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合 景 泰 富

## **KWG PROPERTY HOLDING LIMITED**

### **合 景 泰 富 地 產 控 股 有 限 公 司**

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

**(Stock Code: 1813)**

**(1) PLACING OF EXISTING SHARES**  
**(2) SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE**  
**AND**  
**(3) RESUMPTION OF TRADING**

**Placing Agents**

**Morgan Stanley**

**CREDIT SUISSE** 

On 30 June 2009, the Vendor, the Company and the Placing Agents entered into the Placing Agreement pursuant to which the Placing Agents have agreed to, as agent of the Vendor and on a fully underwritten basis, procure purchasers to acquire, and the Vendor has agreed to sell 300,000,000 existing Shares at the Placing Price of HK\$5.10 per Share.

The Placing Shares represent approximately 11.57% of the existing issued share capital of the Company and approximately 10.37% of the issued share capital of the Company as enlarged by the Subscription. The Placing Price represents (i) a discount of approximately 8.60% to the closing price of HK\$5.58 per Share as quoted on the Stock Exchange on 29 June 2009, the last full trading date immediately preceding the date of the Placing Agreement; and (ii) a discount of approximately 0.97% to the average closing price of approximately HK\$5.15 per Share as quoted on the Stock Exchange for the last five trading days up to and including 29 June 2009.

Pursuant to the Placing, the Vendor and the Company also entered into the Subscription Agreement pursuant to which the Vendor has conditionally agreed to subscribe for the Subscription Shares at the Subscription Price, which is the same as the Placing Price. The Subscription Shares represent approximately 11.57% of the existing issued share capital of the Company and approximately 10.37% of the issued share capital of the Company as enlarged by the Subscription.

As at the date of this announcement, the Vendor holds 1,612,500,000 Shares, representing 62.17% of the issued share capital of the Company. The shareholding of the Vendor in the issued share capital of the Company will be reduced from 62.17% to approximately 50.60% upon completion of the Placing but before completion of the Subscription and will be increased from approximately 50.60% to approximately 55.72% upon completion of the Placing and the Subscription.

**As the Placing and the Subscription are subject to the fulfillment of a number of conditions and may or may not proceed to completion, shareholders of the Company and prospective investors are advised to exercise caution when dealing in the Shares.**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:36 a.m. on 30 June 2009 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 2 July 2009.

#### **A. PLACING AGREEMENT**

**Date:** 30 June 2009

**Parties:**

- (a) the Vendor;
- (b) the Placing Agents; and
- (c) the Company.

Each of the Placing Agents is independent of and not connected with or acting in concert with the Vendor, the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates.

#### **Placing Shares**

On 30 June 2009, the Vendor, the Company and the Placing Agents entered into the Placing Agreement pursuant to which the Placing Agents have severally and not jointly nor jointly and severally agreed to, as agent of the Vendor and on a fully underwritten basis, procure purchasers to acquire, and the Vendor has agreed to sell 300,000,000 existing Shares at the Placing Price of HK\$5.10 per Share.

300,000,000 existing Shares are to be placed, representing approximately 11.57% of the existing issued share capital of the Company and approximately 10.37% of the issued share capital of the Company as enlarged by the Subscription.

## **Placing Price**

The Placing Price of HK\$5.10 per Share was arrived at after arm's length negotiations between the Company, the Vendor and the Placing Agents. It represents (i) a discount of approximately 8.60% to the closing price of HK\$5.58 per Share as quoted on the Stock Exchange on 29 June 2009, being the last full trading date immediately preceding the date of the Placing Agreement; and (ii) a discount of approximately 0.97% to the average closing price of approximately HK\$5.15 per Share as quoted on the Stock Exchange for the last five trading days up to and including 29 June 2009.

The Directors (including the independent non-executive Directors) are of the opinion that the Placing Price is fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **Rights**

The Placing Shares will be sold free of all liens, charges and encumbrances, and together with all rights attaching thereto, being rights which rank pari passu to other ordinary Shares in issue as at the date of completion of the Placing, including the right to receive all dividends or other distributions declared, made or paid on or after completion of the Placing.

