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**合生創展集團有限公司\***

**HOPSON DEVELOPMENT HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 754)**

*Website: <http://www.irasia.com/listco/hk/hopson>*

## **ISSUE OF US\$300 MILLION 9.875% SENIOR NOTES**

The Board refers to the announcement of the Company dated 8 January 2013 in relation to the proposed issue of Notes. The Board wishes to announce that on 9 January 2013, the Company, the Guarantors and the Initial Purchasers entered into the Purchase Agreement. Pursuant to, and subject to certain conditions in, the Purchase Agreement, the Company has agreed to sell, and the Initial Purchasers has agreed to purchase from the Company, the Notes in the aggregate principal amount of US\$300 million. The Notes will be unconditionally and irrevocably guaranteed by the Guarantors. The Notes and the Guarantees will be secured by a valid and enforceable perfected first priority security interest over all the shares in each Guarantor (other than the shares of Esteem Industrial (Hong Kong) Limited) and the shares of Believe Best Investments Limited held by the Pledgors. The Collateral will be shared on an equal and ratable basis between the holders of the Notes and holders of the 2016 Notes pursuant to Intercreditor Agreement.

None of the Notes will be offered to the public in Hong Kong and none of them will be offered to any connected persons of the Company.

**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 SGX-ST. Such approval and the admission of the Notes to the Official List of the SGX-ST 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 or the securities laws of any other place.

## **INTRODUCTION**

The Board refers to the announcement of the Company dated 8 January 2013 in relation to the proposed issue of Notes. The Board wishes to announce that on 9 January 2013, the Company, the Guarantors and the Initial Purchasers entered into the Purchase Agreement. Pursuant to, and subject to certain conditions in, the Purchase Agreement, the Company has agreed to sell, and the Initial Purchasers has agreed to purchase from the Company, the Notes in the aggregate principal amount of US\$300 million. The Notes will be unconditionally and irrevocably guaranteed by the Guarantors. The Notes and the Guarantees will be secured by a valid and enforceable perfected first priority security interest over all the shares in each Guarantor (other than the shares of Esteem Industrial (Hong Kong) Limited) and the shares of Believe Best Investments Limited held by the Pledgors. The Collateral will be shared on an equal and ratable basis between the holders of the Notes and holders of the 2016 Notes pursuant to Intercreditor Agreement.

## **PURCHASE AGREEMENT**

Date: 9 January 2013

Parties: Issuer: the Company

Guarantors: the Guarantors

Initial Purchasers: the Initial Purchasers

To the best of the Directors’ knowledge, information and belief after having made all the reasonable enquiry, each of the Initial Purchasers is a third party independent of the Company and is not a connected person of the Company.

Subscription:

Pursuant to, and subject to certain conditions in, the Purchase Agreement, the Company has agreed to sell, and the Initial Purchasers has agreed to purchase from the Company, the Notes in the aggregate principle amount of US\$300 million. The Notes have not been and will not be registered under the Securities Act or the securities laws of any other place. The Notes will only be offered and sold by the Initial Purchasers to non-U.S. persons (as defined in Regulation S under the Securities Act) outside the United States, in compliance with Regulation S. None of the Notes will be offered to the public in Hong Kong and none of them will be offered to any connected person of the Company.

Conditions precedent:

The obligations of the Initial Purchasers to purchase and pay for the Notes are conditional upon, among other things:

- (i) there has not been any change in the capital stock or long-term debt of the Company or any of its subsidiaries, or any dividend or distribution of any kind declared, set aside for payment, paid or made by the Company on any class of capital stock, or any material adverse change, or any development involving a prospective material adverse change, in or affecting the business, properties, management, condition (financial or otherwise), results of operations or prospects of the Company and its subsidiaries taken as a whole, the effect of which in the judgment of the Initial Purchasers makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Notes on the terms and in the manner contemplated;
- (ii) neither the Company nor any of its subsidiaries has entered into any transaction or agreement that is material to the Company and its subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to the Company and its subsidiaries taken as a whole, the effect of which in the judgment of the Initial Purchasers makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Notes on the terms and in the manner contemplated;

- (iii) neither the Company nor any of its subsidiaries has sustained any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor disturbance or dispute or any action, order or decree of any administrative, governmental or regulatory commission, board, body, authority or agency, or any stock exchange, self-regulatory organization or other non-governmental regulatory authority, or any court, tribunal or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic or foreign, the effect of which in the judgment of the Initial Purchasers makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Notes on the terms and in the manner contemplated;
- (iv) certain legal opinions and auditors' comfort letters having been furnished to the Initial Purchasers;
- (v) the Indenture, the Intercreditor Agreement and the Security Documents having been duly executed and delivered by the parties thereto; and
- (vi) the Initial Purchasers shall have received a certificate from each of Standard & Poor's Rating Group ("**S&P**") and Moody's Investors Service, Inc. ("**Moody's**") to the effect that (i) the Notes are rated at least "CCC+" by S&P and "Caa1" by Moody's, and (ii) no notice shall have been given by S&P or Moody's of any intended or potential downgrading of any rating of the Notes or of any review for a possible downward change in any rating of the Notes or that does not indicate the direction of the possible change.

