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Longfor 龙湖地产

Longfor Properties Co. Ltd.

龍湖地產有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 960

ISSUANCE OF US\$400,000,000 6.875% SENIOR NOTES DUE 2019

Reference is made to the announcement of the Company dated October 11, 2012 in respect of the Notes Issue.

On October 11, 2012, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with HSBC, Standard Chartered Bank, Barclays, Deutsche Bank and Morgan Stanley, in connection with the issue of US\$400,000,000 6.875% senior notes due 2019.

The estimated net proceeds of the Notes Issue, after deduction of the underwriting discounts and commission and other estimated expenses, will amount to approximately US\$393 million, and the Company intends to use the net proceeds to finance its existing and new property projects and for general corporate purposes.

Approval in-principle has been obtained for listing of the Notes on the SGX-ST. Admission of the Notes to the SGX-ST is not to be taken as an indication of the merits of the Company, its subsidiaries or the Notes.

Reference is made to the announcement of the Company dated October 11, 2012 in respect of the Notes Issue. The Board is pleased to announce that on October 11, 2012, the Company and the Subsidiary Guarantors, entered into the Purchase Agreement with HSBC, Standard Chartered Bank, Barclays, Deutsche Bank and Morgan Stanley, in connection with the Notes Issue in the aggregate principal amount of US\$400,000,000.

THE PURCHASE AGREEMENT

Date: October 11, 2012

Parties to the Purchase Agreement

- (a) the Company as the issuer;
- (b) the Subsidiary Guarantors;
- (c) HSBC;
- (d) Standard Chartered Bank;
- (e) Barclays;
- (f) Deutsche Bank; and
- (g) Morgan Stanley.

HSBC and Standard Chartered Bank are the joint global coordinators, the joint bookrunners and the joint lead managers and Barclays, Deutsche Bank and Morgan Stanley are the joint bookrunners and joint lead managers in respect of the Notes Issue. They are also the initial purchasers of the Notes.

The Notes Issue will only be offered to non-U.S. persons 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 and none of the Notes will be placed to any connected persons of the Company.

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\$400,000,000 which will mature on October 18, 2019, unless earlier redeemed pursuant to the terms thereof.

Offer Price

The Offer Price of the Notes will be 100% of the principal amount of the Notes.

Interest

The Notes will bear interest from and including October 18, 2012 at the rate of 6.875% per annum, payable semi-annually in arrears.

Ranking of the Notes

The Notes are unsecured general obligations of the Company and are 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 are (1) ranked at least *pari passu* with all other 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 JV Subsidiary Guarantors (if any) on a senior basis, subject to several limitations; (3) effectively subordinated to the other secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), 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 do not guarantee the Notes.

Events of default

The events of default under the Notes include, among other things:

(1) default in the payment of principal of (or premium, if any, on) the Notes; (2) default in the payment of interest on any Note and such default continues for a period of 30 consecutive days; (3) default in the performance or breach of certain provisions of the covenants under the Indenture or the Notes; (4) the Company or certain of its subsidiaries defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the trustee or the holders of 25% or more in aggregate principal amount of the Notes; (5) there occurs with respect to any indebtedness (with certain exceptions) of the Company or certain of its subsidiaries having an outstanding aggregate principal amount of US\$10.0 million or more, (a) an event of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its stated maturity and/or (b) the failure to make a principal payment when due; (6) 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, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all of them to exceed US\$10.0 million (subject to certain conditions); (7) an involuntary bankruptcy or insolvency or similar case or proceeding is commenced against the Company or certain of its subsidiaries remains undismissed and unstayed for a period of 60 consecutive days (subject to certain conditions); or an order for relief is entered against the Company or certain of its subsidiaries under any applicable bankruptcy, insolvency or other similar law; (8) the Company or certain of its subsidiaries (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or certain of its subsidiaries or for all or substantially all of the property and assets of the Company or certain of its subsidiaries or (c) effects any general assignment for the benefit of creditors; or (9) any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms its obligations under its guarantees securing the obligations of the Notes or, except as permitted by the Indenture, any such guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

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 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 the subsidiaries of the Company;
- e) guarantee indebtedness of certain of the subsidiaries of the Company;
- f) sell assets;
- g) create liens;
- h) enter into sale and leaseback transactions;

- i) enter into agreements that restrict the ability of certain subsidiaries of the Company to pay dividends, transfer assets or make intercompany loans;
- j) enter into transactions with shareholders or affiliates; and
- k) effect a consolidation or merger.