## **Independence of the Placing Agents and the Placees**

The Placing Shares will be placed by the Placing Agents to not less than six independent professional, institutional and/or individual investors. It is not expected that any placee will become a substantial shareholder of the Company as a result of the Placing.

The Placing Agents and the placees to be procured by the Placing Agents are or will be as the case may be third parties independent of and not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates who are or will not acting in concert (as defined under the Takeovers Code) with the Vendor or its associates.

## **Conditions of the Placing**

The obligation of the Placing Agents to proceed to completion of the Placing is conditional upon the following conditions being met:

- (a) there shall not have occurred any breach of, or any event rendering untrue or inaccurate in any material respect, any of the representations, warranties or undertakings under the Placing Agreement;
- (b) trading generally not having been suspended or materially limited on, or by, the stock exchanges of London, New York or the Stock Exchange;
- (c) trading of any securities of the Company not being suspended on any exchange or in any over the counter market (save for such suspension pending the issue of this announcement);
- (d) a material disruption in securities settlement, payment or clearance services in the United States and Hong Kong not having occurred;
- (e) any moratorium on commercial banking activities not having been declared by PRC, United States federal or New York state or Hong Kong authorities;

- (f) there not having occurred any outbreak or escalation of hostilities, declaration of a national emergency or war, or any significant event, development or change in financial markets, currency exchange rates or controls or any calamity or crisis that, in the Placing Agents' judgment in its or their sole discretion, is material and adverse and which, singly or together with any other event specified in this clause, makes it, in the Placing Agents' judgment in its or their sole discretion, impracticable or inadvisable to proceed with the offer, sale or delivery of the Placing Shares on the terms and in the manner contemplated herein;
- (g) there not having occurred any material adverse change, development (whether or not permanent) in the condition or prospects, financial or otherwise, or in the earnings or business affairs of the Group as a whole, whether or not arising out of the ordinary course of business;
- (h) the Subscription Agreement having been entered into by the parties thereto and not subsequently having been revoked, terminated or modified; and
- (i) receipt by the Placing Agents of:
  - (i) a certified copies of the board minutes of each of the Company and the Vendor approving, among other things, the Placing Agreement and the Subscription Agreement; and
  - (ii) a certified copy of the Subscription Agreement.

If any of the conditions for completion of the Placing as set out in the Placing Agreement shall not have been fulfilled or (alternatively) waived by the Placing Agents by 6 July 2009 (or such other date as the Vendor, the Company and the Placing Agents may agree), the Placing Agreement and the obligations of the Placing Agents thereunder will terminate and the Placing and the Subscription will not proceed.

**Shareholders and investors are therefore advised to exercise caution when dealing in Shares.**

### **Completion of the Placing**

Completion of the Placing will be on 6 July 2009 (or such other date as the Vendor and the Placing Agents may agree).

### **Lock Up Undertakings**

The Vendor has undertaken to the Placing Agents that, except for the sale of the Placing Shares pursuant to the Placing Agreement or the transfer to an associate of Mr. Kong Jian Min or any transfer by way of gift, provided and on condition that the transferee of any such transfer shall prior to the transfer sign in favour of the Placing Agents a lock-up undertaking substantially the same in scope and in form as the undertaking set out in the Placing Agreement or the creation of security (including a charge or pledge) in favour of an authorised institution (as defined in the Banking Ordinance of Hong Kong) or an entity licensed under the SFO, from the date of the Placing Agreement and on or prior to the date being 90 days after the date of completion of the Placing Agreement, the Vendor will not without the prior written consent of the Placing Agents (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including but not limited to the Subscription Shares to be issued to the Vendor by the Company pursuant to the Subscription Agreement) or any interests therein or any securities convertible into or exercisable or exchangeable for any such Shares or

interests or (ii) enter into any swap or similar agreement that transfers to another, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