Completion:

Subject to all the conditions of the Purchase Agreement being fulfilled, 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:

Issuer:	The Company
Issue:	9.875% senior notes due 2018 in an aggregate principal amount of US\$300 million (equivalent to approximately HK\$2,327 million)
Issue Price:	100% of the principal amount of the Notes
Maturity Date:	16 January 2018
Interest:	Interest will be payable semi-annually in arrears on and of each year. The first interest payment will be due on 16 July 2013.
Ranking of Notes:	<p>The Notes will be the Company's general obligations and:</p> <ul style="list-style-type: none"><li>• will rank at least <i>pari passu</i> in right of payment with the 2016 Notes and all other unsecured, unsubordinated indebtedness of the Company (subject to priority rights under applicable law);</li><li>• will be senior in right of payment to any of the Company's future subordinated indebtedness, if any;</li><li>• will be unconditionally guaranteed by the Guarantors; and</li><li>• will be effectively subordinated to any existing and future indebtedness of the Company's subsidiaries that do not guarantee the Notes.</li></ul>

Guarantee:	<p>The Company's obligations under the Notes and the Indenture will be guaranteed by the Guarantors. None of the Company's existing or future subsidiaries that are organized under the laws of the PRC or that are not wholly-owned by the Company will guarantee the Notes in the future.</p>
Ranking of the Guarantees:	<p>The Guarantee of each Guarantor will be a general obligation of such Guarantor and:</p> <ul style="list-style-type: none"> <li>• will rank at least <i>pari passu</i> with the guarantees provided for the 2016 Notes and all other unsecured, unsubordinated indebtedness of such Guarantor (subject to priority rights under applicable law);</li> <li>• will be senior in right of payment to such Guarantor's future subordinated indebtedness, if any; and</li> <li>• will be effectively subordinated to any existing and future indebtedness of such Guarantor that is secured by liens that do not secure such Guarantee, to the extent of the property and assets securing such indebtedness.</li> </ul>
Security:	<p>The Notes and the Guarantees will be secured, equally and ratably on a first priority basis with all obligations of the Company and the Guarantors under the 2016 Notes and certain future permitted indebtedness, by a pledge of the shares in the Guarantors (other than the shares of Esteem Industrial (Hong Kong) Limited) and the shares of Believe Best Investments Limited held by a Pledgor.</p>
Intercreditor Agreement:	<p>The Company, the Trustee and the 2016 Notes Trustee will enter into the Intercreditor Agreement, on the date the Notes are issued. The Intercreditor Agreement will provide that the collateral for the Notes will be shared on an equal and ratable and first priority basis among (1) the holders of the 2016 Notes, (2) the holders of the Notes and (3) certain future permitted indebtedness.</p>

Certain Covenants:

The Company will issue the Notes under the Indenture. The Indenture will partially limit, among other things, the Company's ability and the ability of restricted subsidiaries of the Company to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends, redeem capital stock and make certain investments;
- make certain other restricted payments;
- create or permit to exist certain liens;
- impose restrictions on the ability of the Company's subsidiaries to pay dividends or make other payments to the Company;
- transfer, lease or sell certain assets including subsidiary stock;
- merge or consolidate with other entities;
- enter into certain transactions with affiliates; and
- enter into unrelated businesses.

Each of these covenants is subject to a number of significant exceptions and qualifications.

Events of Default:

The events of default under the Indenture include, among others:

- (a) default in the payment of principal of (or premium, if any, on) the Notes;
- (b) default in the payment of interest on any Notes;
- (c) the Company or any of its restricted subsidiary defaults in the performance of or breaches any covenant or agreement in the Indenture or under the Notes;

- (d) there occurs an event of default or failure to make a principal payment when due with respect to any indebtedness of the Company or any of its restricted subsidiary having an outstanding principal amount of US\$7.5 million or more in the aggregate for all such indebtedness of all such persons;
- (e) any final judgment or order for the payment of money in excess of US\$7.5 million in the aggregate for all such final judgments or orders are rendered against the Company or any of its restricted subsidiary and are not be paid or discharged;
- (f) a bankruptcy or insolvency with respect to the Company or any of its restricted subsidiary which is a significant subsidiary;
- (g) any Guarantor denies or disaffirms its obligations under its Guarantee;
- (h) any default by the Company or any Pledgor in the performance of any of its obligations under the Security Documents or the Indenture; and
- (i) the Company or any Pledgor denies or disaffirms its obligations under any Security Document.

Change of Control:

If the Company experiences both a Change of Control (as defined in the Indenture) and an accompanied rating decline, the Company will be required to offer to repurchase the Notes at 101% of their principal amount plus accrued and unpaid interest to the date of such repurchase.

