

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hopson Development Holdings Limited (the “Company”), you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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>

**PROPOSED ISSUE OF US\$250,000,000 8.00% GUARANTEED
CONVERTIBLE BONDS DUE 2023 UNDER SPECIFIC MANDATE
AND
NOTICE OF SPECIAL GENERAL MEETING**

The letter from the Board is set out on pages 12 to 37 of this circular.

The notice convening a special general meeting of the Company (the “SGM”) to be held at Unit 01, 16th Floor, South Tower, Zhujiang Investment Building, 421 Zhujiang East Road, Zhujiang New City, Guangzhou on Thursday, 6 January 2022 at 10:00 a.m. is set out on pages 38 to 40 of this circular.

Whether or not you are able to attend the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

Taking into account the recent development of coronavirus disease 2019 (“COVID-19”), the Company will implement the following precautionary and control measures at the SGM including, without limitation:

- **compulsory body temperature screening;**
- **wearing of surgical face masks;**
- **no distribution of corporate gift or refreshment;**
- **mandatory health declaration; and**
- **appropriate seating arrangement to avoid over-crowding.**

The Company strongly advises Shareholders to appoint the chairman of the SGM as their proxy to vote on the relevant resolution(s) as an alternative to attending the SGM in person. Shareholders are advised to read page i of this circular for further details and monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

* for identification purposes only

PRECAUTIONARY MEASURES FOR THE SGM

In view of the ongoing COVID-19 pandemic, the Company will implement necessary preventive measures at the SGM to protect the attending Shareholders and other attendees from the risk of infection, including the following:

- (1) There will be compulsory body temperature screening for all persons before entering the SGM venue. Any person with a body temperature of 37.3 degrees Celsius or above or any person who exhibits any flu-like symptoms may be denied entry to the SGM venue or be required to promptly leave the SGM venue.
- (2) Every attendee will be required to wear a surgical face mask throughout the SGM and inside the SGM venue. Attendees are advised to maintain appropriate social distance with each other at all times when attending the SGM.
- (3) No refreshment will be served, and there will be no corporate gift.
- (4) Attendees are required to submit health declaration forms before entering the SGM venue.
- (5) Anyone attending the SGM is reminded to observe good personal hygiene at all times.
- (6) Appropriate seating arrangement at the SGM venue will be made to avoid over-crowding.
- (7) In light of the continuing risks posed by the COVID-19 pandemic, and in the interests of protecting the attendees, the Company is supportive of the precautionary measures being adopted and reminds Shareholders that physical attendance in the SGM is not necessary for the purpose of exercising voting rights. The Company strongly advises Shareholders to appoint the chairman of the SGM as their proxy to vote on the relevant resolution(s) as an alternative to attending the SGM in person.
- (8) Shareholders are advised to monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings:

- “Adjustment Event(s)” any of the following events: consolidation, subdivision or reclassification, capitalisation of profits or reserves, distributions, rights issues of shares or options over Shares, rights issues of other securities, issues at less than current market price, other issues at less than current market price, modification of rights of conversion, other offers to shareholders, determination by the Company or Change of Control or Free Float Event
- “Alternative Stock Exchange” at any time, in the case of the Shares, if they are not at that time listed and traded on the Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in
- “Announcements” the announcements of the Company dated 9 December 2021 and 16 December 2021 in respect of the Subscription Agreement and the transactions contemplated thereunder
- “Average Market Price” the arithmetic average of the daily Volume Weighted Average Price of each Share on each of the 10 consecutive Stock Exchange Business Days prior to and excluding the Reset Date itself
- “Affiliate” with respect to any Person, any other Person, whether now or in the future:
- (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person;
 - (2) who is a director or officer of such Person or any subsidiary of such Person or of any Person referred to in subparagraph (1) of this definition; or
 - (3) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in subparagraph (1) or (2) of this definition.

DEFINITIONS

For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise

“Agency Agreement”	the paying, conversion and transfer agency agreement dated the Issue Date relating to the Bonds made between the Company, the Subsidiary Guarantors, the Trustee, HSBC as principal paying and conversion agent, as registrar and as transfer agent and the other paying, conversion and transfer agents appointed under it relating to the Bonds
“AGM”	the annual general meeting of the Company held on 11 June 2021
“Auditors”	PricewaterhouseCoopers
“Board”	the board of Directors
“Bond”	the US\$250,000,000 aggregate principal amount of 8.00% guaranteed convertible bonds due 2023 issued by the Company
“Bondholder”	the person in whose name a Bond is registered in the register of bondholders
“Bond Closing Date”	unless an earlier Bond Closing Date is announced by the Company, 14 January 2022
“Bond Issue”	the issue of the Bonds by the Company
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“Capital Stock”	with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or nonvoting) in equity of such Person, whether outstanding on the Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity

DEFINITIONS

“Change of Control”

means the occurrence of one or more of the following events:

- (i) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries (as defined in the Conditions), taken as a whole, to any “person” (within the meaning of Section 13(d) of the Exchange Act), other than one or more Permitted Holders;
- (ii) the Company consolidates with, or merges with or into, any Person (other than one or more Permitted Holders), or any Person (other than one or more Permitted Holders) consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Company outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) Voting Stock (other than Disqualified Stock (as defined in the existing indentures to which the Company is a party) of the surviving or transferee Person constituting a majority of the outstanding shares of Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and in substantially the same proportion as before the transaction;
- (iii) the Permitted Holders are the beneficial owners of less than 51% of the total voting power of the Voting Stock of the Company;
- (iv) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the Voting Stock of the Company greater than such total voting power held beneficially by the Permitted Holders;

DEFINITIONS

(v) individuals who on the Issue Date constituted the board of directors elected or appointed by the shareholders of the Company to manage the business of the Company or any committee of such board duly authorised to take the action purported to be taken by such committee (the “**Board of Directors**”) (together with any new directors whose election by the Board of Directors was approved by a vote of at least a majority of the members of the Board of Directors then in office who were members of the Board of Directors on the Issue Date or whose election was previously so approved) cease for any reason to constitute a majority of the members of the Board of Directors then in office; or

(vi) the adoption of a plan relating to the liquidation or dissolution of the Company

“Change of Control Triggering Event” means the occurrence of both a Change of Control and a Rating Decline (as defined in the Conditions)

“Clearstream” Clearstream Banking S.A.