The Company has undertaken to the Placing Agents not to, (except for (a) the Subscription Shares to be issued to the Vendor pursuant to and in accordance with the terms and conditions of the Subscription Agreement, (b) any Share which may fall to be issued upon conversion of the convertible bonds issued by the Company prior to the date of the Placing Agreement, (c) the grant of share options which have been or may be granted by the Company to the directors and employees of the Group pursuant to the share option scheme of the Company adopted on 11 June 2007 and the issue of Shares pursuant to the exercise thereof, (d) the grant of share options by the Company to the directors and employees of the Group other than under sub-paragraph (c) above and the issue of Shares pursuant to the exercise thereof, provided that such Shares to be issued shall not constitute more than 2.0% of the issued share capital of the Company as at the date of the Placing Agreement and (e) any Shares or other securities or rights issued or granted to shareholders of the Company by way of bonus or under any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company or on the exercise of rights existing at the date of the Placing Agreement), and the Vendor has undertaken to the Placing Agents that it will procure the Company, not to, from the date of the Placing Agreement and on and prior to the date being 90 days after the date of completion of the Placing Agreement (without the prior written consent of the Placing Agents) (i) allot, issue, offer to allot or issue, grant any option, right or warrant to subscribe, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share or any interests therein or any securities convertible into or exercisable or exchangeable for any such Shares or interests, or (ii) enter into any swap or similar agreement that transfers to another, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

## **B. SUBSCRIPTION AGREEMENT**

**Date:** 30 June 2009

**Subscriber:** The Vendor

**Issuer:** The Company

### **Number of new Shares to be subscribed**

Pursuant to the Placing, the Vendor and the Company also entered into the Subscription Agreement pursuant to which the Vendor has conditionally agreed to subscribe for the Subscription Shares at the Subscription Price, which is the same as the Placing Price.

300,000,000 new Shares to be subscribed by the Vendor, representing approximately 11.57% of the existing issued share capital of the Company and approximately 10.37% of the issued share capital of the Company as enlarged by the Subscription.



## **Subscription Price**

The subscription price per new Share is equivalent to the Placing Price of HK\$5.10 per Share. The Subscription Shares have a market value of HK\$1,674,000,000, based on the closing price of HK\$5.58 on 29 June 2009, the last full trading day in the Shares prior to this announcement. The net price of the Subscription is approximately HK\$5.00 per Share.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription are fair and reasonable under the current market condition and in the interest of the Company and its shareholders as a whole.

## **General mandate to issue the Subscription Shares**

The Subscription Shares will be issued under the general mandate granted by the shareholders of the Company to the Directors pursuant to the resolution of the shareholders of the Company passed at the annual general meeting held on 12 June 2009. The Company has not issued any Shares pursuant to such general mandate.

## **Ranking of the Subscription Shares**

The Subscription Shares, when fully paid, will rank pari passu in all respects with the Shares in issue on the completion date of the Subscription including the right to any dividends or distributions after the date of completion of the Subscription.

## **Conditions of the Subscription**

The Subscription is conditional upon:

- (1) completion of the Placing; and
- (2) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

In the event that the conditions are not fulfilled or on or before 14 July 2009, the Subscription Agreement and all rights and obligations thereunder will cease and terminate. Notwithstanding the preceding provision of this paragraph, the Vendor may at its absolute discretion continue to take all necessary steps, subject to compliance with the Listing Rules, to proceed to complete the transactions contemplated therein as soon as practicable thereafter.

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

## **Completion of the Subscription:**

Subject to the condition disclosed above, completion of the Subscription will take place within two Business Days after the date upon which the last condition precedent is satisfied provided that it shall take place on a date no later than 14 days after the date of the Subscription Agreement.

