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**Longfor Properties Co. Ltd.**

**龍湖地產有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 960)**

**Placing of existing shares,  
top-up subscription of new shares**

**Joint Placing Agents**



**Citigroup Global Markets Asia Limited**



**Goldman Sachs (Asia) L.L.C.**

## **PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES**

On 18 September 2012, the Placing and Subscription Agreement was entered into among the Vendor, the Company and the Placing Agents, pursuant to which the Placing Agents have agreed on a several basis (but not joint basis and not joint and several basis) as agent of the Vendor to procure purchasers for, or failing which to purchase themselves, on a fully underwritten basis, an aggregate of 260,000,000 Placing Shares owned by the Vendor at HK\$11.88 per Placing Share.

Moreover, under the Placing and Subscription Agreement, the Vendor has conditionally agreed to subscribe for the Subscription Shares (the number of which is equivalent to the Placing Shares) at the Placing Price. The Subscription is subject to various conditions set out below under the section headed “Conditions of the Subscription”.

The Placing Price represents (i) a discount of approximately 7.91% to the closing price of HK\$12.90 per Share as quoted on the Stock Exchange on 18 September 2012, being the Last Trading Day; and (ii) a discount of approximately 2.65% to the average closing price of approximately HK\$12.204 per Share as quoted on the Stock Exchange for the last five trading days immediately preceding the Last Trading Day.

The total number of the Placing Shares represent approximately 5.0% of the issued share capital of the Company as at the date of this announcement and approximately 4.8% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 17 May 2012. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The gross proceeds and net proceeds from the Subscription are estimated to be approximately HK\$3,088.8 million and HK\$3,074.6 million respectively. The Company intends to apply such net proceeds for its properties development projects in the PRC and as the general working capital of the Group.

The Placing and Subscription Agreement dated 18 September 2012 was entered into by and among the Vendor, the Company and the Placing Agents. Details of the terms of the Placing and the Subscription are described hereinbelow.

#### **(A) PLACING**

**Vendor:** Charm Talent International Limited, a controlling shareholder of the Company and a company incorporated in the British Virgin Islands, the entire issued share capital of which is wholly owned by Silver Sea Assets Limited, the entire issued share capital of which is in turn wholly-owned by HSBC International Trustee Limited (“**HSBC International Trustee**”) as the trustee of Wu Family Trust, a discretionary trust set up by Madam Wu Yajun (“**Madam Wu**”), an executive Director, and the beneficiary objects of the Wu Family Trust include certain family members of Madam Wu.

**Placing Agents:** (i) Citi, and  
(ii) Goldman

#### **Number of Placing Shares:**

260,000,000 Placing Shares, representing approximately 5.0% of the issued share capital of the Company as at the date of this announcement and approximately 4.8% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription. Under the Placing and Subscription Agreement, the Placing Agents have agreed on a several basis (but not joint basis and not joint and several basis) as agent of the Vendor to procure purchasers for, or failing which to purchase themselves, on a fully underwritten basis, the Placing Shares at the Placing Price.

#### **Placing price:**

HK\$11.88 per Placing Share.

The Placing Price was agreed after arm’s length negotiations between the Vendor, the Company and the Placing Agents with reference to recent market prices of the Shares and market conditions. The Placing Price represents (i) a discount of approximately 7.91% to the closing price of HK\$12.90 per Share as quoted on the Stock Exchange on 18 September 2012, being the Last Trading Day; and (ii) a discount of approximately 2.65% to the average closing price of approximately HK\$12.204 per Share as quoted on the Stock Exchange for the last five trading days immediately preceding the Last Trading Day.

**Placees:**

It is expected that the Placing Shares will be placed to not less than six Placees which are professional, institutional or other investors approved, selected and/or procured by or on behalf of the Placing Agents as contemplated by the Placing and Subscription Agreement, who and whose respective ultimate beneficial owners: (a) are not connected persons of the Company; (b) are not directors or substantial shareholders of the Company or their respective associates; (c) are independent of and not connected with the Company and its connected persons; and (d) are independent of and not acting in concert with the Vendor and its concert parties.

