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合景泰富地產

**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)**

## **ISSUANCE OF US\$250 MILLION SENIOR NOTES DUE 2017**

On 11 August 2010, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with Morgan Stanley and Standard Chartered in connection with the Notes Issue.

The estimated net proceeds of the Notes Issue, after deduction of the underwriting discount and other estimated expenses, will amount to approximately US\$243.6 million, and the Company intends to use the proceeds of the Notes Issue to finance existing and new property projects and for general corporate purposes. The Company may adjust the foregoing plans in response to changing market conditions and, thus, reallocate the use of proceeds.

Approval in-principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes.

Reference is made to the announcement of the Company dated 3 August 2010 in respect of the Notes Issue. The Board is pleased to announce that on 11 August 2010, the Company, together with the Subsidiary Guarantors, entered into the Purchase Agreement with Morgan Stanley and Standard Chartered in connection with the Notes Issue.

## THE PURCHASE AGREEMENT

Date: 11 August 2010

### Parties to the Purchase Agreement

- (a) the Company;
- (b) the Subsidiary Guarantors;
- (c) Morgan Stanley; and
- (d) Standard Chartered

Morgan Stanley and Standard Chartered are the joint lead managers and the joint bookrunners in respect of the offer and sale of the Notes. They are also the initial purchasers of the Notes.

The Notes will only be offered (1) to qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (2) outside the United States in offshore transactions, in compliance with Regulation S under the Securities Act. None of the Notes will be offered to the public in Hong Kong.

### Principal terms of the Notes

The following is a summary of certain provisions of the Notes and the Indenture. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Indenture, the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Intercreditor Agreement.

#### *Notes Offered*

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of US\$250 million. The Notes will mature on 18 August 2017, unless earlier redeemed in accordance with the terms thereof.

#### *Offering Price*

The offering price of the Notes will be 100% of the principal amount of the Notes.

#### *Interest*

The Notes will bear interest at a rate of 12.50% per annum, payable semi-annually in arrears on 18 February and 18 August of each year, commencing on 18 February 2011.

#### *Ranking of the Notes*

The Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (3) at least *pari passu* in right of payment against the Company with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations under applicable law and the terms of the Indenture; (5) effectively

subordinated to the other secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and (6) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which are not Subsidiary Guarantors or JV Subsidiary Guarantors (if any).

#### *Events of default*

The events of default under the Notes include, among others: (a) default in the payment of principal (or premium, if any); (b) default in the payment of interest; (c) default in the performance or breach of the provisions of certain covenants under the Indenture; (d) default by the Company or certain of its subsidiaries in the repayment of indebtedness having, in the aggregate, an outstanding principal amount in excess of US\$7.5 million; (e) one or more final judgments or orders for the payment of money are rendered against the Company or certain of its subsidiaries and are not paid or discharged; (f) involuntary bankruptcy or insolvency proceedings against the Company or certain of its subsidiaries; (g) voluntary bankruptcy or insolvency proceedings commenced by the Company or certain of its subsidiaries or consent to such similar action or effect any general assignment for the benefit of creditors; (h) any Subsidiary Guarantor or JV Subsidiary Guarantor denying or disaffirming its obligations under its guarantees with respect to the obligations of the Notes or, except as permitted by the Indenture, any such guarantee being determined to be unenforceable or invalid or for any reason ceasing to be in full force and effect; (i) default by the Company or any Subsidiary Guarantor Pledgor in the performance of any of its obligations under the security provided under the relevant security documents or the Indenture, which adversely affects the enforceability, validity, perfection or priority of the applicable lien on the collateral pledged to serve the Notes and the Subsidiary Guarantees or which adversely affects the condition or value of such collateral, taken as a whole, in any material respect; or (j) the Company or any Subsidiary Guarantor Pledgor denying or disaffirming its obligations under the relevant security documents, other than in accordance with the Indenture and the relevant security documents provided under the Notes, any such relevant security document ceasing to be or is not in full force and effect, or the trustee ceasing to have a security interest in the collateral (subject to any permitted liens).

If an event of default occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding, may, by written notice, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable.

### *Covenants*

The Notes, the Indenture and the guarantees provided by the Subsidiary Guarantors and the JV Subsidiary Guarantors will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- (b) declare dividends on its capital stock or purchase or redeem capital stock;
- (c) make investments or other specified restricted payments;
- (d) issue or sell capital stock of certain of its subsidiaries;
- (e) guarantee indebtedness of certain of its subsidiaries;
- (f) sell assets;
- (g) create liens;
- (h) enter into sale and leaseback transactions;
- (i) enter into agreements that restrict certain of its subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (j) enter into transactions with shareholders or affiliates; and
- (k) effect a consolidation or merger.