“Closing Price” for the Shares for any Trading Day shall be the price published in the daily quotation sheet published by the Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange

“Common Stock” with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or nonvoting) of such Person’s common stock or ordinary shares, whether or not outstanding at the date of the Trust Deed, and include, without limitation, all series and classes of such common stock or ordinary shares

“Company” Hopson Development Holdings Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board of the Stock Exchange

“Conditions” the terms and conditions of the Bonds

“connected person(s)” has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Conversion Price”	the price at which the Conversion Shares will be issued upon conversion of the Bonds which will initially be HK\$20.16 per Share and will be subject to adjustments in the manner provided for in the Conditions, including for any Adjustment Events
“Conversion Right”	the right of a Bondholder to convert any Bond into Conversion Shares
“Conversion Share(s)”	the Share(s) to be allotted and issued by the Company upon conversion of the Bonds
“Director(s)”	the director(s) of the Company
“Encumbrance”	any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind)
“Euroclear”	Euroclear Bank SA/NV
“Exchange Act”	the United States Securities Exchange Act of 1934, as amended
“Free Float Event”	occurs on the first date on which less than 25% of the Company’s total number of issued Shares are held by the public, provided that if following the occurrence of any Free Float Event, at least 25% of the Company’s total number of issued Shares are held by the public on any day following the date of occurrence of such Free Float Event (the “ Reference Date ” in respect of such Free Float Event), a further Free Float Event may subsequently occur on the first date (falling after the Reference Date in respect of such Free Float Event) on which less than 25% of the Company’s total number of issued Shares are held by the public
“Global Certificate”	a global bond certificate representing the Bonds to be issued
“Group”	the Company and its subsidiaries
“HK\$” or “HK Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“Independent Third Party”	person who is independent of the Company and is not connected with the Company or its connected persons (as defined in the Listing Rules)
“Issue Date”	unless an earlier Issue Date is announced by the Company, 14 January 2022
“Latest Practicable Date”	17 December 2021
“Listing Committee”	has the meaning ascribed to it in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Material Adverse Change”	any of the following events or conditions since 30 June 2021: <ul style="list-style-type: none">(i) 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, other than the cash dividend of HK\$0.50 per share for the six months ended 30 June 2021 and the bonus issue, each as disclosed in the Company’s 2021 interim report;(ii) 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 or on the performance by the Company and the Subsidiary Guarantors of their respective obligations under the Transaction Documents;(iii) the entry by the Company or any of its subsidiaries into any transaction or agreement that is material to the Company and its subsidiaries taken as a whole or incurring of any liability or obligation, direct or contingent, that is material to the Company and its subsidiaries taken as a whole; or

DEFINITIONS

(iv) the Company or any of its subsidiaries sustaining any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labour 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

“Maturity Date”	6 January 2023, being the date on which the Bonds mature
“Net Share Settlement Mechanism”	has the meaning given to it in the section headed “Principal Terms of the Bonds — Net Share Settlement Mechanism” in this circular
“Offering Circular”	the offering circular to be issued by the Company for use in connection with the Bond Issue and the listing of the Bonds on the Stock Exchange
“Permitted Holder(s)”	any or all of the following: (i) Mr. Chu Mang Yee; (ii) the estate and any spouse or immediate family member of the Mr. Chu Mang Yee or the legal representative of any of the foregoing; (iii) any Affiliate (other than an Affiliate as defined in subparagraphs (2) or (3) of the definition of Affiliate) of the Persons specified in subparagraphs (i) and (ii) above of this definition; and (iv) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are more than 80% owned by Persons specified in subparagraphs (i), (ii) and (iii) of this definition.
“Person”	any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof

DEFINITIONS

“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this circular
“Preferred Stock”	as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over any other class of Capital Stock of such Person
“Publication Date”	the publication date of the Offering Circular, being not less than three business days prior to the Bond Closing Date or such other date as may be agreed between the Company, the Subsidiary Guarantors and the Sole Bookrunner and Sole Lead Manager
“Relevant Event”	occurs when the Shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 30 consecutive Trading Days on the Stock Exchange or, if applicable, the Alternative Stock Exchange or there is a Free Float Event
“Relevant Indebtedness”	any future and present indebtedness incurred or issued outside the PRC in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depository receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are issued with the intention on the part of the issuer thereof that they should be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market (whether or not initially distributed by way of private placement), which for the avoidance of doubt does not include indebtedness under any bilateral, syndicated or club loan or loan facility
“Relevant Shareholders”	SOUNDA PROPERTIES LIMITED 新達置業有限公司 and FARRICH INVESTMENTS LIMITED 遠富投資有限公司

DEFINITIONS

“Relevant Shares”	(i) in the case of SOUNDA PROPERTIES LIMITED 新達置業有限公司, the 1,276,400,189 Shares held by it directly (or through nominees) or indirectly through companies controlled by it or the subsidiaries of such companies (or through their respective nominees), representing approximately 53.59% of the Shares; and (ii) in the case of FARRICH INVESTMENTS LIMITED 遠富投資有限公司, the 434,771,287 Shares held by it directly (or through nominees) or indirectly through companies controlled by it or the subsidiaries of such companies (or through their respective nominees), representing approximately 18.25% of the Shares
“Relevant Tax Jurisdiction”	Hong Kong or Bermuda, or within any jurisdiction in which the Company or any Subsidiary Guarantor, as the case may be, is organised or resident for tax purposes or engaged in business for tax purposes or any authority thereof or therein having power to tax or through which payment by or on behalf of the Company or a Subsidiary Guarantor is made or any political subdivision or taxing authority thereof or therein
“Reset Date”	20 June 2022 and 20 September 2022
“Securities Act”	the US Securities Act of 1933, as amended
“SGM”	the special general meeting of the Company to be held at Unit 01, 16th Floor, South Tower, Zhujiang Investment Building, 421 Zhujiang East Road, Zhujiang New City, Guangzhou on Thursday, 6 January 2022 at 10:00 a.m. or any adjournment thereof (as the case may be), to consider and approve, among other things, the entering into of the Subscription Agreement and the transactions contemplated thereunder
“Shareholders”	holders of the Shares
“Shares”	the ordinary shares of HK\$0.10 each in the share capital of the Company
“Sole Bookrunner and Sole Lead Manager”	HSBC
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the SGM to authorise the Board to issue the Bonds, and to allot, issue and deal with the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Stock Exchange Business Day”	any day (other than a Saturday or Sunday) on which the Stock Exchange or the Alternative Stock Exchange, as the case may be, is open for the business of dealing in securities
“Subscription Agreement”	the Subscription Agreement dated 8 December 2021 and entered into among the Company, the Subsidiary Guarantors and the Sole Bookrunner and Sole Lead Manager in respect of the Bond Issue, which is further amended as per the Supplemental Subscription Agreement
“Subsidiary Guarantees”	the guarantees to be provided by the Subsidiary Guarantors in respect of the Bonds
“Subsidiary Guarantors”	certain direct or indirect wholly-owned subsidiaries of the Company that will provide guarantees for the Bonds
“Supplemental Subscription Agreement”	the Supplemental Subscription Agreement dated 16 December 2021 and entered into among the Company, the Subsidiary Guarantors and the Sole Bookrunner and Sole Lead Manager in respect of the Bond Issue
“Trading Day”	a day when the Stock Exchange or, as the case may be an Alternative Stock Exchange is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days
“Transaction Documents”	collectively, the Subscription Agreement, the Trust Deed, the Agency Agreement, the Bonds and the Subsidiary Guarantees
“Trust Deed”	the trust deed constituting the Bonds and dated the Issue Date
“Trustee”	HSBC
“US\$” or “US Dollars”	the lawful currency of the United States
“US” or “United States”	the United States of America

DEFINITIONS

“Volume Weighted Average Price”

means the order book volume-weighted average price of a Share for such Stock Exchange Business Day appearing on or derived from Bloomberg screen page “754 HK Equity VAP” (or its successor page) or, if not available on any of such screens, from such other source as shall be determined to be appropriate by an independent investment bank, provided that for any Stock Exchange Business Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Stock Exchange Business Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Stock Exchange Business Day on which the same can be so determined

“Voting Stock”

with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person

“%”

per cent.