Redemption

The Notes may be redeemed in the following circumstances:

At any time and from time to time on or after October 18, 2016, the Company may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve month period beginning on October 18 of each of the years indicated below.

Year	Redemption Price
2016	103.43750%
2017	101.71875%
2018 and thereafter	100.00000%

At any time prior to October 18, 2016, 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 premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

At any time and from time to time prior to October 18, 2016, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of certain kinds of its capital stock in an equity offering at a redemption price of 106.875% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

Reasons for the Notes Issue

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 Western China, the Pan Bohai Rim and the Yangtze River Delta.

The net proceeds of the Notes Issue will be used by the Company to finance its existing and new property projects and for general corporate purposes. The Company may adjust its development plans in response to changing market conditions and therefore reallocate the use of the proceeds. Pending application of the net proceeds, the Company intends to invest the net proceeds in certain temporary cash investments.

Listing and rating

Approval in-principle has been obtained for the listing of the Notes on the SGX-ST. Admission of the Notes to the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes. No listing of the Notes has been sought in Hong Kong.

The Notes have been provisionally rated "Ba3" by Moody's Investors Services and "BB" by Standard and Poor's Rating Services.

DEFINITIONS

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

"Barclays"	Barclays Bank PLC, one of the joint bookrunners and joint lead managers in respect of the Notes Issue
"Board"	the board of directors of the Company
"China" or "PRC"	the People's Republic of China excluding except where the context otherwise requires, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of China and Taiwan
"Company"	Longfor Properties Co. Ltd. (龍湖地產有限公司), a company incorporated in the Cayman Islands with limited liability the shares of which are listed on the main board of the Stock Exchange
"connected person"	has the meaning ascribed to it under the Listing Rules

“Deutsche Bank”	Deutsche Bank AG, Singapore Branch, one of the joint bookrunners and joint lead managers in respect of the Notes Issue
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, one of the joint global coordinators, joint bookrunners and joint lead managers in respect of the Notes Issue
“Indenture”	the written agreement between the Company, the Subsidiary Guarantors and the trustee that specifies the terms of the Notes including the interest rate of the Notes and the maturity date
“JV Subsidiary Guarantors”	each subsidiary of the Company which in the future may provide limited recourse guarantees in respect of the Notes
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Morgan Stanley”	Morgan Stanley & Co. International plc, one of the joint bookrunners and joint lead managers in respect of the Notes Issue
“Notes”	the 6.875% senior notes due 2019 in the principal amount of US\$400,000,000 to be issued by the Company
“Notes Issue”	the issue of the Notes by the Company
“Offer Price”	100% of the principal amount of the Notes, the price at which the Notes will be sold
“Purchase Agreement”	the agreement dated October 11, 2012 entered into among the Company, HSBC, Standard Chartered Bank, Barclays, Deutsche Bank and Morgan Stanley in relation to the Notes Issue
“Securities Act”	the United States Securities Act of 1933, as amended

“SGX-ST”	Singapore Exchange Securities Trading Limited
“Standard Chartered Bank”	Standard Chartered Bank, one of the joint global coordinators, joint bookrunners and joint lead managers in respect of the Notes Issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	certain subsidiaries of the Company that are incorporated outside of the PRC and will guarantee the Company’s obligations under the Notes
“US\$”	United States dollars
“%”	per cent

By order of the Board
Longfor Properties Co. Ltd.
Wu Yajun
Chairman

Hong Kong, October 11, 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.