### *Redemption*

The Notes may be redeemed in the following circumstances:

- (1) At any time from time to time on or after 18 August 2014, the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, to (but not including) the redemption date, if redeemed during the twelve-month period beginning on 18 August of each of the years indicated below:

<b>Period</b>	<b>Redemption Price</b>
2014	106.250%
2015	103.125%
2016 and thereafter	100.000%

- (2) At any time prior to 18 August 2014, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus an applicable premium (as set forth in the Indenture) as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

- (3) At any time and from time to time prior to 18 August 2013, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 112.50% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date.
- (4) The Company may redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Company for redemption, if the Company or a Subsidiary Guarantor would become obliged to pay certain additional amounts as a result of certain changes in specified tax laws.
- (5) The Company will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, upon the occurrence of a change of control triggering event, which is defined as (A) the occurrence of any of the following: (i) the merger, amalgamation or consolidation of the Company with or into another person (other than one or more Permitted Holders) or the merger or amalgamation of another person (other than one or more Permitted Holders) with or into the Company, or the sale of all or substantially all the assets of the Company to another person; (ii) the Permitted Holders are the beneficial owners of less than 35% of the total voting power of the Company; (iii) any “person” or “group” (as defined in the United States Securities and Exchange Act of 1934) is or becomes the beneficial owner, directly or indirectly, of total voting power of the Company greater than such total voting power held beneficially by the Permitted Holders; (iv) individuals who on the original issue date constituted the board of directors of the Company, together with any new directors approved by at least two-thirds of the directors then still in office, cease to constitute a majority of the Board; or (v) the adoption of a plan relating to the liquidation or dissolution of the Company; accompanied by (B) a rating decline.

### **Reasons for the Notes Issue**

The Group is a large-scale property developer with a leadership position in Guangzhou and an established presence in Suzhou, Chengdu, Beijing and Hainan. The Group focuses on medium-to high-end residential property developments with distinctive characteristics. To diversify the earnings mix, the Group also develops commercial properties in prime locations as long-term investments, including office buildings, shopping malls, serviced apartments and hotels. The Group commenced operation of its first office property, International Finance Place, in August 2007. In September 2009, the Group opened its first hotel, Four Points by Sheraton in Guangzhou, and is currently developing two additional high-end hotels in Guangzhou, including mainland China’s first W Hotel and Huadu Sheraton Resort as well as W Serviced Apartment. In addition, the Group is planning to develop six other high-end hotels and five high-end shopping malls in various cities including Guangzhou, Suzhou and Chengdu, as well as in Hainan Province. The Group’s hotels will be operated by internationally renowned hotel operators, including affiliates of Starwood Hotels & Resorts Worldwide, Inc. The Group believes that its investment properties and hotels will help further strengthen its brand name. The Group also engages in property-related businesses, such as property management for residential and commercial properties.

The estimated net proceeds of the Notes Issue, after deduction of the underwriting discount and other estimated expenses, will amount to approximately US\$243.6 million, and the Company intends to use the proceeds of the Notes Issue to finance existing and new property projects and for general corporate purposes. The Company may adjust the foregoing plans in response to changing market conditions and, thus, reallocate the use of proceeds.

### **Recent developments**

*July Pre-Sales.* Based on preliminary indications, the Company expects the aggregate value of pre-sales for July 2010 to be at levels commensurate with pre-sales for June 2010. Pre-sales for both June and July 2010 reflect a decrease in the aggregate value of pre-sales from earlier months in 2010, principally due to relatively lower volumes of new development projects offered for sale during these periods and the continuing adverse effects of tightening measures on the real estate sector implemented by the PRC government in mid-April 2010.

### **Listing and rating**

Approval in-principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes. No listing of the Notes has been sought in Hong Kong.

The Notes have received a rating of B+ by Standard & Poor's Rating Services and B1 by Moody's Investors Services.

## DEFINITIONS

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

“Board”	the board of Directors
“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
“Directors”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indenture”	the written agreement between the Company, the Subsidiary Guarantors and Citicorp International Limited as trustee, that specifies the terms and conditions of the Notes including the covenants, events of default, interest rate of the Notes and the maturity date
“Intercreditor Agreement”	the intercreditor agreement to be entered into between, among others, the Company and the Subsidiary Guarantor Pledgors, and Standard Chartered Bank (Hong Kong) Limited regarding the sharing of security interests created by certain collaterals of the Subsidiary Guarantor Pledgors
“JV Subsidiary Guarantees”	limited recourse guarantees given by the JV Subsidiary Guarantors on the Notes
“JV Subsidiary Guarantor”	each subsidiary of the Company which in the future provides a JV Subsidiary Guarantee
“Morgan Stanley”	Morgan Stanley & Co. International plc, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Notes”	the 12.50% senior notes due 2017 in the aggregate principal amount of US\$250 million to be issued by the Company
“Notes Issue”	the issue of the Notes by the Company
“Permitted Holders”	Mr. Kong Jian Min, Mr. Kong Jian Tao, Mr. Kong Jian Nan, their affiliate(s) and any person both the capital and the voting power of which are owned as to at least 80% by the foregoing persons
“PRC”	the People’s Republic of China, excluding Hong Kong, Macao Special Administrative Region and Taiwan for the purposes of this announcement
“Purchase Agreement”	the agreement dated 11 August 2010 entered into between, among others, the Company, Morgan Stanley and Standard Chartered in relation to the Notes Issue

“Securities Act”	the United States Securities Act of 1933, as amended
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Standard Chartered”	Standard Chartered Bank, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	certain subsidiaries of the Company that on the issue date of the Notes will provide guarantees to secure the Company’s obligations under the Notes
“Subsidiary Guarantor Pledgors”	certain subsidiaries of the Company that on the issue date of the Notes will provide pledges over their stock in certain subsidiaries of the Company held by them to secure the obligations of the Company under the Indenture and the Notes and of such Subsidiary Guarantor under its guarantee provided to secure the Company’s obligations under the Notes
“US\$”	United States dollars
“%”	per cent

On behalf of the Board  
**KWG Property Holding Limited**  
**Kong Jian Min**  
*Chairman*

Hong Kong, 12 August 2010

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