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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)**

### **PROPOSED ISSUE OF SENIOR NOTES**

The Company proposes to conduct an international offering of guaranteed US dollar denominated senior fixed rate notes. In connection with the offering, the Company will provide certain institutional investors with recent corporate and financial information regarding the Group, including updated risk factors, management's discussion and analysis, description of property projects, related party transactions and indebtedness information, which information may not have previously been made public. The audited financial information of the Company for the year ended December 31, 2011 and a summary of the updated information which the Company considers to be material to the operation of the Company are set out in this announcement. An extract of such recent information can be viewed at the Company's website [www.kwgproperty.com](http://www.kwgproperty.com) at approximately the same time that such information is released to the institutional investors.

Completion of the Proposed Notes Issue is subject to, among others, market conditions and investor interest. The Notes are proposed to be guaranteed by the Subsidiary Guarantors. Barclays Bank PLC, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank, as the joint bookrunners and joint lead managers, are managing the Proposed Notes Issue. As at the date of this announcement, the principal amount, the interest rates, the payment date and certain other terms and conditions of the Proposed Notes Issue are yet to be finalised. Upon finalising the terms of the Notes, it is expected that Barclays Bank PLC, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank, the Subsidiary Guarantors and the Company, will enter into the Purchase Agreement. The Company intends to use the proceeds of the Notes to finance its 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. 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.

**As no binding agreement in relation to the Proposed Notes Issue has been entered into as at the date of this announcement, the Proposed Notes Issue may or may not materialise. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.** A further announcement in respect of the Proposed Notes Issue will be made by the Company should the Purchase Agreement be signed.

## THE PROPOSED NOTES ISSUE

### Introduction

The Company proposes to conduct an international offering of guaranteed US dollar denominated senior fixed rate notes. In connection with the offering, the Company will provide certain institutional investors with recent corporate and financial information regarding the Group, including updated risk factors, management's discussion and analysis, description of property projects, related party transactions and indebtedness information, which information may not have previously been made public. The audited financial information of the Company for the year ended December 31, 2011 and a summary of the updated information which the Company considers to be material to the operation of the Company are set out in this announcement. An extract of such recent information can be viewed at the Company's website [www.kwgproperty.com](http://www.kwgproperty.com) at approximately the same time that such information is released to the institutional investors.

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Notes will only be offered and sold outside the United States to non-U.S. persons in compliance with Regulation S under the Securities Act. None of the Notes will be offered to the public in Hong Kong.

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

The Group is a large-scale PRC property developer with a leadership position in Guangzhou and an established presence in Suzhou, Chengdu, Beijing, Tianjin, Shanghai and Hainan. It focuses on medium- to high-end residential property developments with distinctive characteristics. To diversify its 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, it opened its first hotel, Four Points by Sheraton Guangzhou, Dongpu, in Guangzhou, followed by the Sheraton Guangzhou Huadu Resort in November 2011. The Group is currently developing China's first W Hotel, together with W Serviced Apartments, in Guangzhou. The Group is planning to develop nine additional high-end hotels and seven high-end shopping malls in various cities, including Guangzhou, Suzhou, Chengdu, Shanghai and Beijing as well as Hainan Province. The Group has engaged internationally renowned hotel operators, such as affiliates of the Starwood Hotels & Resorts Worldwide, Inc. (the "Starwood Hotels Group") and Hyatt International Corporation ("Hyatt"), to manage its hotels. It believes 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 Proposed Notes Issue is being undertaken to supplement the Group's funding of its expansion and growth plan.

The Company intends to use the proceeds of the Notes to finance its 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.

### **Listing**

Approval in-principle has been received for the listing and quotation of the Notes on the official list of the SGX-ST. Admission to the official list of the SGX-ST and quotation of the 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.

### **GENERAL**

**As no binding agreement in relation to the Proposed Notes Issue has been entered into as at the date of this announcement, the Proposed Notes Issue may or may not materialise. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.**

A further announcement in respect of the Proposed Notes Issue will be made by the Company should the Purchase Agreement be signed.

