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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)

Disclosure Pursuant to Rules 13.17 and 13.18 of the Listing Rules

The Company issued HK\$1,000 million aggregate principal amount of senior Notes due 2014 to the Subscriber on 8 September 2011 pursuant to the Subscription Agreement entered into among the Company, the Subsidiary Guarantors, the Parent Guarantors, the Subscriber and HSBC, as placement agent.

Two of the Parent Guarantors have entered into Share Charge Deeds, pursuant to which the Parent Guarantors have charged in favor of HSBC, as agent for and on behalf of the holders of the Notes, shares of the Company as security for the Notes. In addition, the due and punctual payment of all amounts payable under the Notes has been guaranteed on a senior basis by each of the individual Shareholder Guarantors, Parent Guarantors and Subsidiary Guarantors.

The proceeds of the offer and sale of the Notes is HK\$994.5 million before deduction of expenses and commission. The Company intends to use the proceeds of the Notes to finance existing and new property projects and for general working capital purposes.

This announcement is issued pursuant to Rules 13.17 and 13.18 of the Listing Rules.

THE BONDS ISSUE AND SHARE CHARGE

Introduction

The Company issued HK\$1,000 million aggregate principal amount of senior Notes due 2014 to the Subscriber on 8 September 2011 pursuant to the Subscription Agreement entered into among the Company, the Subsidiary Guarantors, the Parent Guarantor, the Subscriber and HSBC, as placement agent.

The Company agreed, subject to certain conditions, to issue HK\$1,000 million senior secured Notes due 2014 in a private placement to the Subscriber. The Notes were offered only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act. None of the Notes were offered to the public in Hong Kong.

HSBC acted as the Company's exclusive placement agent in connection with the issue and sale by the Company of the Notes.

To the best knowledge of the Directors, after reasonable enquiry, each of the HSBC and the Subscriber and their respective ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

Principal terms of the Notes

Notes Offered

The aggregate principal amount of the Notes issued is HK\$1,000 million. The Notes will mature in September 2014.

Subscription Price

The subscription price of the Notes is 99.45% of the principal amount of the Notes.

Interest

The Notes will bear interest at a rate of 13.8% per annum, payable semi-annually in arrears in March and September of each year, commencing in March 2012.

Ranking of the Notes

The Notes are (1) general obligations of the Company and senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes. The Notes rank at least pari passu in right of payment with the Company's 2014 and 2015 Notes and all unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); (2) guaranteed by the Subsidiary Guarantors and the Parent Guarantors on a senior basis, subject to certain limitations under the terms of the Indenture; (3) effectively subordinated to the other

secured obligations of the Company, the Subsidiary Guarantors and the Parent 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.

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 or any Parent Guarantor 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 Parent Guarantor denying or disaffirming its obligations under its Subsidiary Guarantee or Parent Guarantee securing the obligations of the Notes or except as permitted by the Indenture for the Notes, any such Subsidiary Guarantee or Parent 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) any default by any Parent Guarantor in the performance of any of its obligations under the Share Charge Deeds or the Indenture, which adversely affects the condition or value of the listed share collateral, taken as a whole, in any material respect; or (l) the Company or any Parent Guarantor or any subsidiary guarantor pledgors denying or disaffirming their obligations under the security provided under the Notes, other than in accordance with the Indenture for the Notes and the relevant security documents and the listed company share charge provided under the Notes, any such relevant security documents or the listed company share charge ceasing to be or is not in full force and effect, or the security agent or the parent security agent, as applicable, ceasing to have a security interest in the collateral or the listed share 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 or instruct the security agent to foreclose the security.

Covenants

The Notes, the Indenture and the guarantees provided by the Subsidiary Guarantors 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 investments;
- (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 businesses;
- (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.

In addition, throughout the life of the Notes, the Company must maintain certain financial ratios and the Parent Guarantors must maintain ownership of at least 43.6% of the total amount of the Company's voting stock.

