



# 合生創展集團有限公司\*

## HOPSON DEVELOPMENT HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 754)

### ISSUE OF US\$300 MILLION 8<sup>1</sup>/<sub>8</sub>% SENIOR NOTES

The Board refers to the announcement of the Company dated 21 October 2005 in relation to the proposed issue of Notes. The Board wishes to announce that on 2 November 2005, the Company, the Subsidiary Guarantors and the Purchasers entered into the Purchase Agreement. Pursuant to, and subject to certain conditions in, the Purchase Agreement, the Company has agreed to sell to the Purchasers, and the Purchasers have agreed to severally purchase, the Notes in an aggregate principal amount of US\$300 million (equivalent to approximately HK\$2,340 million) at the issue price of 100%. The Notes will be unconditionally and irrevocably guaranteed by the Subsidiary Guarantors. In addition, the Company and certain Subsidiary Guarantors will pledge the shares of all of the Subsidiary Guarantors held by them for the benefit of the holders of the Notes on a first priority basis.

None of the Notes will be offered to the public in Hong Kong and none of them will be offered to any connected persons (as defined in the Listing Rules) of the Company.

The Offering Circular to be distributed to prospective investors in the Notes will contain certain financial and other information relating to the Company and its subsidiaries, extracts or summaries of which have already been set out in the announcement of the Company dated 21 October 2005.

**Completion of the Purchase Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. Please refer to the section headed "Purchase Agreement" below for further information.**

**As the Purchase Agreement may or may not complete, shareholders of the Company and prospective investors are advised to exercise caution when dealing in the Shares.**

Approval in-principle has been received for the listing of the Notes on the Singapore Exchange. Such approval and the admission of the Notes to the Official List of the Singapore Exchange is not to be taken as an indication of the merits of the Company or the Notes. The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act.

#### INTRODUCTION

The Board refers to the announcement of the Company dated 21 October 2005 in relation to the proposed issue of Notes. The Board is pleased to announce that on 2 November 2005, the Company, the Subsidiary Guarantors and the Purchasers entered into the Purchase Agreement. Pursuant to, and subject to certain conditions in, the Purchase Agreement, the Company has agreed to sell to the Purchasers, and the Purchasers have agreed to severally purchase, the Notes in an aggregate principal amount of US\$300 million (equivalent to approximately HK\$2,340 million) at the issue price of 100%. The Notes will be unconditionally and irrevocably guaranteed by the Subsidiary Guarantors.

The Offering Circular to be distributed to prospective investors in the Notes will contain certain financial and other information relating to the Company and its subsidiaries, extracts or summaries of which have already been set out in the announcement of the Company dated 21 October 2005.

#### PURCHASE AGREEMENT

Date: 2 November 2005

Parties: Issuer: Hopson Development Holdings Limited.  
Guarantors: The Subsidiary Guarantors.  
Purchasers: Credit Suisse First Boston (Europe) Limited and Morgan Stanley & Co. International Limited.  
Credit Suisse First Boston (Europe) Limited and Morgan Stanley & Co. International Limited and their ultimate beneficial owners are third parties independent of the Company and are not connected persons (as defined in the Listing Rules) of the Company.

Purchase: The Purchasers have agreed to severally purchase the Notes in an aggregate principal amount of US\$300 million (equivalent to approximately HK\$2,340 million).

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act. None of the Notes will be offered to the public in Hong Kong and none of them will be offered to any connected person (as defined in the Listing Rules) of the Company.

Conditions precedent: The obligations of the Purchasers to subscribe and pay for the Notes are conditional upon, among other things:

- there not having occurred any change, or any development or event involving a prospective change, in the condition (financial or otherwise), business prospects, properties or results of operations of the Company and its subsidiaries taken as one enterprise, which, in the judgment of the Purchasers, is material and adverse and makes it impracticable or inadvisable to proceed with completion of the offering of the sale of and payment for the Notes;
- there not having occurred any change in the United States, Hong Kong, the PRC, Bermuda or international financial, political or economic conditions or currency exchange rates or exchange controls as would, in the judgment of the Purchasers, be likely to prejudice materially the success of the proposed issue, sale or distribution of the Notes, whether in the primary market or in respect of dealings in the secondary market;
- the Company procuring certain legal opinions and auditors' comfort letters to be delivered to the Purchasers; and
- the Indenture having been duly executed and delivered by the parties thereto.

All the conditions may be waived in whole or in part at the discretion of the Purchasers.

Fees: An underwriting commission will be payable by the Company to the Purchasers.

Completion: Subject to all the conditions of the Purchase Agreement being fulfilled or waived by the Purchasers, completion of the Notes is expected to take place on the Closing Date.

**As the Purchase Agreement may or may not complete, shareholders of the Company and prospective investors are advised to exercise caution when dealing in the Shares.**

#### PRINCIPAL TERMS OF THE NOTES

The Notes are constituted by the Indenture. The principal terms of the Notes are summarised as follows:

Company: Hopson Development Holdings Limited.

Subsidiary Guarantee: Each of the Subsidiary Guarantors will jointly and severally guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes.

Collateral: The Company and certain Subsidiary Guarantors will pledge the shares of all the Subsidiary Guarantors held by them for the benefit of the holders of the Notes on a first priority basis.

Issue: 8<sup>1</sup>/<sub>8</sub>% senior notes due 2012 in an aggregate principal amount of US\$300 million (equivalent to approximately HK\$2,340 million).

Issue Price: 100%.

Issue Date: 9 November 2005.

Maturity Date: 9 November 2012.

Status: The Notes are general, senior and unsubordinated indebtedness of the Company.