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>

Executive Directors:

CHU Kut Yung (Chairman)
ZHANG Fan (Co-president)
AU Wai Kin
XIE Bao Xin
BAO Wenge

Principal Office:

Unit 4903–10, 49/F.
The Center
99 Queen's Road Central
Central
Hong Kong

Independent Non-executive Directors:

TAN Leng Cheng, Aaron
CHING Yu Lung
IP Wai Lun, William

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

17 December 2021

To the Shareholders

Dear Sir or Madam,

**PROPOSED ISSUE OF US\$250,000,000 8.00% GUARANTEED
CONVERTIBLE BONDS DUE 2023 UNDER SPECIFIC MANDATE
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcements.

The purpose of this circular is (i) to provide the Shareholders with further information on the Subscription Agreement and the transactions contemplated thereunder; and (ii) to give the Shareholders a notice of the SGM and other information in accordance with the requirements of the Listing Rules.

* for identification purposes only

LETTER FROM THE BOARD

THE SUBSCRIPTION AGREEMENT

Date 8 December 2021 and 16 December 2021

Parties

1. the Company (as issuer);
2. the Subsidiary Guarantors; and
3. the Sole Bookrunner and Sole Lead Manager.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Sole Bookrunner and Sole Lead Manager is an Independent Third Party.

Proposed Issue of the Bonds Subject to the fulfilment of the conditions precedent set forth in the Subscription Agreement, the Sole Bookrunner and Sole Lead Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds on the Bond Closing Date at the Issue Price in an aggregate principal amount of US\$250,000,000.

Subscribers The Sole Bookrunner and Sole Lead Manager has informed the Company that it intends to offer and sell the Bonds to not less than six independent placees (who will be independent individual, corporate and/or institutional investors). To the best of the Directors' knowledge, information and belief, each of such placees (and their respective ultimate beneficial owners) will be an Independent Third Party.

LETTER FROM THE BOARD

Conditions Precedent

The obligations of the Sole Bookrunner and Sole Lead Manager to subscribe for and pay for the Bonds are conditional on, among other things, the following conditions precedent:

1. **Due diligence:** the Sole Bookrunner and Sole Lead Manager being satisfied with the results of its due diligence investigations with respect to the Company, the Subsidiary Guarantors and their respective subsidiaries (including the auditor due diligence sessions to be conducted with the Auditors) for the purposes of preparing the Offering Circular, and the Offering Circular having been prepared in form and content satisfactory to the Sole Bookrunner and Sole Lead Manager and having been delivered to the Sole Bookrunner and Sole Lead Manager in accordance with the Subscription Agreement;
2. **Other contracts:** the Subscription Agreement, the Trust Deed, the Agency Agreement and the stock lending letter (in form and substance satisfactory to the Sole Bookrunner and Sole Lead Manager) shall have been duly executed and delivered on the Bond Closing Date and shall be in full force and effect on such date and the Bonds shall have been duly executed and delivered by the Company and each of the Subsidiary Guarantors and duly authenticated by the Trustee on the Bond Closing Date;
3. **Additional documents:** on or prior to the Bond Closing Date, the Company and the Subsidiary Guarantors shall have furnished to the Sole Bookrunner and Sole Lead Manager such further certificates and documents, including one or more secretary's certificates of the Company and each of the Subsidiary Guarantors, as the Sole Bookrunner and Sole Lead Manager may reasonably request in form and substance reasonably satisfactory to the Sole Bookrunner and Sole Lead Manager;

LETTER FROM THE BOARD

4. **Lock up:** each of the Relevant Shareholders shall have separately executed a lock up agreement on or before the date of the Subscription Agreement in the form set out in the Subscription Agreement and such lock-up agreements shall be in full force and effect on the date of the Subscription Agreement;
5. **Auditors' letters:** upon the Publication Date and on the Bond Closing Date, there having been delivered to the Sole Bookrunner and Sole Lead Manager letters, in form and substance satisfactory to the Sole Bookrunner and Sole Lead Manager, dated the date of the Offering Circular and the Bond Closing Date, and addressed to the Sole Bookrunner and Sole Lead Manager from the Auditors, with a "cut-off" date no more than three business days prior to the respective dates on which they are delivered;
6. **Compliance:** at the Publication Date and on the Bond Closing Date:
 - (i) the representations and warranties of the Company and the Subsidiary Guarantors in the Subscription Agreement being true, accurate and correct at, and as if made on such date;
 - (ii) each of the Company and the Subsidiary Guarantors having performed all of their respective obligations under the Subscription Agreement to be performed on or before such date; and
 - (iii) there having been delivered to the Sole Bookrunner and Sole Lead Manager certificates in the form set out in the Subscription Agreement, dated as of such date, of a director or a duly authorised signatory of the Company and the Subsidiary Guarantors to such effect;
7. **Financial information certificate:** the Sole Bookrunner and Sole Lead Manager shall have received from the Company on each of the Publication Date and the Bond Closing Date a chief financial officer's certificate in the form set out in the Subscription Agreement;

LETTER FROM THE BOARD

8. **Material Adverse Change:** after the date of the Subscription Agreement or, if earlier, the dates as of which information is given in the Offering Circular up to and on the Bond Closing Date, no event or condition of a type described as Material Adverse Change shall have occurred or shall exist, which event or condition is not described in the Offering Circular (excluding any amendment or supplement thereto) the effect of which in the judgment of the Sole Bookrunner and Sole Lead Manager makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Bonds on the terms and in the manner contemplated by the Subscription Agreement and the Offering Circular;
9. **No legal impediment to issuance:** no action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any supranational, national, regional, local or other governmental or regulatory authority that would, as of the Bond Closing Date, prevent the issuance or sale of the Bonds or the issuance of the Subsidiary Guarantees; and no injunction or order of any supranational, national, regional, local or other court shall have been issued that would, as of the Bond Closing Date, prevent the issuance or sale of the Bonds or the issuance of the Subsidiary Guarantees;
10. **Clearance and settlement:** the Bonds shall be eligible for clearance and settlement through Euroclear and Clearstream;
11. **No Change of Control:** subsequent to the execution and delivery of the Subscription Agreement, there is no Change of Control;