Additional Amounts;  
Redemption for  
Changes in Tax:

All payments in respect of the Notes or under the Guarantees will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding or deduction is required by law, subject to certain exceptions, the Company or the relevant Guarantor, as applicable, will pay additional amounts so that the net amount received by the holder of each Note is no less



than the amount that such holder would have received in the absence of such withholding or deduction. The Company may redeem the Notes in whole, but not in part, at any time, upon giving prior notice, if certain changes in tax law impose certain withholding taxes on amounts payable on the Notes, and, as a result, the Company or any Guarantor is required to pay additional amounts with respect to such withholding taxes. If the Company exercises such redemption right, the Company must pay the price equal to the principal amount of the Notes plus accrued and unpaid interest and additional amounts, if any, to the date of redemption.

Optional Redemption:

The Company may redeem some or all of the Notes on or after 16 January 2016 at the redemption prices, plus accrued and unpaid interest up to the redemption date.

At any time prior to 16 January 2016, the Company may redeem all the Notes at a price equal to 100% of their principal amount plus a “make-whole” premium, plus accrued and unpaid interest up to the redemption date.

At any time prior to 16 January 2016, the Company may redeem up to 35% of the aggregate principal amount of Notes at a redemption price equal to 109.875% of the principal amount of the Notes with the proceeds of certain equity offerings, plus accrued and unpaid interest up to the redemption date, provided that at least 65% of the original principal amount of the Notes remains outstanding after the redemption.

Governing Law of the  
Indenture, Notes and  
Guarantees:

New York law.

Listing:

Approval in-principle has been received for the listing of the Notes on the SGX-ST. Such approval and the admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of US\$200,000 for so long as the Notes are listed on the SGX-ST.

## INFORMATION ABOUT THE GROUP

The Group is principally engaged in property development and property investment in various cities in the PRC including Guangzhou, Beijing, Shanghai and Tianjin.

## REASON FOR THE ISSUE OF THE NOTES

The Directors believe that the 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 the Notes, estimated to be approximately US\$295 million (equivalent to approximately HK\$2,288 million), will be used to refinance existing debt, to finance the cost of construction or improvement of projects and for general corporate purposes.

The Company may use the net proceeds differently than as described above in response to future events or developments, such as general market conditions, the level of demand for the Group's properties and the outlook for the property industry, changes in social, political and economic conditions and the regulatory environment in the cities in which the Group conducts its business and changes in the Group's need for capital and the availability of financing and capital to fund these needs.

## DEFINITIONS

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

<b>“2016 Notes”</b>	US\$300,000,000 11.75% Senior Notes due 2016 issued by the Company
<b>“2016 Notes Trustee”</b>	The Bank of New York Mellon, acting through its London Branch, as trustee for the 2016 Notes

<b>“Board”</b>	The board of Directors
<b>“Closing Date”</b>	16 January 2013 or such other date as shall be agreed between the Company and the Initial Purchasers
<b>“Collateral”</b>	The first priority security interest over all the shares in each Guarantor and the shares of Believe Best Investments Limited held by the Pledgors
<b>“Company”</b>	Hopson Development Holdings Limited, an exempted limited liability company incorporated in Bermuda under the Bermuda Companies Act, the shares of which are listed on the Hong Kong Stock Exchange
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Director(s)”</b>	The director(s) of the Company
<b>“Guarantee”</b>	The guarantees of the Guarantors which will be set out in the Indenture
<b>“Guarantors”</b>	All of the Company’s existing and future wholly-owned subsidiaries incorporated or organized outside the PRC
<b>“HK\$”</b>	Hong Kong dollar, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	The Hong Kong Special Administrative Region of the PRC
<b>“Hong Kong Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Indenture”</b>	The Indenture to be entered into by the Company, the Guarantors and the Trustee as trustee for holders of the Notes on the Closing Date
<b>“Initial Purchasers”</b>	UBS AG, Hong Kong Branch and Industrial and Commercial Bank of China (Asia) Limited
<b>“Intercreditor Agreement”</b>	A collateral trust agreement to be entered into among the Company, the Trustee and 2016 Notes Trustee on the Closing Date
<b>“Listing Rules”</b>	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

<b>“Notes”</b>	9.875% senior notes due 2018 in an aggregate principal amount of US\$300 million to be issued by the Company
<b>“Pledgors”</b>	Certain Guarantors that will provide the Collateral
<b>“PRC”</b>	The People’s Republic of China
<b>“Securities Act”</b>	U.S. Securities Act of 1933, as amended
<b>“Security Documents”</b>	The share charges to be entered into between each of the Pledgors and the Trustee on the Closing Date
<b>“SGX-ST”</b>	Singapore Exchange Securities Trading Limited
<b>“Trustee”</b>	The Bank of New York Mellon, acting through its London Branch, as trustee of the Notes
<b>“US\$”</b>	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, 10 January 2013

*In this announcement, all translations from HK dollars into U.S. dollars have been made at the rate of HK\$7.7572 to US\$1.00.*

*As at the date of this announcement, the Board comprises nine directors. The executive directors are Mr. Chu Mang Yee (Chairman), Mr. Zhang Yi, Mr. Xiang Bin, Mr. Au Wai Kin, Mr. Liao Ruo Qing and Ms. Chu Kut Yung; and the independent non-executive directors are Mr. Lee Tsung Hei, David, Mr. Wong Shing Kay, Oliver and Mr. Tan Leng Cheng, Aaron.*

*\* For identification purposes only*