**Independence of the Placing Agents:**

To the best knowledge of the Directors:

- (a) each of the Placing Agents and its beneficial owners are independent of and not connected to and not acting in concert with the Vendor, its associates or any persons acting in concert with it; and
- (b) each of the Placing Agents and its beneficial owners are independent of and not connected with and not acting in concert with the Company, the Directors, chief executives or substantial shareholders of the Company or its subsidiaries, or any of their respective associates.

**Completion of the Placing:**

There are no conditions to the Placing, save for the rights of the Placing Agents to exercise its rights to terminate the Placing and Subscription Agreement (as described in more details below). Completion of the Placing shall take place on or before 21 September 2012 (or such other time or date as and the parties to the Placing and Subscription Agreement may agree), which shall be in any event within 14 days after the date of the Placing and Subscription Agreement.

**Rights of the Placing Shares:**

The Placing Shares will be sold by the Vendor free from all liens, charges and encumbrances and together with all rights attaching to the Placing Shares as at the date when the sale of the Placing Shares is reported as a cross-trade to the Stock Exchange and, including the right to receive all dividends declared, made or paid in respect of the Placing Shares on or after such date.

## **(B) THE SUBSCRIPTION**

**Subscriber:** The Vendor

**Issuer:** The Company

### **Number of Subscription Shares:**

The Company has agreed to allot and issue and the Vendor has agreed to subscribe for 260,000,000 new Shares (which is equivalent to the number of the Placing Shares), which, having an aggregate nominal value of HK\$26,000,000, represents:

- (i) approximately 5.0% of the issued share capital of the Company as at the date of this announcement, and
- (ii) approximately 4.8% of the issued share capital as enlarged by the allotment and issue of the Subscription Shares.

### **Subscription price:**

HK\$11.88 per Subscription Share, which is equivalent to the Placing Price. Under the Placing and Subscription Agreement, all costs, fees, placing commission, incentive fee and expenses incurred by the Vendor in connection with the Placing, including the costs of its legal and other professional advisers and out-of-pocket expenses, shall be borne by the Company.

### **Mandate to allot and issue new Shares:**

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors by a resolution passed by the Shareholders at the Company's annual general meeting held on 17 May 2012. The Company is authorised to issue up to 1,031,010,000 Shares under such mandate. The Company has not exercised the power to allot and issue any new Shares under such mandate prior to the Placing and the Subscription. Accordingly, the issue of the Subscription Shares is not subject to Shareholders' further approval.

### **Ranking:**

The Subscription Shares will, when fully paid, rank equally in all respects among themselves and with all other Shares in issue as at the date of completion of the Subscription, including the rights to all dividends and other distributions declared, made or paid at any time on or after the date of completion of the Subscription.

### **Conditions of the Subscription:**

The Subscription is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares); and
- (b) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement.

### **Completion of the Subscription:**

Completion of the Subscription will take place on the second business day following the day on which all the conditions referred to above are fulfilled.

If the conditions are not fulfilled within 14 days after the date of the Placing and Subscription Agreement or such later date as may be agreed between the Company and the Vendor, the obligations and liabilities of the Vendor and the Company in relation to the Subscription shall be null and void and neither the Company nor the Vendor shall have any claim against the other for costs, damages, compensation or otherwise provided that the Company shall reimburse the Vendor any legal fees and out-of-pocket expenses which the Vendor has reasonably incurred in connection with the Subscription and the Placing.

Pursuant to Chapter 14A of the Listing Rules, if the Subscription is not completed within 14 days after the date of the Placing and Subscription Agreement, the Subscription will be regarded as a connected transaction, and in such case, the Company would need to issue a circular and hold an extraordinary general meeting to seek the approval of the independent Shareholders before the Subscription can be proceeded.