## AUDITED FINANCIAL INFORMATION OF THE COMPANY

### Summary Consolidated Income Statement and Other Financial Data

	Year Ended December 31,			
	2009	2010	2011	2011
	RMB	RMB	RMB	US\$
	(in thousands)			
Revenue . . . . .	4,266,572	7,465,911	10,122,595	1,608,318
Cost of sales . . . . .	<u>(2,650,267)</u>	<u>(4,368,278)</u>	<u>(5,650,499)</u>	<u>(897,774)</u>
<b>Gross profit . . . . .</b>	1,616,305	3,097,633	4,472,096	710,544
Other income and gains . . . . .	49,265	78,893	94,014	14,937
Selling and marketing costs . . . . .	(188,494)	(242,805)	(231,813)	(36,831)
Administrative expenses . . . . .	(281,988)	(413,836)	(532,574)	(84,617)
Other operating expenses, net . . . . .	(42,183)	(5,356)	(5,545)	(881)
Fair value gains on investment properties, net . . . . .	60,587	3,869	325,656	51,741
Finance costs . . . . .	(9,024)	(19,974)	(124,979)	(19,857)
Share of profits and losses of:				
Associates . . . . .	(10)	(2,246)	(4,608)	(732)
Jointly controlled entities . . . . .	<u>65,024</u>	<u>11,485</u>	<u>(12,312)</u>	<u>(1,956)</u>
<b>Profit before tax . . . . .</b>	1,269,482	2,507,663	3,979,935	632,348
Income tax expenses . . . . .	<u>(548,025)</u>	<u>(1,225,889)</u>	<u>(1,876,028)</u>	<u>(298,071)</u>
<b>Profit for the year . . . . .</b>	<u><u>721,457</u></u>	<u><u>1,281,774</u></u>	<u><u>2,103,907</u></u>	<u><u>334,277</u></u>

	Year Ended December 31,			
	2009	2010	2011	2011
	RMB	RMB	RMB	US\$
	(in thousands)			
<b>OTHER FINANCIAL DATA</b>				
EBITDA <sup>(1)</sup> . . . . .	1,121,166	2,469,763	3,739,562	594,157
EBITDA margin <sup>(2)</sup> . . . . .	26.3%	33.1%	36.9%	36.9%

(1) EBITDA for any period consists of profit before tax less fair value gains on investment properties, other income and gains, and share of profits and losses of associates and jointly controlled entities plus finance costs, depreciation and amortization expenses. EBITDA is not a standard measure under HKFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture governing the Notes.

(2) EBITDA margin is calculated by dividing EBITDA by revenue.

