PRC.

To the best knowledge, information and belief of the NWD Directors and NWCL Directors having made all reasonable enquiries, the Issuer and its ultimate beneficial owner, are independent of and not connected with NWD, NWCL or their respective connected persons.

The First Purchaser

The First Purchaser is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. It is a direct wholly-owned subsidiary of NWD.

The NWD Group is principally engaged in property, infrastructure, hotel operation, department store operation, services, as well as telecommunications and technology businesses.

The Second Purchaser

The Second Purchaser is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. It is an indirect wholly-owned subsidiary of NWCL.

The NWCL Group is principally engaged in property development, property investment as well as rental and hotel operations in the PRC.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Subscription exceeds 5 per cent. but is less than 25 per cent. for NWD and NWCL, the Subscription constitutes a discloseable transaction for NWD and NWCL that is subject to the reporting and announcement requirements, but exempt from the shareholders' approval requirement, under Chapter 14 of the Listing Rules.

DEFINITIONS

“Closing Date”	29 December 2015 or such other date as the Purchasers and the Issuer may agree
“Compulsory Distribution Payment Event”	means circumstances in which during the 12 month period ending on the day before the relevant Distribution Payment Date either or both of the following have occurred: <ol style="list-style-type: none">(1) the Issuer (or in the case of any parity securities in respect of which the Issuer is not the issuer, the issuer thereof) declares or pays any dividend, distribution or other payment on or in respect of any junior securities, preference shares or parity securities (other than a payment declared, paid or made in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, directors or consultants); or(2) the Issuer at its discretion directly or through its subsidiaries repurchases, redeems or otherwise acquires any of the Issuer's junior securities, preference shares or parity securities.
“connected person”	has the meaning ascribed to it under the Listing Rules
“First Purchaser”	Sherson Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of NWD
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Initial Distribution Rate”	7.00 per cent. per annum
“Issue Date”	29 December 2015

“Issuer”	Evergrande Real Estate Group Limited (Stock Code: 3333), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Issuer’s Conversion Shares”	new Issuer’s Shares to be issued upon conversion of the Securities
“Issuer’s Share(s)”	share(s) of U.S.\$0.01 each in the capital of the Issuer
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NWCL”	New World China Land 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 (Stock Code: 917)
“NWCL Director(s)”	the directors of NWCL
“NWCL Group”	NWCL and its subsidiaries from time to time
“NWD”	New World Development Company Limited (新世界發展有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 17), and the holding company of NWCL
“NWD Director(s)”	the directors of NWD
“NWD Group”	NWD and its subsidiaries from time to time
“PRC”	the People’s Republic of China
“Purchasers”	the First Purchaser and the Second Purchaser
“Relevant Reset Distribution Rate”	means with respect to each relevant Reset Date, the Initial Distribution Rate plus the Step-up Margin per annum applicable to the relevant Reset Distribution Period
“Reset Date”	means the First Reset Date and each day falling thereafter on an anniversary of the First Reset Date
“Reset Distribution Period”	means the period beginning on and including the First Reset Date and ending on but excluding the following Reset Date and each successive period beginning on and including a Reset Date and ending on but excluding the next succeeding Reset Date
“Second Purchaser”	Vivid China Investment Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of NWCL

“Securities”	the U.S.\$900,000,000 in aggregate principal amount of 7.00 per cent. perpetual convertible securities issued by the Issuer and convertible into the Issuer’s Shares
“Step-up Margin”	means in respect of the Reset Distribution Period beginning (a) on and including the First Reset Date, 0.50 per cent.; (b) in respect of the Reset Distribution Period beginning on and including the first anniversary of the First Reset Date, 1.00 per cent.; (c) in respect of the Reset Distribution Period beginning on and including the second anniversary of the First Reset Date, 1.50 per cent.; (d) in respect of the Reset Distribution Period beginning on and including the third anniversary of the First Reset Date and thereafter, 3.00 per cent.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Securities by the Purchasers pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 23 December 2015 made between the Purchasers and the Issuer relating to the issuance and subscription for the Securities
“U.S.\$”	United States Dollar, the lawful currency of the United States

By order of the board of
New World Development Company Limited
(新世界發展有限公司)
Mr. Wong Man-Hoi
Company Secretary

By order of the board of
New World China Land Limited
Dr. Cheng Kar-Shun, Henry
Managing Director

Hong Kong, 23 December 2015

As at the date of this joint announcement, (a) the executive directors of NWD are Dr. Cheng Kar-Shun, Henry, Dr. Cheng Chi-Kong, Adrian, Mr. Chen Guanzhan, Ms. Ki Man-Fung, Leonie, Mr. Cheng Chi-Heng, Ms. Cheng Chi-Man, Sonia and Mr. Au Tak-Cheong; (b) the non-executive directors of NWD are Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter; and (c) the independent non-executive directors of NWD are Mr. Yeung Ping-Leung, Howard, Mr. Cha Mou-Sing, Payson (alternate director to Mr. Cha Mou-Sing, Payson: Mr. Cha Mou-Zing, Victor), Mr. Ho Hau-Hay, Hamilton, Mr. Lee Luen-Wai, John and Mr. Liang Cheung-Biu, Thomas.

As at the date of this joint announcement, the executive directors of NWCL are Dr. Cheng Kar-Shun, Henry, Mr. Cheng Kar-Shing, Peter, Dr. Cheng Chi-Kong, Adrian, Ms. Cheng Chi-Man, Sonia, Mr. Cheng Chi-Him, Conrad, Mr. Fong Shing-Kwong, Michael and Ms. Ngan Man-Ying, Lynda; and the independent non-executive directors of NWCL are Dr. Cheng Wai-Chee, Christopher, Hon. Tien Pei-Chun, James, Mr. Lee Luen-Wai, John and Mr. Ip Yuk-Keung, Albert.