### C. CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholdings of the Company before and after the Placing and the Subscription are summarized as follows:

Shareholder	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Vendor and its associates	1,714,441,500	66.10	1,414,441,500	54.53	1,714,441,500	59.25
Places	—	—	300,000,000	11.57	300,000,000	10.37
Other Shareholders	<u>879,308,500</u>	<u>33.90</u>	<u>879,308,500</u>	<u>33.90</u>	<u>879,308,500</u>	<u>30.38</u>
<b>Total</b>	<b><u>2,593,750,000</u></b>	<b><u>100</u></b>	<b><u>2,593,750,000</u></b>	<b><u>100</u></b>	<b><u>2,893,750,000</u></b>	<b><u>100</u></b>

### D. REASON FOR THE PLACING AND THE SUBSCRIPTION

The Placing and the Subscription are effected to supplement the Group's funding of its expansion and growth plan. The Directors consider that the Placing and the Subscription will provide the Company with an opportunity to raise further capital while broadening the shareholder's base and the capital base of the Company. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Placing Agreement and the Subscription Agreement are fair and reasonable and are in the interests of the Company and the shareholders as a whole are concerned.

### E. USE OF PROCEEDS OF THE SUBSCRIPTION

The net proceeds from the Subscription are estimated to be approximately HK\$1,500,700,000 and will be applied as to approximately 50% for the purchase of land in the PRC, as to approximately 30% for financing construction costs of the property projects of the Group and as to approximately 20% for general working capital purposes.

### F. CAPITAL RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Since the listing of the Shares on the Main Board of the Stock Exchange on 3 July 2007, the Company has not carried out any capital raising activities.

### G. GENERAL

The Group is principally engaged in property development, property investment and property management service provision activities in the PRC.

### H. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:36 a.m. on 30 June 2009 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 2 July 2009.

## DEFINITIONS

“associates”	has the meaning ascribed to it under the Listing Rules
“Business Day”	a day (excluding a Saturday) on which banks are generally open for business in Hong Kong
“Company”	KWG Property Holding Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange and any amendments thereto
“Morgan Stanley”	Morgan Stanley & Co. International plc. In so far as Morgan Stanley is “dealing in securities”, as defined in Schedule 5 of the SFO. Morgan Stanley shall be doing so through its agent Morgan Stanley Asia Limited and only in circumstances such that none of the sub-provisions (I), (II), (III), (IV) and (V) in sub-paragraph (iv) to the definition of “dealing in securities” in Part 2 of Schedule 5 of the SFO are applicable
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agents”	Morgan Stanley and Credit Suisse (Hong Kong) Limited. Each of the Placing Agents is independent of and not connected with the Company or any of its connected persons. Each of the Placing Agents is not acting in concert with each other or with the Vendor or parties acting in concert with the Vendor
“Placing Agreement”	the placing agreement dated 30 June 2009 between the Vendor, the Company and the Placing Agents
“Placing Price”	HK\$5.10 per Placing Share
“Placing Shares”	300,000,000 existing Shares
“PRC”	the People’s Republic of China and for the purpose of this announcement shall exclude Hong Kong, the Macau Special administrative Region and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)



“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the conditional subscription by the Vendor of the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 30 June 2009 between the Vendor and the Company
“Subscription Price”	HK\$5.10 per Share, the equivalent of the Placing Price
“Subscription Shares”	300,000,000 new Shares to be subscribed by the Vendor pursuant to the Subscription Agreement
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Plus Earn Consultants Limited, a company incorporated in the British Virgin Islands and is owned as to 76.5% by Mr. Kong Jian Min, as to 15.0% by Mr. Kong Jian Tao and as to 8.5% by Mr. Kong Jian Nan, the controlling shareholders of the Company

By the order of the Board  
**KWG Property Holding Limited**  
**Kong Jian Min**  
*Chairman*

Hong Kong, 30 June 2009

*As at the date of this announcement, the executive directors of the Company are Mr. Kong Jian Min, Mr. Kong Jian Tao, Mr. Kong Jian Nan, Mr. Li Jian Ming, Mr. Tsui Kam Tim and Mr. He Wei Zhi; and the independent non-executive directors of the Company are Mr. Lee Ka Sze, Carmelo, Mr. Dai Feng and Mr. Tam Chun Fai.*