LETTER FROM THE BOARD

12. **Corporate approvals:** the Company and the Subsidiary Guarantors shall have provided to the Sole Bookrunner and Sole Lead Manager approvals from their respective boards of directors and any necessary approvals from the shareholders of the Company and each Subsidiary Guarantor approving, among other things, the Offering Circular, the terms of and the entry into each of the Subscription Agreement, the Trust Deed and the Agency Agreement to which it is a party, and the subsequent obligations imposed on the Company and the Subsidiary Guarantors in connection with this offering;
13. **Listing:** listing approval from the Stock Exchange for the Conversion Shares issuable upon conversion of the Bonds having been obtained and the Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Sole Bookrunner and Sole Lead Manager, to list the Bonds (or, in each case, the Sole Bookrunner and Sole Lead Manager being satisfied that such listing will be granted);
14. **Announcements:** announcements of the Company in connection with the offering of the Bonds shall have been published in accordance with the Listing Rules;
15. **Shareholders Approval:** the Shareholders (being such Shareholders as are allowed to vote under the Listing Rules or permitted by the Stock Exchange to vote) having passed all resolutions at the SGM (including the Specific Mandate);
16. **Irrevocable Voting Undertaking:** SOUNDA PROPERTIES LIMITED 新達置業有限公司 shall have executed the Irrevocable Voting Undertaking (as defined below) in form and substance satisfactory to the Sole Bookrunner and Sole Lead Manager and there being no amendment or revocation of the executed Irrevocable Voting Undertaking prior to the SGM;

LETTER FROM THE BOARD

17. **Legal opinions:** on or before the Bond Closing Date, there having been delivered to the Sole Bookrunner and Sole Lead Manager opinions on the laws of various jurisdictions (including Bermuda, British Virgin Islands, English, Hong Kong and PRC law), in form and substance satisfactory to the Sole Bookrunner and Sole Lead Manager, dated the Bond Closing Date; and
18. **Wiring instructions and other information:** the Sole Bookrunner and Sole Lead Manager shall have been furnished with wiring instructions for the application of the proceeds of the Bonds in accordance with the Subscription Agreement and such other information as they may reasonably request; and
19. **Fee letters:** the fee letter to be entered into between the Company, the Subsidiary Guarantors, the Sole Bookrunner and the Sole Lead Manager on or before the Bond Closing Date.

Completion

Completion of the subscription and issue of the Bonds will take place on the Bond Closing Date.

LETTER FROM THE BOARD

Company Lock-up Undertaking None of the Company, the Subsidiary Guarantors nor any person acting on behalf of any of them will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Sole Bookrunner and Sole Lead Manager between the date of the Subscription Agreement and the date which is 90 calendar days after the Bond Closing Date except for the Bonds and the Conversion Shares issued on conversion of the Bonds.

LETTER FROM THE BOARD

Shareholder Lock-up Undertaking

Each of the Relevant Shareholders undertakes that, for a period between the date of the Subscription Agreement and the date which is 90 calendar days after the Bond Closing Date, neither it nor any of its subsidiaries (if applicable) or affiliates or spouse (if applicable) or family members (if applicable) over which it exercises management or voting control, nor any person acting on its or their behalf will, without the prior written consent of the Sole Bookrunner and Sole Lead Manager, (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Relevant Shares or securities of the same class as the Bonds or the Relevant Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Relevant Shares or other instruments representing interests in the Bonds, the Relevant Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Relevant Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Relevant Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing.

LETTER FROM THE BOARD

Termination

The Subscription Agreement may be terminated in the absolute discretion of the Sole Bookrunner and Sole Lead Manager, by written notice to the Company and the Subsidiary Guarantors, without liability on the part of the Sole Bookrunner and Sole Lead Manager to the Company and the Subsidiary Guarantors or any affiliate thereof, if after the execution and delivery of the Subscription Agreement and on or prior to the Bond Closing Date:

- (i) if there shall have come to the notice of the Sole Bookrunner and Sole Lead Manager any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Company's or the Subsidiary Guarantors' undertakings or agreements in the Subscription Agreement;
- (ii) any condition to be fulfilled under the Subscription Agreement is not fulfilled when and as required;
- (iii) there has been, since the time of execution of the Subscription Agreement or since the date as of which information is given in the Offering Circular (exclusive of any amendments or supplements thereto subsequent to the date of the Subscription Agreement), 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 or the power or ability of the Company or any Subsidiary Guarantors to perform its obligations under the Transaction Documents or to consummate the transactions contemplated thereunder which, in the judgment of the Sole Bookrunner and Sole Lead Manager, is material and adverse and makes it impractical or inadvisable to market the Bonds;
- (iv) the Company and the Subsidiary Guarantors shall have failed, refused or been unable to perform any agreement on its part to be performed under the Subscription Agreement when and as required;

LETTER FROM THE BOARD

- (v) an adverse change or a prospective adverse change shall have occurred in Bermuda, the British Virgin Islands, Hong Kong, the United Kingdom or the PRC relating to taxation or the transfer of securities that materially and adversely affects the Bonds or exchange controls that materially and adversely affect the Bonds shall have been imposed by Bermuda, the British Virgin Islands, Hong Kong, the United Kingdom or the PRC;
- (vi) there shall have been such a material adverse change in general economic, political or financial conditions or the effect (or potential effect if the financial markets have not yet opened) of international conditions on the financial markets in the United States, Hong Kong, the United Kingdom, the PRC or Singapore or the international financial markets that, in the judgment of the Sole Bookrunner and Sole Lead Manager, making it impracticable or inadvisable to proceed with the offering, sale or delivery of the Bonds on the terms and in the manner contemplated by the Subscription Agreement and the Offering Circular;
- (vii) trading in securities generally shall have been suspended or materially limited on the New York Stock Exchange, the NASDAQ Global Market, the Stock Exchange, the London Stock Exchange or the Singapore Exchange Securities Trading Limited;
- (viii) trading of any securities issued or guaranteed by the Company or any of the Subsidiary Guarantors shall have been suspended on any exchange or in any over-the-counter market;
- (ix) a general moratorium on commercial banking activities shall have been declared by U.S. Federal or New York State authorities or by the competent governmental or regulatory authorities in Hong Kong, the United Kingdom, the PRC or Singapore, or a material disruption in commercial banking or securities settlement or clearance services in the United States, Hong Kong, the United Kingdom, the PRC or Singapore shall have occurred; or

LETTER FROM THE BOARD

- (x) there shall have occurred any outbreak or escalation of hostilities, insurrection, armed conflict, act of terrorism, act of God or epidemic or local, national or international calamity, or if there has been a declaration by the United States, Hong Kong, the United Kingdom, the PRC or Singapore of a national emergency or war or other local, national or international calamity or crisis (economic, political, financial or otherwise) which affects the financial markets, making it, in the judgment of the Sole Bookrunner and Sole Lead Manager, impracticable or inadvisable to proceed with the offering, sale or delivery of the Bonds on the terms and in the manner contemplated by the Subscription Agreement and the Offering Circular.

PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds are summarised as follows:

Issuer	The Company
Guarantors	The Subsidiary Guarantors
Issue Price	100.00% of the principal amount of the Bonds
Issue	US Dollar denominated 8.00% guaranteed convertible bonds due 2023 in an aggregate principal amount of US\$250,000,000 convertible into Conversion Shares.
Denomination	The denomination of each Bond shall be US\$200,000 and integral multiples of US\$1,000 thereof
Interest	Interest on the Bonds will be payable quarterly at the rate of 8.00% per annum payable in arrear on 6 April 2022, 6 July 2022, 6 October 2022 and 6 January 2023
Issue Date	Unless an earlier Issue Date is announced by the Company, 14 January 2022
Subsidiary Guarantees	Each Subsidiary Guarantor has unconditionally and irrevocably granted, on a joint and several basis, the due and punctual payment of all sums expressed to be payable by the Company under the Bonds and the Trust Deed.