## Summary Consolidated Statement of Financial Position Data

	As of December 31,			
	2009	2010	2011	2011
	RMB	RMB	RMB	US\$
	(in thousands)			
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment . . . . .	981,508	1,343,901	1,778,937	282,645
Investment properties . . . . .	3,501,460	3,461,980	4,234,290	672,761
Land use rights . . . . .	572,833	866,274	1,060,030	168,422
Interests in associates . . . . .	1,348,990	3,403,588	1,998,766	317,572
Interests in jointly controlled entities . . . . .	1,228,036	5,434,914	6,508,942	1,034,167
Deferred tax assets . . . . .	398,325	603,560	881,880	140,116
Total non-current assets. . . . .	<u>8,031,152</u>	<u>15,114,217</u>	<u>16,462,845</u>	<u>2,615,683</u>
<b>CURRENT ASSETS</b>				
Properties under development . . . . .	13,951,102	13,730,027	17,933,719	2,849,381
Completed properties held for sale	2,300,415	2,553,758	3,022,634	480,248
Trade receivables . . . . .	147,413	47,687	60,772	9,656
Prepayments, deposits and other receivables. . . . .	453,039	1,679,437	1,574,683	250,192
Due from a jointly controlled entity . . . . .	46,999	46,155	43,713	6,945
Taxes recoverable . . . . .	24,492	59,450	114,748	18,231
Restricted cash . . . . .	1,069,876	1,527,992	1,348,580	214,268
Cash and cash equivalents . . . . .	<u>2,540,698</u>	<u>5,275,609</u>	<u>4,024,609</u>	<u>639,446</u>
Total current assets. . . . .	<u>20,534,034</u>	<u>24,920,115</u>	<u>28,123,458</u>	<u>4,468,367</u>
<b>CURRENT LIABILITIES</b>				
Trade payables . . . . .	1,415,470	1,670,898	2,934,780	466,289
Other payables and accruals . . . . .	5,222,361	8,745,262	7,684,208	1,220,898
Due to associates . . . . .	129,956	442,382	1,081,720	171,868
Due to a jointly controlled entity	—	73,454	589,631	93,683
Interest-bearing bank and other borrowings . . . . .	2,566,628	2,281,674	3,409,572	541,726
Taxes payable . . . . .	<u>1,418,808</u>	<u>2,217,971</u>	<u>3,290,594</u>	<u>522,823</u>
Total current liabilities . . . . .	<u>10,753,223</u>	<u>15,431,641</u>	<u>18,990,505</u>	<u>3,017,287</u>
NET CURRENT ASSETS. . . . .	<u>9,780,811</u>	<u>9,488,474</u>	<u>9,132,953</u>	<u>1,451,080</u>
TOTAL ASSETS LESS CURRENT LIABILITIES . . . . .	<u>17,811,963</u>	<u>24,602,691</u>	<u>25,595,798</u>	<u>4,066,763</u>

	As of December 31,			
	2009	2010	2011	2011
	RMB	RMB	RMB	US\$
	(in thousands)			
<b>NON-CURRENT LIABILITIES</b>				
Interest-bearing bank and other borrowings . . . . .	6,078,852	10,049,956	10,424,816	1,656,337
Deferred tax liabilities . . . . .	624,788	669,168	766,964	121,858
Deferred revenue . . . . .	700,000	700,000	711,000	112,967
Other non-current liabilities . . . . .	—	1,589,295	—	—
Total non-current liabilities . . . . .	<u>7,403,640</u>	<u>13,008,419</u>	<u>11,902,780</u>	<u>1,891,162</u>
Net assets . . . . .	<u>10,408,323</u>	<u>11,594,272</u>	<u>13,693,018</u>	<u>2,175,601</u>
<b>EQUITY</b>				
Equity attributable to owners of the parent				
Issued capital . . . . .	280,538	280,485	280,485	44,565
Treasury shares . . . . .	(3,041)	—	—	—
Reserves . . . . .	9,982,514	10,985,534	12,573,827	1,997,780
Proposed final dividends . . . . .	144,658	318,247	636,493	101,128
	<u>10,404,669</u>	<u>11,584,266</u>	<u>13,490,805</u>	<u>2,143,473</u>
Non-controlling interests . . . . .	3,654	10,006	202,213	32,128
Total equity . . . . .	<u>10,408,323</u>	<u>11,594,272</u>	<u>13,693,018</u>	<u>2,175,601</u>



## UPDATED INFORMATION ABOUT THE GROUP

### Business Overview

We are a large-scale PRC property developer with a leadership position in Guangzhou and an established presence in Suzhou, Chengdu, Beijing, Tianjin, Shanghai and Hainan. We focus on medium- to high-end residential property developments with distinctive characteristics. To diversify our earnings mix, we also develop commercial properties in prime locations as long-term investments, including office buildings, shopping malls, serviced apartments and hotels. We commenced operation of our first office property, International Finance Place, in August 2007. In September 2009, we opened our first hotel, Four Points by Sheraton Guangzhou, Dongpu, in Guangzhou, followed by the Sheraton Guangzhou Huadu Resort in November 2011. We are currently developing China's first W Hotel, together with W Serviced Apartments, in Guangzhou. We are planning to develop nine additional high-end hotels and seven high-end shopping malls in various cities, including Guangzhou, Suzhou, Chengdu, Shanghai and Beijing as well as in Hainan Province. We have engaged internationally renowned hotel operators, such as affiliates of the Starwood Hotels Group and Hyatt, to manage our hotels. We believe our investment properties and hotels will help further strengthen our brand name. We also engage in property-related businesses such as property management for residential and commercial properties.