### **APPLICATION FOR LISTING**

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## **(C) LOCK-UP ARRANGEMENTS**

### **Lock up arrangement**

Under the Placing and Subscription Agreement:

- (1) the Vendor undertakes to the Placing Agents that (except for the sale of the Placing Shares pursuant to the Placing and Subscription Agreement) for a period of 90 days from the Placing Completion, it will not and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein beneficially owned or held by the Vendor or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests or (ii) enter into any swap, option, derivative or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of the Placing Agents.
  
- (2) The Company undertakes to the Placing Agents, and the Vendor undertakes to the Placing Agents to procure, that for a period of 90 days from the Placing Completion, the Company will not, except for the Subscription Shares and save pursuant to (1) the terms of any employee share option scheme of the Company or (2) any outstanding subscription warrants or (3) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of association or (4) conversion of outstanding convertible bonds: (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of the Placing Agents.

**(D) TERMINATION OF THE PLACING AND SUBSCRIPTION AGREEMENT**

Notwithstanding anything contained in the Placing and Subscription Agreement, if at any time prior to 8:00 a.m. (Hong Kong time) on the date of Placing Completion:

- (a) there develops, occurs or comes into force:
  - (i) any new law or regulation or any change or development involving a prospective change in existing laws or regulations (including without limitation taxation laws and regulations) in the United States, the United Kingdom, Hong Kong, the PRC or the European Union (or any member thereof); or
  - (ii) any significant change (whether or not permanent) in local, national or international monetary, economic, financial, political or military conditions in connection with the United States, the United Kingdom, Hong Kong, the PRC or the European Union (or any member thereof); or
  - (iii) any event, or series of events, in the nature of force majeure (including without limitation, any acts of God, outbreak or escalation of hostilities or act of terrorism, declaration of a national or international emergency or war, calamity, crisis, epidemic, outbreak of disease, economic sanctions, strikes, lock-outs, explosion, flooding, earthquake, fire, civil commotion, public disorder) involving the United States, the United Kingdom, Hong Kong, the PRC or the European Union (or any member thereof); or
  - (iv) a general moratorium on commercial banking activities in Hong Kong, the PRC, the United Kingdom, the United States or the European Union (or any member thereof) declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the PRC, the United Kingdom, the United States or the European Union (or any member thereof);
  - (v) any suspension of dealings in the Shares for any period whatsoever (other than as a result of the Placing and the Subscription); or
  - (vi) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, the London Stock Exchange, the Shanghai Stock Exchange, the New York Stock Exchange or Nasdaq due to exceptional financial circumstances or otherwise at any time prior to the date of the Placing Completion,



which, individually or in the aggregate, in the joint opinion of the Placing Agents (acting reasonably after consultation with the Company), (1) has or will or is likely to have a material adverse effect on the condition, financial, trading or otherwise, or the earnings, net assets, business affairs or business prospects (whether or not arising in the ordinary course of business) of the Group as a whole; or (2) has or will have or is likely to have a material adverse effect on the success of the Placing; or

- (b) any breach of any of the representations, warranties and undertakings by the Company and/or the Vendor set out in Placing and Subscription Agreement comes to the joint knowledge of the Placing Agents, or any event occurs or any matter arises on or after the date of the Placing and Subscription Agreement and prior to the date of Placing Completion which if it had occurred or arisen before the date of the Placing and Subscription Agreement would have rendered any of such representations, warranties and undertakings untrue or incorrect, or there has been a material breach of, or failure to perform, any other provision of the Placing and Subscription Agreement on the part of the Vendor and/or the Company which, individually or in the aggregate, in the joint opinion of the Placing Agents (acting reasonably after consultation with the Company), (1) has or will or is likely to have a material adverse effect on the condition, financial, trading or otherwise, or the earnings, net assets, business affairs or business prospects (whether or not arising in the ordinary course of business) of the Group as a whole; or (2) has or will have or is likely to have a material adverse effect on the success of the Placing;

then and in any such case, the Placing Agents may jointly terminate the Placing and Subscription Agreement without liability to the Vendor and the Company by giving joint written notice in writing to the Vendor and the Company, which notice may be given at any time prior to 8:30 a.m. (Hong Kong time) on the date of Placing Completion.