LETTER FROM THE BOARD

Negative Pledge

The Company undertakes that, so long as any of the Bonds remains outstanding (as defined in the Trust Deed) or any amount is due under or in respect of any Bond or otherwise under the Trust Deed, it will not, and will procure that none of its Restricted Subsidiaries (as defined in the Conditions) will, incur, assume or permit to exist any Encumbrance of any nature whatsoever on (a) any of its assets or properties of any kind, whether owned at the Issue Date or thereafter acquired or (b) the Capital Stock of any Subsidiary Guarantor to secure any Relevant Indebtedness of the Company or any Restricted Subsidiary or to secure any guarantee of or indemnity in respect of any such Relevant Indebtedness unless:

- (i) the Relevant Indebtedness secured by such Encumbrance is subordinated in right of payment to the Bonds;
- (ii) such Encumbrance is created to refinance existing secured indebtedness, provided that such Encumbrances do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the indebtedness being refinanced; or
- (iii) at the same time or prior thereto, the Company's obligations under the Bonds and the Subsidiary Guarantors' obligations under the Subsidiary Guarantees are secured equally and rateably with the obligations so secured until such time as such other obligations are no longer secured by an Encumbrance or, at the option of the Company by such other security as the holders of the Bonds may by Extraordinary Resolution (as defined in the Trust Deed) approve.

LETTER FROM THE BOARD

Conversion Period

Subject to and upon compliance with the Conditions, the Conversion Right attaching to any Bond may be exercised, at the option of the Bondholder only between 20 December 2022 to 21 December 2022 (both dates inclusive) and up to the close of business (at the place where the certificate evidencing such Bond is deposited for conversion) of 21 December 2022, but except as provided otherwise in the Conditions, in no event thereafter, or, if such Bond shall have been called for redemption by the Company before the Maturity Date, then only on the day and up to the close of business of that day that is 10 business days (in the place aforesaid) prior to the date fixed for redemption thereof or if notice of a Relevant Event has been given by the Company or if the Offer to Purchase (as defined in the Conditions) has been made by the Company then only on the business day and up to the close of business of that day (at the place aforesaid) prior to the Bondholder Put Expiration Date (as defined below) or the Repurchase Offer Expiration Date (as defined in the Conditions).

The Conversion Right may not be exercised in respect of a Bond where the Bondholder shall have exercised its right, by delivering or depositing the relevant notice, to require the Company to redeem or repurchase such Bond pursuant to the Conditions.

Net Share Settlement Mechanism

The Company shall satisfy the exercise of Conversion Rights relating to any Bonds by (i) paying to the relevant Bondholder the Cash Conversion Amount; and (ii) delivering to the relevant Bondholder the Net Shares in accordance with the Conditions (the “**Net Share Settlement Mechanism**”), where:

“**Cash Conversion Amount**” means the sum of the Daily Cash Conversion Amounts as determined in respect of each Trading Day in the Net Share Settlement Calculation Period;

“**Converted Bonds**” means the aggregate principal amount of the Bonds held by the same Bondholder and in respect of which the relevant Conversion Rights shall have been exercised;

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“**Daily Cash Conversion Amount**” means, in respect of a Trading Day, the lesser of (a) an amount equal to one-twentieth of the Converted Bonds and (b) the Daily Conversion Value in respect of such Trading Day translated into US Dollars at the Prevailing Rate on such Trading Day (rounded, if necessary, to five decimal places, with 0.000005 being rounded up);

“**Daily Conversion Value**” means, in respect of any Trading Day, the amount determined in accordance with the following formula:

$$\frac{RS \times VWAP}{20}$$

where

RS means the Reference Shares

VWAP means the Volume Weighted Average Price of a Share on such Trading Day

“**Daily Net Shares**” means, in respect of any Trading Day in respect of which the Daily Conversion Value exceeds an amount equal to one-twentieth of the Converted Bonds, the number of Shares determined in accordance with the following formula (rounded if necessary to five decimal places, with 0.000005 being rounded up):

$$\frac{A}{VWAP}$$

where

A means the Daily Conversion Value on such Trading Day minus an amount equal to one-twentieth of the Converted Bonds

VWAP means the Volume Weighted Average Price of a Share on such Trading Day

“**Net Share Settlement Calculation Period**” means the period of 20 consecutive Trading Days preceding and ending on the Trading Day prior to the beginning of the relevant Conversion Period;

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“**Net Shares**” means the sum of the Daily Net Shares (if any) determined in respect of each Trading Day in the Net Share Settlement Calculation Period, rounded down, if necessary, to the nearest whole number;

“**Prevailing Rate**” means, in respect of any currency on any day, the bid exchange rate between the relevant currencies prevailing as at or about 11:00 a.m. (Hong Kong time) on that date as appearing on or derived from the relevant page on Bloomberg or, if there is no such page, on Reuters or such other information service provider that displays the relevant information or, if such a rate cannot be determined at such time, the rate prevailing as at or about 11: 00 a.m. (Hong Kong time) on the immediately preceding day on which such rate can be so determined; and

“**Reference Shares**” means, in respect of the exercise of Conversion Rights, the number of Shares determined by dividing (a) the aggregate principal amount of the relevant Converted Bonds (translated into Hong Kong Dollars at the fixed rate of HK\$7.7979 = US\$1.00) by (b) the Conversion Price in effect on the relevant conversion date, and rounding down the resulting number of Shares, if necessary, to the nearest whole number.

Conversion Price

The Conversion Price will initially be HK\$20.16 per Share, but will be subject to adjustment for any Adjustment Events provided that no adjustment shall cause the Conversion Price to fall below the par value of such Share.

Conversion Price Reset

On the relevant Reset Date, if the Average Market Price is less than HK\$19.28 per Share, the Conversion Price shall be adjusted on the relevant Reset Date itself (taking into account any adjustments to the Conversion Price under the Conditions following an Adjustment Event which may have occurred prior to the relevant date) to the Average Market Price provided that the Conversion Price shall not be reduced below the par value of the Shares or otherwise below the level permitted by the applicable laws and regulations from time to time, including under the specific mandate requirements under the Listing Rules.

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Such adjusted Conversion Price shall be rounded upwards, if necessary, to the nearest Hong Kong cent, provided that:

- (i) any such adjustment to the Conversion Price shall be limited such that the adjusted Conversion Price in no event shall be less than HK\$15.42; and
- (ii) the Adjustment Events shall apply, *mutatis mutandis*, to adjustments hereunder to ensure that appropriate adjustments shall be made to the Conversion Price as so adjusted to reflect any Adjustment Events.

Final Redemption

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each Bond at 100.00% of its principal amount together with accrued and unpaid interest thereon on the Maturity Date.

Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders (which notice shall be irrevocable) at a redemption price equal to their principal amount, together with interest accrued to but excluding the date fixed for redemption, if as a result of:

- (i) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Tax Jurisdiction affecting taxation; or
- (ii) any change in the existing position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

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which change or amendment becomes effective (i) with respect to the Company or any Subsidiary Guarantor, on or after 8 December 2021 or, (ii) in the case of a future Subsidiary Guarantor that is organised or resident for tax purposes in a jurisdiction that is not a Relevant Tax Jurisdiction as of the Issue Date, on or after the date such Subsidiary became a Subsidiary Guarantor, the Company or such Subsidiary Guarantor, as the case may be, is, or on the next interest payment date would be, required to pay additional tax with respect to any payment due or to become due under the Bonds or the Trust Deed and such requirement cannot be avoided by the taking of reasonable measures by the Company or such Subsidiary Guarantor, as the case may be (provided that changing the jurisdiction of the Company or such Subsidiary Guarantor, as the case may be, is not a reasonable measure), provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Company or such Subsidiary Guarantor, as the case may be, would be obliged to pay such additional tax amounts in respect of the Bonds then due.

Upon the expiry of the Tax Redemption Notice, the Company will be bound to redeem the Bonds on the date fixed for redemption subject to the Conditions.

Redemption at the Option of the Company

On giving not less than 30 nor more than 60 days' notice to the Bondholders and the Trustee (which notice will be irrevocable), the Company may at its sole and absolute discretion at any time prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at a redemption price equal to their principal amount together with interest accrued to but excluding the date fixed for redemption provided that prior to the date of such notice at least 90% in principal amount of the Bonds originally issued (including any further bonds issued and consolidated and forming a single series with the Bonds) has already been converted, redeemed or purchased and cancelled.

Repurchase upon a Change of Control Triggering Event

Not later than 30 days following a Change of Control Triggering Event, the Company will make an Offer to Purchase (as defined in the Conditions) all outstanding Bonds at a purchase price equal to the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date (as defined in the Conditions).

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Redemption for Relevant Event Following the occurrence of a Relevant Event, a Bondholder will have the right at such Bondholder's option, to require the Company to redeem all or some only (subject to the principal amount of such Bondholder's Bonds redeemed and the principal amount of the balance of such Bondholder's Bonds not redeemed being an authorised denomination) of such Bondholder's Bonds on the Relevant Event Redemption Date (as defined below) at a redemption price equal to their principal amount together with interest accrued to but excluding the Relevant Event Redemption Date. To exercise such right, the Bondholder of the relevant Bond must deposit at the specified office of any paying agent appointed under the Agency Agreement a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of such paying agent, specifying the number of Bonds to be redeemed and the Relevant Event that has occurred ("**Relevant Event Redemption Notice**"), together with the certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Company (the "**Bondholder Put Expiration Date**"). The "Relevant Event Redemption Date" shall be the fourteenth day after the expiry of such period of 30 days as referred to above.

Events of Default Certain events of default will permit the Bonds to become immediately due and repayable at their principal amount, together with accrued interest (if any) to but excluding the date of payment, details of which are set out in the Conditions.

Clearing Systems The Bonds will be represented by a Global Certificate, which will be deposited with and registered in the name of a nominee of a common depository for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on and transfer thereof will be effected only through records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, definitive certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

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Listing

The Company will apply to the Stock Exchange for the listing of the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Listing Rules). The Company will also apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Transferability

The Bonds are freely transferable in accordance with the Conditions. Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

Status of the Bonds

The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the negative pledge covenant, at all times rank at least equally with all of the Company's other present and future direct, unconditional, unsubordinated and unsecured obligations.

Status of the Subsidiary Guarantees

Each Subsidiary Guarantee constitutes direct, unconditional, unsubordinated and unsecured obligations of each Subsidiary Guarantor, respectively. The payment obligations of each Subsidiary Guarantor under their respective Subsidiary Guarantees shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all their respective other present and future direct, unconditional, unsubordinated and unsecured obligations.

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CONVERSION PRICE AND CONVERSION SHARES

The initial Conversion Price of HK\$20.16 per Share represents:

- (i) a premium of approximately 4.56% over the last closing price of HK\$19.28 per Share as quoted on the Stock Exchange on 8 December 2021 (being the trading day on which the Subscription Agreement was signed);
- (ii) a premium of approximately 7.92% over the average closing price of approximately HK\$18.68 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 8 December 2021;
- (iii) a premium of approximately 6.95% over the average closing price of approximately HK\$18.85 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 8 December 2021;
- (iv) a premium of approximately 29.23% over the closing price of HK\$15.60 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a discount of approximately 60.04% to the unaudited net asset value of HK\$50.45 per Share as at 30 June 2021 as disclosed in the interim report of the Company for the six months ended 30 June 2021.

The minimum Conversion Price of HK\$15.42 per Share represents:

- (i) a discount of approximately 20.02% to the last closing price of HK\$19.28 per Share as quoted on the Stock Exchange on 8 December 2021 (being the trading day on which the Subscription Agreement was signed);
- (ii) a discount of approximately 17.45% to the average closing price of approximately HK\$18.68 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 8 December 2021;
- (iii) a discount of approximately 18.20% to the average closing price of approximately HK\$18.85 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 8 December 2021;
- (iv) a discount of approximately 1.15% over the closing price of HK\$15.60 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 0.99%, represented by the theoretical diluted price of approximately HK\$19.09 per Share to the benchmarked price of approximately HK\$19.28 per Share (as defined under Rule 7.27B of the Listing Rules, being the closing price the trading day on which the Subscription Agreement was signed (i.e. 8 December 2021)); and

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- (vi) a discount of approximately 69.44% to the unaudited net asset value of HK\$50.45 per Share as at 30 June 2021 as disclosed in the interim report of the Company for the six months ended 30 June 2021.

The Conversion Price was determined with reference to the prevailing market price of the Shares and the terms and conditions of the Subscription Agreement and the Bonds (including adjustments for any Adjustment Event and the Net Share Settlement Mechanism) were negotiated on an arm's length basis between the Company and the Sole Bookrunner and Sole Lead Manager.

Subject to the Net Share Settlement Mechanism, the number of Conversion Shares issuable upon conversion of any Bond shall be determined by dividing the principal amount of the Bonds to be converted (translated into Hong Kong Dollars at the fixed rate of HK\$7.7979 = US\$1.00) by the Conversion Price in effect on the relevant conversion date. Based on the initial Conversion Price of HK\$20.16 per Share and assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into 96,700,148 Conversion Shares, representing:

- (i) approximately 4.06% of the existing issued share capital of the Company of 2,381,993,826 Shares as at the Latest Practicable Date; and
- (ii) approximately 3.90% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full conversion of the Bonds.

Assuming there is no change in the number of issued Shares from the Latest Practicable Date up to the date of the conversion of the Bonds in full, the shareholding of the public Shareholders will be diluted from 26.39% before full conversion of the Bonds to approximately 25.36% immediately following the full conversion of the Bonds at the initial Conversion Price of HK\$20.16.