We intend to maintain our leadership position in Guangzhou's property market while further enhancing our presence in Suzhou, Chengdu, Beijing, Tianjin, Shanghai and Hainan, where we have established operations. We also intend to expand in a prudent manner into other selected cities with high growth potential by leveraging our expertise in the regions where we operate, namely the Pearl River Delta (with focus on Guangzhou), Yangtze River Delta (with focus on Suzhou and Shanghai), Western Region (with focus on Chengdu) and Bohai Rim (with focus on Beijing and Tianjin). As of December 31, 2011, we had three completed projects and nine projects under development or held for future development in Guangzhou, as well as three projects in Suzhou, three projects in Chengdu, two projects in Beijing, two projects in Hainan Province, six projects in Shanghai and one project in Tianjin, all under development at various stages.

We believe that we have been able to consistently achieve a premium price for our products in all the geographic locations where we operate. Our success is attributable to our premium quality products, distinctive designs and superior property management service, all of which have successfully distinguished us in the highly competitive property markets in Guangzhou and the other geographic locations where we operate. We have also been able to enhance customer confidence in our products and retain customer loyalty as indicated by high percentages of repeat customers and client referrals of our projects. We have received various awards in recognition of our premium quality products and our achievements as a property development company. For example:

- In 2011, we were recognized as the “Top 100 Real Estate Companies of China 2011 — 24<sup>th</sup> Ranking” and “Top 10 Mainland Real Estate Companies Listed in Hong Kong by Investment Value 2011” by the China Real Estate Association, Enterprise Department Research Centre of the State Council, the Property Market Research Center of Tsinghua University and the China Index Academy.
- In 2011, we received the “Yangcheng Progressive Groups in Charity—Outstanding Contribution Award” by Guangzhou Charity Association.

- In 2011, we were recognized by *Fortune Magazine* as a Fortune 500 Company in China.
- In 2011, we were recognized as the “Most Popular Branded Property Company—Internet Popularity in Suzhou 2011” by *SouFun.com*.
- We were recognized as the “Best HR Exemplary Enterprise in China 2011” by the adjudication committee for Best HR Exemplary Enterprise in China.
- China Industrial Information Issuing Center recognized us as “Top 100 Companies in the PRC Real Estate Sector 2010–2011.”
- In Guangzhou, our Sky Ville was recommended by the *Southern Metropolis Daily* as “October 1<sup>st</sup> Gold Medal House Layout—Nomination of Gold Medal House Layout in Guangzhou—2011.”
- In Chengdu, our Chengdu Cosmos was selected as the “Bloomberg International Property Award 2011—Best High-Rise Residence in Asia Pacific.”
- In Hainan, Pearl Coast was selected as the “Most Beautiful Property Development Award” by the *Chinese National Geographic* magazine.
- In Shanghai, Amazing Bay was recognized as a “Shanghai Quality Luxury Home 2011” by *SouFun.com*. The Core of Center and Shanghai Emerald were respectively selected for the “List of Commercial Properties with Investment Value in Shanghai 2011” and the “List of Property Development Most Anticipated on the Internet 2012” by *SouFun.com*.
- In Suzhou, Suzhou Apex and The Sapphire were recognized as the “Most Influential Property Development 2011” by *Sina House*.
- In Beijing, Fragrant Seasons was awarded a “District Pole Property Development of Beijing Real Estate Sector 2011” by *The Beijing News*; a “Enterprise Award: Gold Award 2011” and a “Project Award: Gold Residential Project Award 2011” by *Beijing Youth News*; a “Sina House Annual Hot Sales Property Award 2011” by *Sina House*; and a “Brand Award: Proven Branded Property Award” and a “Project Award: Regional Hot Sales Project Award 2011” by *Sohu Focus*.
- Our chairman, Mr. Kong Jian Min, was honored as the “Outstanding Person in Support of Chinese Language Education” by the Chinese Language and Culture Education Foundation of China in 2011.

