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POWERLONG

宝龙

POWERLONG REAL ESTATE HOLDINGS LIMITED

寶龍地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1238)

ISSUANCE OF US\$200,000,000 9.125% SENIOR NOTES DUE 2021

THE NOTES ISSUE

Reference is made to the announcement of the Company dated January 7, 2019 in respect of the proposed issue of senior notes due 2021.

The Board is pleased to announce that on January 7, 2019, the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors entered into the Purchase Agreement with Guotai Junan International, Haitong International and UBS in connection with the issue of US\$200,000,000 9.125% senior notes due 2021.

The estimated net proceeds of the offer and sale of the Notes, after deduction of commissions and estimated expenses, will be approximately US\$196.0 million. The Company intends to use the proceeds of the Notes to refinance the Company's existing indebtedness.

Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this announcement. Approval in-principle for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes.

THE NOTES ISSUE

The Purchase Agreement

Date: January 7, 2019

Parties to the Purchase Agreement

- (a) the Company;
- (b) the Subsidiary Guarantors;
- (c) the JV Subsidiary Guarantors;
- (d) Guotai Junan International;
- (e) Haitong International; and
- (f) UBS.

Guotai Junan International, Haitong International and UBS are the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes. They are also the initial purchasers of the Notes.

The Notes will be offered to professional investors only. The Notes are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act. None of the Notes will be offered to the public in Hong Kong.

Principal terms of the Notes

Notes offered

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of US\$200,000,000. The Notes will mature on January 14, 2021 unless earlier redeemed in accordance with the terms thereof.

Subscription price

The subscription price of the Notes will be 99.331% of the principal amount of the Notes.

Interest

The Notes will bear interest at a rate of 9.125% per annum, payable semi-annually in arrears on January 14 and July 14 of each year, commencing on July 14, 2019.

Ranking of the Notes

The Notes are general obligations of the Company and are guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors on a senior basis, subject to certain limitations on the issue date of the Notes. The Notes are (1) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (2) at least pari passu in right of payment with the 2020 Notes, the First 2021 Notes, the Second 2021 Notes, the 2016 Facility, the 2017 Facility, the Convertible Bonds, the 2018 Facility and all unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); (3) effectively subordinated to the 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 therefor; and (4) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which are not Subsidiary Guarantors or JV Subsidiary Guarantors.

Events of default

The events of default under the Notes include, among others: (a) default in the payment of principal; (b) default in the payment of interest; (c) default in the performance or breach of certain covenants under the Indenture or the Notes; (d) default by the Company or certain of its subsidiaries in the performance or breach of the provisions of certain covenants under the Indenture or the Notes; (e) default by the Company or certain of its subsidiaries in the repayment of indebtedness having, in the aggregate, an outstanding principal amount in excess of US\$7.5 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 Notes or except as permitted by the 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 the Subsidiary Guarantor Pledgors in the performance of their obligations under the security provided under the Notes, which adversely affects the enforceability, validity, perfection or priority of the applicable lien on the collateral created under the 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 Pledgors denying or disaffirming their obligations under the security provided under the Notes, other than in accordance with the indentures for the Notes and the relevant security documents provided under the Notes, any such relevant security document ceasing to be or is not in full force and effect, or the security agent ceasing to have a security interest in the collateral given under the Notes. If an event of default (other than an event of default specified in (g) and (h) above) occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of outstanding Notes may declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable.

Covenants

The Notes, the Indenture, the Subsidiary Guarantees and the JV Subsidiary Guarantees 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) engage in any business other than permitted business;
- (j) enter into agreements that restrict certain of its subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (k) enter into transactions with shareholders or affiliates; and
- (l) effect a consolidation or merger.

Optional redemption

At any time, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to the redemption date. At any time and from time to time, the Company may redeem up to 35% of the aggregate principal amount of the Notes at a redemption price of 109.125% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to the redemption date, with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

Reasons for the issue of the Notes

The estimated net proceeds of the Notes, after deduction of commissions and estimated expenses, will be approximately US\$196.0 million, which the Company intends to use to refinance its existing indebtedness.

Listing

Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this announcement. Approval in-principle for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes.