As the number of Conversion Shares issuable upon conversion of any Bond will be determined by the Net Share Settlement Mechanism, upon the exercise of a Conversion Right, Conversion Shares in respect of any Trading Day during the Net Share Settlement Calculation Period will only be issued in the event that the Daily Conversion Value exceeds an amount equal to one-twentieth of the Converted Bonds on such Trading Day, with the remaining portion of the Conversion Right exercised being settled in cash. Thus, notwithstanding the prevailing market price of the Conversion Shares, the Company would not be required to issue the entire amount of 96,700,148 Conversion Shares (assuming full conversion of the Bonds at the initial Conversion Price of HK\$20.16) given that a certain amount of the Conversion Shares will always be settled by cash under the Net Share Settlement Mechanism. Subject to adjustments for any Adjustment Events, after taking into account the Net Share Settlement Mechanism and Conversion Price Reset, the number of Conversion Shares issuable upon full conversion of the Bonds will not exceed 126,425,097 Shares.

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EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF THE CONVERSION

The following table illustrates (1) the existing shareholding structure as at the Latest Practicable Date; (2) the shareholding structure assuming the Bonds are fully converted into Conversion Shares at the initial Conversion Price of HK\$20.16 per Share; and (3) the shareholding structure assuming the Bonds are fully converted into Conversion Shares at the minimum Conversion Price of HK\$15.42 per Share; on the assumption that (a) there will be no other change to the share capital of the Company from the Latest Practicable Date until the conversion of the Bonds in full, save for the allotment and issue of the Conversion Shares as a result of the conversion of the Bonds in full; and (b) the Bondholders do not and will not hold any Shares other than the Conversion Shares as a result of the conversion of the Bonds in full.

Shareholder	As at the Latest Practicable Date		Assuming the Bonds are fully converted into Conversion Shares at the initial Conversion Price of HK\$20.16 each		Assuming the Bonds are fully converted into Conversion Shares at the minimum Conversion Price of HK\$15.42 each	
	<i>% of issued share capital of</i>		<i>% of issued share capital of</i>		<i>% of issued share capital of</i>	
	<i>No. of Shares</i>	<i>the Company</i>	<i>No. of Shares</i>	<i>the Company</i>	<i>No. of Shares</i>	<i>the Company</i>
SOUNDA PROPERTIES LIMITED 新達置業有限公司 ⁽¹⁾	1,276,400,189	53.59%	1,276,400,189	51.50%	1,276,400,189	50.89%
FARRICH INVESTMENTS LIMITED 遠富投資有限公司 ⁽²⁾	434,771,287	18.25%	434,771,287	17.54%	434,771,287	17.33%
Yield Plentiful Incorporated ⁽³⁾	37,950,000	1.59%	37,950,000	1.53%	37,950,000	1.51%
Ju Rong Investment Holdings Limited ⁽⁴⁾	4,215,400	0.18%	4,215,400	0.17%	4,215,400	0.17%
Public Shareholders	628,656,950	26.39%	628,656,950	25.36%	628,656,950	25.06%
Bondholders	—	—	96,700,148	3.90%	126,425,097	5.04%
Total	<u>2,381,993,826</u>	<u>100%</u>	<u>2,478,693,974</u>	<u>100%</u>	<u>2,508,418,923</u>	<u>100%</u>

- (1) SOUNDA PROPERTIES LIMITED 新達置業有限公司 is wholly owned by Mr. Chu Mang Yee.
- (2) FARRICH INVESTMENTS LIMITED 遠富投資有限公司 is wholly owned by TheBest Investments Limited. TheBest Investments Limited is a wholly-owned subsidiary of Clear Build Investments Limited, which is in turn wholly-owned by Mr. Chu Yat Hong.
- (3) Yield Plentiful Incorporated is wholly owned by Mr. Au Wai Kin, an executive Director.
- (4) Ju Rong Investment Holdings Limited is wholly owned by Ms. Chu Kut Yung, an executive Director.

IRREVOCABLE VOTING UNDERTAKING

SOUNDA PROPERTIES LIMITED 新達置業有限公司 (who directly or indirectly holds approximately 53.59% of the existing total issued Shares as at the Latest Practicable Date) has irrevocably undertaken to, among other things, cast or procure to be casted the votes attaching to

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all of the Shares beneficially owned by it in favour of the ordinary resolution to approve the Subscription Agreement, the Bonds and the Specific Mandate at the SGM (such undertaking, the “Irrevocable Voting Undertaking”).

INFORMATION REGARDING THE GROUP

The Company is an investment holding company incorporated in Bermuda. The Group is mainly engaged in the development of residential properties, commercial properties investment, property management and infrastructure business in the PRC, and investments business.

REASONS FOR AND BENEFITS OF THE BOND ISSUE

The Directors are of the view that the Bond Issue is an appropriate means of raising additional capital since it will provide the Company with additional funds for refinancing its existing indebtedness, as well as supplementing the Group’s working capital for general corporate purposes. The Company considers that the raising of funds by the issue of the Bonds is justifiable taking into account the significant volatility in the market and, more specifically, the real estate sector which represent an opportunity for the Group to strengthen its capital base and financial position, and reduce the Company’s interest expenses. The Company has considered other financing options, including refinancing the existing indebtedness with a new loan facility or a new senior bond issuance, but given the current market condition for real estate sector, such other financing options are not as readily available as the Bond Issue. The Company is of the view that the Bond Issue can provide the Company with additional funds at lower funding cost for the said purposes. This also strengthens the Company’s cash position, enabling the Company to better allocate its financial resources and further develop its business.

The Issue Price and Conversion Price were arrived at after arm’s length negotiations between the parties to the Subscription Agreement with reference to the prevailing trading prices of the Shares and the financial condition of the Company. The Directors consider that the terms of the Subscription Agreement and the Conditions are made on normal commercial terms and are fair and reasonable as far as the Shareholders are concerned, and the issue of the Bonds is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds from the Bond Issue will be US\$250,000,000. The estimated net proceeds from the Bond Issue, after deduction of commission and other estimated expenses payable, will be approximately US\$247,500,000. Based on such net proceeds and assuming full conversion of the Bonds at the minimum Conversion Price of HK\$15.42, the net price per Conversion Share is approximately HK\$15.27.

The Company intends to use the net proceeds from the Bond Issue for the following purposes: (i) approximately 95% for refinancing (a) the US\$400 million 5.8% guaranteed senior notes due 2022 issued by Hopson Capital International Group Co Ltd (an indirect wholly-owned subsidiary of the Company) on 13 January 2021 (the “**January 2021 Notes**”) and (b) the US\$100 million 5.8%

LETTER FROM THE BOARD

guaranteed senior notes due 2022 issued by Hopson Capital International Group Co Ltd on 4 February 2021 which was consolidated and form a single series with the January 2021 Notes (together with the January 2021 Notes, the “**2021 Notes**”), of which the 2021 Notes are guaranteed by, among others, the Company; and (ii) approximately 5% for general working capital purposes. For further details of the 2021 Notes, please refer to the announcements of the Company dated 6 January 2021, 7 January 2021, 14 January 2021, 28 January 2021 and 4 February 2021.