Interest: The Notes bear interest from 9 November 2005 at fixed rate of 8<sup>1</sup>/<sub>8</sub>% per annum. Interest is payable semi-annually in arrear on 9 May and 9 November in each year commencing on 9 May 2006.

Other Covenants: The Notes, the Indenture and the Subsidiary Guarantee will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- incur additional indebtedness and issue preferred stock;
- declare dividends on its capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of certain subsidiaries;
- guarantee indebtedness;
- sell assets;
- create any lien;

- enter into sale and leaseback transactions;
- enter into agreements that restrict the ability of certain subsidiaries to pay dividends and transfer assets or make intercompany loans;
- enter into transactions with equity holders or affiliates; or
- effect a consolidation or merger.

Change of Control: Upon the occurrence of a Change of Control Triggering Event (as defined in the Indenture and which includes Mr Chu Mang Yee and his affiliates holding less than 30% of the voting rights of the Company and there occurs a credit rating downgrade subsequent to such change), the Company must make an offer to repurchase all Notes then outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

Redemption for Taxation Reasons: The Company may redeem the Notes, as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption, if the Company or a Subsidiary Guarantor would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws or certain other circumstances.

Optional Redemption: On or after 9 November 2009, the Company may redeem the Notes, in whole or in part, at the redemption prices specified in the Indenture. At any time before 9 November 2009, the Company may redeem the Notes, in whole or in part, at a redemption price equal to 100% of their principal amount plus the applicable premium and accrued and unpaid interest, if any, to the redemption date. In addition, at any time prior to 9 November 2008, the Company may redeem up to 35% of the principal amount of the Notes using proceeds from certain equity offerings at a redemption price of 108.125% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the redemption date.

Governing Law: New York law.

Ratings: The Notes have been rated "Ba1" by Moody's Investors Services Inc, and "BB+" by Standard and Poor's Rating Services, a division of The McGraw Hill Companies, Inc.

Listing: Approval in-principle has been received for the listing of the Notes on the Singapore Exchange. Such approval and the admission of the Notes to the Official List of the Singapore Exchange is not to be taken as an indication of the merits of the Company or the Notes.

#### REASON FOR THIS TRANSACTION

The Directors believe that the proposed issue of Notes will be beneficial to the Company since it will allow the Company to obtain long-term financing from international investors and to improve its capital structure.

#### USE OF PROCEEDS

The net proceeds from the issue of Notes, estimated to be approximately US\$291 million (equivalent to approximately HK\$2,270 million) will be used for general corporate purposes (including land acquisitions and property development). The Company does not have any specific plan for the immediate application of such net proceeds.

#### DEFINITIONS

In this announcement, unless the context otherwise requires, the following capitalised terms shall have the following meanings:

"Board" The board of Directors.

"Closing Date" 9 November 2005 or such other date as shall be agreed between the Company and the Purchasers.

"Company" Hopson Development Holdings Limited, an exempted company incorporated in Bermuda under the Bermuda Companies Act, the shares of which are listed on the Hong Kong Stock Exchange.

"Director(s)" The director(s) of the Company.

"HK\$" Hong Kong dollar, the lawful currency of Hong Kong.

"Hong Kong" The Hong Kong Special Administrative Region of the PRC.

"Hong Kong Stock Exchange" The Stock Exchange of Hong Kong Limited.

"Indenture" The Indenture to be entered into by the Company, the Subsidiary Guarantors and JPMorgan Chase Bank, N.A. as trustee for holders of the Notes on or about 9 November 2005.

"Listing Rules" The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

"Notes" 8<sup>1</sup>/<sub>8</sub>% senior notes due 2012 in an aggregate principal amount of US\$300 million to be issued by the Company.

"PRC" The People's Republic of China.

"Purchasers" Credit Suisse First Boston (Europe) Limited and Morgan Stanley & Co. International Limited.

"Offering Circular" The offering circular to be dated on or about 2 November 2005 to be issued by the Company in connection with the issue of Notes.

"Securities Act" U.S. Securities Act of 1933, as amended.

"Singapore Exchange" Singapore Exchange Securities Trading Limited.

"Subsidiary Guarantee" The guarantees of the Subsidiary Guarantors which will be set out in the Indenture.

"Subsidiary Guarantors" Guarantors of the Notes which comprise all of the Company's wholly-owned subsidiaries incorporated outside the PRC and which are holding companies that operate through subsidiaries, except that Outward Expense Investments Limited will not be a party to the Purchase Agreement and will only become a Subsidiary Guarantor within three Business Days of the Closing Date.

"US\$" United States dollar, the lawful currency of the United States.

By Order of the Board  
**HOPSON DEVELOPMENT HOLDINGS LIMITED**  
Chu Mang Yee  
Chairman

Hong Kong, 3 November 2005

In this announcement, all translations from HK dollars into U.S. dollars have been made at the rate of HK\$7.80 to US\$1.00.

As at the date of this announcement, the board of directors of the Company is composed of 12 directors. The executive directors are Mr Chu Mang Yee (Chairman), Mr Wu Jiesi, Mr Xiang Bin, Mr Tam Lai Ling, Mr Au Wai Kin, Mr Chen Chang Ying and Ms Xiao Yan Xia; the non-executive directors are Mr Steven Shafran and Ms Chen Xiaohong and the independent non-executive directors are Mr Yuen Pak Yiu, Philip, Mr Lee Tsung Hei, David and Mr Wong Shing Kay, Oliver.

\* For identification purposes only

*Please also refer to the published version of this announcement in  
The Standard and Hong Kong Economic Journal.*