In the event that the Placing Agents jointly terminate the Placing and Subscription Agreement in accordance with the terms of the Placing and Subscription Agreement, all obligations of each of the parties under the Placing and Subscription Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing and Subscription Agreement except for any antecedent breach of any obligation under that agreement and other liabilities as expressly provided under that agreement.

**(E) CHANGES TO SHAREHOLDING AS A RESULT OF THE PLACING  
AND THE SUBSCRIPTION**

The shareholding of the Vendor and other Shareholders in the Company (a) immediately before the completion of the Placing; (b) immediately after the completion of the Placing but before the completion of the Subscription; and (c) immediately after the completions of the Placing and the Subscription are as follows:

Shareholders <i>(Note 1)</i>	Existing Shareholding		Immediately after the Placing but before the Subscription		Immediately after the Placing and the Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b><i>Controlling Shareholders</i></b>						
The Vendor <i>(Note 2)</i>	2,343,736,600	45.36%	2,083,736,600	40.33%	2,343,736,600	43.18%
Junson Development <i>(Note 3)</i>	1,559,394,400	30.18%	1,559,394,400	30.18%	1,559,394,400	28.73%
Cai Kui	<u>3,100,000</u>	<u>0.06%</u>	<u>3,100,000</u>	<u>0.06%</u>	<u>3,100,000</u>	<u>0.06%</u>
Sub-total:	3,906,231,000	75.60%	3,646,231,000	70.57%	3,906,231,000	71.97%
<b><i>Other Shareholders</i></b>						
Placees under the Placing	—	—	260,000,000	5.03%	260,000,000	4.79%
Other existing shareholders	<u>1,261,043,000</u>	<u>24.40%</u>	<u>1,261,043,000</u>	<u>24.40%</u>	<u>1,261,043,000</u>	<u>23.24%</u>
Total:	<u><u>5,167,274,000</u></u>	<u><u>100.00%</u></u>	<u><u>5,167,274,000</u></u>	<u><u>100.00%</u></u>	<u><u>5,427,274,000</u></u>	<u><u>100.00%</u></u>

*Notes:*

1. The number of existing Shares held by the Shareholders mentioned in the above table is based on the register of members of the Company as at 18 September 2012.
2. The Vendor is a company incorporated in the British Virgin Islands, the entire issued share capital of which is wholly owned by Silver Sea Assets Limited (“**Silver Sea**”), the entire issued share capital of which is in turn wholly-owned by HSBC International Trustee as the trustee of the Wu Family Trust. The Wu Family Trust is a discretionary trust set up by Madam Wu as settlor and protector and HSBC International Trustee as trustee on 11 June 2008. The beneficiary objects of the Wu Family Trust include certain family members of Madam Wu.
3. Junson Development (formerly known as Precious Full International Limited) is a company incorporated in the British Virgin Islands, the entire issued share capital of which is wholly owned by Silverland Assets Limited (“**Silverland**”), the entire issued share capital of which is in turn wholly owned by HSBC International Trustee as the trustee of the Cai Family Trust. The Cai Family Trust is a discretionary trust set up by Mr. Cai Kui (“**Mr. Cai**”) as settlor and protector and HSBC International Trustee as trustee on 11 June 2008. The beneficiary objects of the Cai Family Trust include certain family members of Mr. Cai.