SPECIFIC MANDATE

The Board proposes to seek the approval of the Shareholders to grant the Specific Mandate at the SGM to cover the Bond Issue and the allotment and issue of the Conversion Shares upon exercise of the Conversion Rights attached to the Bonds. The Bond Issue and the allotment and issue of the Conversion Shares upon conversion of the Bonds are also subject to approval of the Shareholders at the SGM.

FUND RAISING ACTIVITIES BY THE COMPANY IN THE LAST 12 MONTHS

The Company has not conducted any equity fund raising activity in the past twelve months immediately before the Latest Practicable Date.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph headed “The Subscription Agreement” above for further information.

As the Bond Issue may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

SPECIAL GENERAL MEETING

The SGM will be held by the Company at Unit 01, 16th Floor, South Tower, Zhujiang Investment Building, 421 Zhujiang East Road, Zhujiang New City, Guangzhou on Thursday, 6 January 2022 at 10:00 a.m., to consider and if thought fit, to approve, among other things, the entering into of the Subscription Agreement and the transactions contemplated thereunder (including the Bond Issue and the grant of the Specific Mandate).

Any Shareholder and his or her or its associates with a material interest in the Subscription Agreement and the transactions contemplated thereunder will abstain from voting at the SGM. To the best knowledge, information and belief of the Directors having made all reasonable enquires, no Shareholders are required to abstain from voting on the relevant resolution to be considered at the SGM as at the Latest Practicable Date and no Director had a material interest in the Subscription Agreement and the transactions contemplated thereunder and was required to abstain from voting on the board resolution in respect of the same.

LETTER FROM THE BOARD

According to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, the resolution put to the vote at the EGM will be taken by way of poll.

The notice of the SGM is set out on pages 38 to 40 of this circular.

A form of proxy for the SGM for use by the Shareholders is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Board is of the view that although the Subscription Agreement and the transactions contemplated thereunder are not in the ordinary and usual course of business of the Group, the terms are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. As such, the Board recommends that all Shareholders vote in favour of the ordinary resolution to be proposed at the SGM regarding the Subscription Agreement and the transactions contemplated thereunder (including the Bond Issue and the grant of the Specific Mandate).

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By Order of the Board
Hopson Development Holdings Limited
Chu Kut Yung
Chairman

NOTICE OF SPECIAL GENERAL MEETING



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>

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Hopson Development Holdings Limited (“**Company**” together with its subsidiaries, the “**Group**”) (“**SGM**”) will be held at Unit 01, 16th Floor, South Tower, Zhujiang Investment Building, 421 Zhujiang East Road, Zhujiang New City, Guangzhou on Thursday, 6 January 2022 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution which will be proposed as an ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (a) the subscription agreement dated 8 December 2021 and the supplemental subscription agreement dated 16 December 2021 (together, the “**Subscription Agreement**”) and each entered into among the Company, the Subsidiary Guarantors and the Sole Bookrunner and Sole Lead Manager in respect of the issue of the US\$250,000,000 aggregate principal amount of 8.00% guaranteed convertible bonds due 2023 by the Company (the “**Bonds**”) upon and subject to the terms and conditions as set out therein and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the issue of the Bonds by the Company in accordance with the terms and conditions of the Bonds be and is hereby approved;
- (c) the allotment and issue of new ordinary shares of HK\$0.10 each in the share capital of the Company (the “**Conversion Shares**”) which may fall to be allotted and issued upon the exercise of the conversion rights attaching to the Bonds in accordance with the terms and conditions of the Bonds be and are hereby approved;
- (d) conditional upon, among others, the listing committee of The Stock Exchange of Hong Kong Limited granting the listing of the Bonds, and the listing of, and permission to deal in, the Conversion Shares, the specific mandate to the directors of the Company (the “**Directors**”) to exercise the powers of the Company for the issue of the Bonds and the allotment and issue of the Conversion Shares in accordance with the terms and

* for identification purposes only

NOTICE OF SPECIAL GENERAL MEETING

conditions of the Bonds be and is hereby approved. The aforementioned specific mandate is in addition to, and shall not prejudice or revoke any general or special mandate(s) which has/have been granted or may from time to time be granted to the Directors prior to the passing of this resolution; and

- (e) any one Director be and is hereby authorised to do all such things and acts as he/she may in his/her discretion consider necessary, desirable or expedient, for the purposes of or in connection with the implementation of the Subscription Agreement and the transactions contemplated thereunder, including but not limited to the execution of all such documents under seal where applicable, as he/she considers necessary or expedient in his/her opinion to implement and/or give effect to the issue of the Bonds and the allotment and issue of the Conversion Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Bonds.”

By Order of the Board
Hopson Development Holdings Limited
Chu Kut Yung
Chairman

Hong Kong, 17 December 2021

Principal Office:

Unit 4903–10, 49/F.

The Center

99 Queen’s Road Central, Central

Hong Kong

Notes:

- (1) Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy to attend and vote in his stead. Any such member who is a holder of two or more shares may appoint more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company but must be present in person to represent the member.
- (2) For determining the entitlement of Shareholders to attend and vote at the SGM, the register of members of the Company will be closed from Monday, 3 January 2022 to Thursday, 6 January 2022 (both days inclusive) during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the SGM, all transfer of shares accompanied by the relevant share certificates, must be lodged with the Company’s Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 31 December 2021.
- (3) In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of attorney or other authority, must be deposited at the Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the said meeting or any adjournment thereof.

NOTICE OF SPECIAL GENERAL MEETING

- (4) To safeguard the health and safety of the shareholders and all attendees at the SGM and to prevent the spread of the coronavirus (“COVID-19”), the following precautionary measures will be implemented at the SGM, without limitation:
- compulsory body temperature screening;
 - wearing of surgical face masks;
 - no distribution of corporate gift or refreshment;
 - mandatory health declaration; and
 - appropriate seating arrangement to avoid over-crowding.

Any person who does not comply with the precautionary measures above may be denied entry to the venue of the SGM. The Company would like to remind the shareholders and all attendees who will attend the SGM in person to take personal precautions and abide by the requirements of epidemic precaution and control at the venue of the SGM. The Company would also like to remind the shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. Shareholders are encouraged to vote by filing in and submitting the relevant proxy form of the SGM, and appoint the chairman of the SGM as their proxy to vote on the relevant resolution as instructed in accordance with the relevant proxy form instead of attending the SGM in person. Subject to the development of the COVID-19 pandemic, the Company may implement further changes and precautionary measures and may issue further announcement(s) on such measures as and when appropriate.

- (5) Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 17 December 2021.
- (6) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

As at the date of this notice, the Board comprises eight Directors. The executive Directors are Ms. Chu Kut Yung (Chairman), Mr. Zhang Fan (Co-president), Mr. Au Wai Kin, Mr. Xie Bao Xin and Mr. Bao Wenge; and the independent non-executive Directors are Mr. Tan Leng Cheng, Aaron, Mr. Ching Yu Lung and Mr. Ip Wai Lun, William.