Reasons for the Notes Issue

The Group is a leading urban integrated complex operator in China specializing in the development and operation of high-quality, large-scale, integrated retail and residential complexes. Our existing property projects are located in prime positions close to the city center of fast-growing, emerging cities in Fujian Province, Jiangsu Province, Shandong Province, Henan Province, Anhui Province, Zhejiang Province and Jilin Province as well as Tianjin Municipality, Shanghai Municipality and Chongqing Municipality. We believe the upward trend in China will persist and we will continue to focus our expansion in property development operations in those second or third-tier cities in China that have potential. In 2008, 2009 and 2010, we were recognized as a top brand, among commercial and tourism related real estate brands, by China Real Estate Top 10 Research Group, based on a combination of factors, including our market position, brand recognition and customer satisfaction. We were named as one of the top 100 real estate developers in China in 2008, 2009 and 2010 by the same organization based on a range of factors such as total assets, total

revenue, net profit and GFA completed and under development. In 2010, we were awarded “China Real Estate Developer Social Responsibility Award of 2010,” “Top 10 Hong Kong Listed PRC Real Estate Companies Financial Stability Award” and named one of the “Top 500 Listed Companies in China.”

The Company intends to use the net proceeds of the Notes to finance existing and new property projects and for general working capital purposes.

The Company may adjust the foregoing plans in response to changing market conditions and, thus, reallocate the use of proceeds.

Listing

The Notes will not be listed on any exchange.

Disclosure Pursuant to Rule 13.17 and 13.18 of the Listing Rules

Pursuant to the Share Charge Deeds and in order to secure the Company’s obligations under, inter alia, the Notes, two of the Parent Guarantors have granted charges over a total of 800,000,000 shares of the Company (representing 19.66% of the total issued share capital of the Company) with a top-up mechanism for additional shares or cash collateral in certain circumstances.

In addition, throughout the life of the Notes, the Company must maintain certain financial ratios and the Parent Guarantors must maintain ownership of at least 43.6% of the total amount of the Company’s voting stock.

DEFINITIONS

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

“2014 Notes”	means the 11.50% Senior Notes due 2014 issued by the Company from time to time pursuant to the 2014 Notes Indenture;
“2015 Notes”	means the 13.75% Senior Notes due 2015 issued by the Company from time to time pursuant to the 2015 Notes Indenture;
“Board”	means 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 Stock Exchange;
“Directors”	means the directors of the Company;

“Group”	means the Company and its subsidiaries;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, the placement agent for the offer and sale of the Notes;
“Indenture”	means the agreement between the Company, the Subsidiary Guarantors, the Parent 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;
“Notes”	means the 13.8% Senior Notes due 2014 in the aggregate principal amount of HK\$1,000 million;
“Parent Guarantors”	means Skylong Holdings Limited, Sky Infinity Holdings Limited and Walong Holdings Limited;
“PRC”	means the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purposes of this announcement;
“Securities Act”	means the United States Securities Act of 1933, as amended;
“Share Charge Deeds”	means the share charge deeds dated 8 September 2011 executed by Skylong Holdings Limited and Walong Holdings Limited, respectively, in favour of HSBC, as agent for and on behalf of the holders of the Notes;
“Shareholder Guarantors”	means Mr. Hoi Kin Hong, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan (who collectively hold approximately 66.36 % of the total issued share capital of the Company as at the date of the Subscription Agreement);
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Subscriber”	means China Life Trustees Limited;

“Subscription Agreement”	means the agreement dated 30 August 2011 entered into among the Company, the Subsidiary Guarantors, the Parent Guarantors, the Subscriber and HSBC in relation to the issue of the Notes;
“Subsidiary Guarantors”	means 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; and
“we”, “us”, “our”, or “our Company”	our Company and/or our subsidiaries and affiliates (as the context may require).

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

Hong Kong, 8 September 2011

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 Ms. Liu Xiao Lan; the non-executive Director is Ms. Hoi Wa Fan; and the independent non-executive Directors are Mr. Ngai Wai Fung, Mr. Mei Jian Ping and Ms. Nie Mei Sheng.