## **(F) REASONS FOR THE PLACING AND SUBSCRIPTION AND USE OF PROCEEDS:**

The Company considers that the Placing and Subscription is the most efficient method to raise further capital, to broaden the shareholder and capital base and to strengthen the financial position of the Company. The Company intends to apply such net proceeds for its properties development projects in the PRC and as the general working capital of the Group. The terms of the Placing and Subscription Agreement (including the Placing Price) are determined among the parties thereto on an arms' length basis, after taking into account the recent market trends, the recent price of the Shares, the outlook and prospects of the Group and the general market practice of this kind of fund-raising exercise. The Directors (including the independent non-executive Directors) consider the terms of the Placing and Subscription Agreement to be fair and reasonable and are in the best interests of the Company, as far as the Company and the Shareholders as a whole are concerned.

Upon the completion of the Placing and Subscription:

- (i) the gross proceeds from the Placing and the Subscription are estimated to be approximately HK\$3,088.8 million;
- (ii) the net proceeds, after deducting related placing commission and related incentive fees, and other related expenses in connection with the Placing which will be borne by the Company, from the Placing and the Subscription are estimated to be approximately HK\$3,074.6 million; and
- (iii) the net issue price per Subscription Share is approximately HK\$11.83.

## **(G) GENERAL INFORMATION**

### **Principal activities of the Group**

The Company is an investment holding company. The Group is a national leader in China's real estate market engaged in property development, investment and management across the country with strong presence in the Western Region, the Pan Bohai Rim and the Yangtze River Delta of the PRC.

### **Fund raising activities of the Company in the past 12 months**

The Group has not conducted any equity fund raising activities involving the issue of its securities in the past 12 months from the date of this announcement.

## DEFINITIONS

The following defined terms are used in this announcement:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“associates”	having the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“business day”	any day (excluding a Saturday) on which banks are generally open for business in Hong Kong and the Stock Exchange is opened for trading and settlement business between 9:30 am and 4:00 pm
“Citi”	Citigroup Global Markets Asia Limited
“Company”	Longfor Properties Co. Ltd., a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected persons”	having the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Goldman”	Goldman Sachs (Asia) L.L.C.
“Group”	the Company and its subsidiaries
“Junson Development”	Junson Development International Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial shareholder of the Company holding 1,559,394,400 Shares (representing approximately 30.18% of the entire issued share capital of the Company as at the date hereof), the entire issued share capital of which is in turn wholly-owned by HSBC International Trustee as the trustee of Cai Family Trust, a discretionary trust set by up Mr. Cai Kui, and the beneficiary objects of the Cai Family Trust include certain family members of Mr. Cai Kui

“Last Trading Day”	the last trading day immediately prior to the entering into of the Placing Agreement and the Subscription Agreement, which being 18 September 2012
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing and Subscription Agreement
“Placing Agents”	Citi and Goldman
“Placing and Subscription Agreement”	a placing, subscription and underwriting agreement dated 18 September 2012 and made among the Vendor, the Company and the Placing Agents in relation to the Placing and the Subscription
“Placing Completion”	completion of the Placing in accordance with the terms of the Placing and Subscription Agreement
“Placing Price”	HK\$11.88 per Placing Share
“Placing Shares”	a total of 260,000,000 Shares beneficially owned by the Vendor to be placed pursuant to the Placing and Subscription Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary issued share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the Placing and Subscription Agreement
“Subscription Shares”	a total of 260,000,000 new Shares to be issued by the Company to the Vendor
“Substantial shareholders”	having the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong, issued by the SFC
“Vendor”	Charm Talent International Limited, a company incorporated in the British Virgin Islands and a substantial shareholder

%

per cent.

By Order of the Board of  
**Longfor Properties Co. Ltd.**

**Wu Yajun**  
*Chairperson*

Hong Kong, 19 September 2012

*As at the date of this announcement, the Board comprises ten members: Madam Wu Yajun, Mr. Shao Mingxiao, Mr. Zhou Dekang, Mr. Qin Lihong, Mr. Feng Jinyi and Mr. Wei Huaning who are executive Directors; and Mr. Frederick Peter Churchouse, Mr. Chan Chi On, Derek, Mr. Xiang Bing and Dr. Zeng Ming who are independent non-executive Director.*