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## **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)**

#### **DISCLOSEABLE TRANSACTION**

#### **PROVISION OF FINANCIAL ASSISTANCE TO AN AFFILIATED COMPANY**

**AND**

#### **DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES**

##### **LOAN AGREEMENT**

On 4 November 2011, the Company and Hongkong Land China as guarantors, the Borrower as borrower, New Phoenix, an indirect wholly-owned subsidiary of the Company, as security provider and the Lenders as lenders entered into the Loan Agreement in respect of a HK\$1,075,000,000 term loan made available by the Lenders to the Borrower, an entity jointly-controlled by the Company and Hongkong Land China. In connection with the Facility, security interest in respect of all the shares in New Phoenix and the assets and undertakings of New Phoenix will be created in favour of the Lenders.

The provision of the Guarantee and the Security constitutes a discloseable transaction of the Company under the Listing Rules as the applicable percentage ratios as set out in the Listing Rules exceed 5% but less than 25%. The provision of the Guarantee and the Security is, therefore, subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

##### **DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES**

The Loan Agreement includes a condition imposing specific performance obligations on Mr. Kong, the controlling shareholder of the Company. Pursuant to Rule 13.18 of the Listing Rules, the Company has a general disclosure obligation with respect to the Facility.

Reference is made to the Company's announcement dated 10 November 2010 in relation to the formation of the Project Company. The Borrower holds 70% equity interest in the Project Company with the remaining 30% equity interest being indirectly held by New Phoenix, an

indirect wholly-owned subsidiary of the Company. Through New Phoenix and the Company's indirect shareholding in the Borrower, the Company has an effective interest of 50% in the Project Company.

## **LOAN AGREEMENT**

On 4 November 2011, the Company and Hongkong Land China as guarantors, the Borrower as borrower, New Phoenix, an indirect wholly-owned subsidiary of the Company and the indirect holding company of the 30% equity interest in the Project Company, as security provider and the Lenders as lender entered into the Loan Agreement in respect of a HK\$1,075,000,000 term loan made available by the Lenders to the Borrower, an entity jointly-controlled by the Company and Hongkong Land China. In connection with the Facility, security interest in respect of all the shares in New Phoenix and the assets and undertakings of New Phoenix will be created in favour of the Lenders. No fee or commission is payable by the Borrower to the Company for the provision of the Guarantee and the Security.

Save as aforesaid, to the best of the knowledge, information and belief of the directors of the Company, having made all reasonable enquiry, each of Hongkong Land China, the Lenders and their respective ultimate beneficial owners is a third party independent of, and not connected with, the Company or any of its subsidiaries or any of their respective directors, chief executive or substantial shareholders or any of their respective associates.

## **REASONS FOR THE PROVISION OF THE FINANCIAL ASSISTANCE**

As disclosed in the Company's announcement dated 10 November 2010, the Company and Hongkong Land China, through their onshore and offshore subsidiaries, established the Project Company to jointly develop the Project situated in Chengdu, Sichuan Province, the PRC. The Company has an effective interest of 50% in the Project Company. The business scope of the Project Company is the development and management of real estate properties. The Project Company is holding and developing the Project. The Borrower will use the proceeds of the Facility to partially finance its contribution to the Project Company.

To facilitate the development of the Project, the Borrower obtained the Facility from the Lenders, and the Guarantee and Security provided by the Company will enable the Facility to be provided by licensed banks in Hong Kong on normal commercial terms at an interest rate which is comparable to the prevailing market rate in Hong Kong. Given that the terms of the Guarantee and Security are similar to those required by other banks and reflect fair and normal commercial practice in the banking industry in Hong Kong, the board of directors of the Company consider the terms of the Guarantee and Security to be on normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to the terms of the Loan Agreement, the Company is responsible for 50% of the obligations of the Borrower under the Loan Agreement. Based on 50% of the principal amount of HK\$1,075,000,000 under the Facility, the provision of the Guarantee and the Security constitutes a discloseable transaction for the Company under the Listing Rules as the applicable percentage ratios as set out in the Listing Rules exceed 5% but less than 25%. The provision of the Guarantee and the Security is, therefore, subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

The Loan Agreement includes a condition imposing specific performance obligations on Mr. Kong, the controlling shareholder of the Company. Mr. Kong is interested in approximately 60.2% of the issued share capital of the Company, as at the date of the Loan Agreement. It will be an event of default in the event that Mr Kong ceases to (i) be the single largest shareholder of the Company; (ii) hold directly or indirectly not less than 30% of the beneficial interest in the issued share capital of the Company; or (iii) have the right to determine the composition of the majority of the board of directors or equivalent body of the Company, and in such event (amongst other things), the Loan Agreement may be terminated by the Lenders and the Facility may become immediately due and repayable.

The Company will continue to make relevant disclosure in its subsequent interim and annual reports pursuant to Rule 13.21 of the Listing Rules for as long as circumstances giving rise to the obligation under Rule 13.18 of the Listing Rules continue to exist.

### GENERAL

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

Hongkong Land China is a wholly-owned subsidiary of Hongkong Land Holdings Limited which engages in property investment, management and development.

The Lenders are commercial banks in Hong Kong and provide a variety of financial products and services to corporate and personal banking customers.

### DEFINITIONS

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

“Borrower”	Total Champ Limited (總冠有限公司), a company incorporated in Hong Kong and is ultimately owned as to approximately 28.57% by the Company and as to approximately 71.43% by Hongkong Land China
“Chengdu Kaiyu”	成都市凱譽房地產開發有限公司 (Chengdu Kaiyu Property Development Limited), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of New Phoenix and the Company
“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
“Facility”	the loan facility in the principal amount of HK\$1,075,000,000 extended by the Lenders to the Borrower
“Guarantee”	the guarantee given by the Company under the Loan Agreement
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Hongkong Land China”	Hongkong Land China Holdings Limited, a company incorporated in Bermuda with limited liability
“Lenders”	The Hongkong and Shanghai Banking Corporation Limited and Fubon Bank (Hong Kong) Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 4 November 2011 entered into among the Borrower, Hongkong Land China, the Company, New Phoenix and the Lenders in relation to the Facility
“Mr. Kong”	Mr. Kong Jian Min, the controlling shareholder of the Company
“New Phoenix”	New Phoenix Holdings Limited, an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Project”	the residential and commercial project being developed by the Project Company in Chengdu, Sichuan, PRC
“Project Company”	Chengdu Premium Property Development Company Limited (成都市宏譽房地產開發有限公司), a company established under the laws of the PRC and owned as to 70% by the Borrower and 30% by Chengdu Kaiyu
“Security”	the security to be provided by the Company and/or its subsidiaries in connection with the Facility
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 4 November 2011.

*As at the date of this announcement, the executive directors of the Company are Mr. Kong Jian Min (Chairman), 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.*