The issue of the Notes is subject to completion. Investors and shareholders of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“2016 Facility”	the facility of up to US\$120.0 million pursuant to a facility agreement dated May 20, 2016 (as amended and supplemented from time to time) entered into, among others, the Company and the lenders set forth therein;
“2017 Facility”	the facility of up to US\$150.0 million (with an accordion feature up to US\$200,000,000 equivalent) pursuant to a facility agreement dated August 29, 2017 entered into, among others, the Company and the lenders set forth therein;
“2018 Facility”	the facility of up to US\$305.0 million (which includes an accordion feature) pursuant to a facility agreement dated July 5, 2018 entered into, among others, the Company and the lenders set forth therein;
“2020 Notes”	the Company’s US\$550.0 million 5.95% senior notes due 2020 issued pursuant to an indenture dated July 19, 2017;
“Board”	the board of Directors;
“Company”	Powerlong Real Estate Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Hong Kong Stock Exchange;
“Convertible Bonds”	the Company’s HK\$1,990,000,000 zero coupon convertible bonds due 2019 issued pursuant to a trust deed dated February 13, 2018;

“Directors”	the directors of the Company;
“First 2021 Notes”	the Company’s US\$200.0 million 4.875% senior notes due 2021 issued pursuant to an indenture, as supplemented, dated September 15, 2016;
“Group”	the Company and its subsidiaries;
“Guotai Junan International”	Guotai Junan Securities (Hong Kong) Limited;
“Haitong International”	Haitong International Securities Company Limited;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Indenture”	the agreement between the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors and Citicorp International Limited, as trustee, that specifies the terms and conditions of the Notes including the covenants, events of default, interest rate of the Notes and the maturity date;
“JV Subsidiary Guarantees”	limited recourse guarantees given by the JV Subsidiary Guarantors on the Notes;
“JV Subsidiary Guarantors”	certain subsidiaries of the Company that on the issue date of the Notes will provide a JV Subsidiary Guarantee for the Notes;
“Notes”	the 9.125% senior notes due 2021 in the aggregate principal amount of US\$200,000,000 to be issued by the Company;
“Notes Issue”	the issue of the Notes by the Company;
“PRC”	the People’s Republic of China, excluding Hong Kong, Macao Special Administrative Region of the PRC and Taiwan for the purposes of this announcement;
“Purchase Agreement”	the agreement dated January 7, 2019 entered into between, the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, Guotai Junan International, Haitong International and UBS in relation to the offer and sale of the Notes;
“RMB”	Renminbi;

“Second 2021 Notes”	the Company’s US\$350.0 million 6.95% senior notes due 2021 issued pursuant to an indenture dated April 17, 2018;
“Securities Act”	the United States Securities Act of 1933, as amended;
“SGX-ST”	Singapore Exchange Securities Trading Limited;
“Subsidiary Guarantees”	guarantees given by the Subsidiary Guarantors of the Notes;
“Subsidiary Guarantors”	certain subsidiaries of the Company that on the issue date of the Notes will provide guarantees to secure the Company’s obligations under the Notes;
“Subsidiary Guarantor Pledgors”	certain subsidiaries of the Company that on the issue date of the Notes will provide pledges over their stock in certain subsidiaries of the Company held by them to secure the obligations of the Company under the Indenture and the Notes and of such Subsidiary Guarantor under its guarantee provided to secure the Company’s obligations under the Notes;
“Subsidiaries”	has the meaning ascribed to it under the Listing Rules;
“UBS”	UBS AG Hong Kong Branch;
“United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction;
“US\$”	United States dollars, the lawful currency of the United States;
“we”, “us”, “our”, or “Company”	our Company and/or our subsidiaries and affiliates (as the context may require); and
“%”	per cent.

By Order of the Board
Powerlong Real Estate Holdings Limited
Hoi Kin Hong
Chairman

Hong Kong, 7 January 2019

As at the date of this announcement, the executive Directors are Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping, Ms. Shih Sze Ni and Mr. Zhang Hong Feng; the non-executive Director is Ms. Hoi Wa Fan; and the independent non-executive Directors are Dr. Ngai Wai Fung, Dr. Mei Jian Ping and Dr. Ding Zu Yu.