We commenced our property development business in 1995. As of December 31, 2011, we held three completed projects with a total site area of approximately 57,845 sq.m. and a total saleable GFA attributable to our Group of approximately 120,713 sq.m., and investment properties from residual projects with a total saleable GFA attributable to our Group of approximately 107,635 sq.m. As of December 31, 2011, we had 25 projects under development, including four projects being developed in the Pearl River New Town in Guangzhou, with a total site area of approximately 7,108,591 sq.m. and a total saleable GFA attributable to our Group of approximately 8,192,207 sq.m. As of December 31, 2011, we had one project held for future development with a total site area of approximately 983,009 sq.m. and a total saleable GFA attributable to our Group of approximately 560,000 sq.m.

In 2009, 2010 and 2011, we delivered a total GFA of approximately 509,834 sq.m., 784,116 sq.m. and 917,777 sq.m., respectively, generating revenue from sale of properties of approximately RMB4,110.0 million, RMB7,221.1 million and RMB9,815.4 million (US\$1,559.5 million), respectively. During the same periods, our profit for the year was approximately RMB721.5 million, RMB1,281.8 million and RMB2,103.9 million (US\$334.3 million), respectively.



## Revenue from Property Development

The following table sets forth the revenue and GFA sold by project for 2009, 2010 and 2011, respectively.

	Year Ended December 31,									
	2009			2010			2011			
	sq.m.	RMB (in thousands)	%	sq.m.	RMB (in thousands)	%	sq.m.	RMB (in thousands)	US\$ (in thousands)	%
Linkreit International										
Business Development										
Center <sup>(1)</sup> . . . . .	3,280	25,308	0.6	3,054	24,433	0.3	182	363	58	0.1
Ma'an Mountain No.1 <sup>(1)</sup> . . . . .	3,836	39,472	1.0	1,725	11,635	0.2	998	6,362	1,011	0.1
The Cosmos <sup>(1)</sup> . . . . .	9,719	215,802	5.3	4,720	126,209	1.7	2,187	15,796	2,510	0.2
Jinghu Garden <sup>(1)</sup> . . . . .	57,123	255,835	6.2	5,468	33,787	0.5	2,259	8,066	1,281	0.1
Sky Ville . . . . .	115,539	625,694	15.2	73,869	508,352	7.0	45,962	273,056	43,384	2.8
Waterfront Mansion <sup>(1)</sup> . . . . .	154,008	699,729	17.0	73,274	442,654	6.1	51,908	295,469	46,945	3.0
King Peak Garden <sup>(1)</sup> . . . . .	21,726	425,711	10.4	859	13,862	0.2	729	5,140	817	0.1
The City Island <sup>(1)</sup> . . . . .	58,992	351,462	8.6	109,786	808,954	11.2	39,540	338,830	53,835	3.4
The Apex <sup>(1)</sup> . . . . .	64,408	1,288,201	31.3	7,474	464,923	6.4	1,669	109,411	17,384	1.1
The Emerald <sup>(1)</sup> . . . . .	21,203	182,772	4.4	28,604	285,081	3.9	1,073	7,683	1,221	0.1
International Creative										
Valley . . . . .	—	—	—	75,518	754,879	10.5	148,672	1,778,417	282,562	18.1
The Summit . . . . .	—	—	—	33,161	610,660	8.5	46,792	660,836	104,996	6.7
The Up Blue Town <sup>(1)</sup> . . . . .	—	—	—	95,007	448,786	6.2	48,454	287,456	45,672	2.9
The Vision of the World . . . . .	—	—	—	53,282	263,092	3.7	170,404	969,705	154,070	9.8
The Sapphire . . . . .	—	—	—	140,876	1,232,563	17.1	165,501	1,707,239	271,253	17.4
Fragrant Seasons . . . . .	—	—	—	29,713	368,236	5.1	114,724	1,759,665	279,582	17.9
Chengdu Cosmos . . . . .	—	—	—	47,726	823,037	11.4	76,723	1,591,914	252,930	16.2
	<u>509,834</u>	<u>4,109,986</u>	<u>100</u>	<u>784,116</u>	<u>7,221,143</u>	<u>100</u>	<u>917,777</u>	<u>9,815,408</u>	<u>1,559,511</u>	<u>100</u>

(1) Historical project, for which substantially all of the saleable GFA attributable to our Group had been sold out as of December 31, 2011.

## Cost of Sales

Cost of sales primarily represents the costs we incur directly for our property development activities. The principal component of cost of sales is cost of properties sold, which includes the direct cost of construction, costs of obtaining land use rights and capitalized borrowing costs on related borrowed funds during the period of construction.

	Year Ended December 31,						
	2009		2010		2011		
	RMB	%	RMB	%	RMB	US\$	%
	(in thousands, except percentages)						
<b>Sales of properties</b>							
Land . . . . .	622,885	23.5	1,379,063	31.6	1,713,359	272,225	30.3
Capitalized interest . . . . .	123,909	4.7	189,041	4.3	327,065	51,965	5.8
Construction cost . . . . .	<u>1,890,195</u>	<u>71.3</u>	<u>2,749,633</u>	<u>62.9</u>	<u>3,552,008</u>	<u>564,357</u>	<u>62.9</u>
	<u>2,636,989</u>	<u>99.5</u>	<u>4,317,737</u>	<u>98.8</u>	<u>5,592,432</u>	<u>888,547</u>	<u>99.0</u>
<b>Property management</b> . . . . .	11,864	0.4	23,642	0.6	28,344	4,504	0.5
<b>Hotel operation</b> . . . . .	<u>1,414</u>	<u>0.1</u>	<u>26,899</u>	<u>0.6</u>	<u>29,723</u>	<u>4,723</u>	<u>0.5</u>
<b>Total</b> . . . . .	<u>2,650,267</u>	<u>100</u>	<u>4,368,278</u>	<u>100</u>	<u>5,650,499</u>	<u>897,774</u>	<u>100</u>

## Description of Our Property Developments

As of December 31, 2011, we had 29 projects with a total site area of approximately 8,149,445 sq.m. and a total GFA of approximately 15,956,087 sq.m.

The table below sets forth the GFA in sq.m. and other information of our 29 projects as of December 31, 2011.

No.	Project	Location	Site area	Total GFA completed <sup>(1)</sup>	Total GFA under development <sup>(1)</sup>	Total GFA for future development <sup>(2)</sup>	Total GFA	Property interest attributable to the Group	Total GFA attributable to the Group <sup>(5)</sup>	Total saleable GFA attributable to the Group <sup>(6)</sup>		Completion date or expected completion date
										Held for sale	Held for investment <sup>(3)</sup>	
<b>Completed Projects</b>												
1.	Sheraton Guangzhou Huadu Resort	Guangzhou	44,583	24,713	—	—	24,713	100%	24,713	24,713	—	2011
2.	International Finance Place	Guangzhou	7,262	61,000	—	—	61,000	100%	61,000	61,000	—	2007
3.	Four Points by Sheraton Guangzhou, Dongpu	Guangzhou	6,000	35,000	—	—	35,000	100%	35,000	35,000	—	2009
	Residual Properties <sup>(4)</sup>		—	—	—	—	—	100%	107,635	107,635	—	—
<b>Projects Under Development</b>												
4.	W Hotel/W Serviced Apartments	Guangzhou	10,000	—	80,000	—	80,000	100%	80,000	80,000	—	2012
5.	Sky Villa	Guangzhou	440,713	437,558	35,742	—	473,300	100%	473,300	73,611	73,611	2008–2012
6.	International Creative Valley	Guangzhou	150,082	267,407	32,757	—	300,164	100%	300,164	75,974	75,974	2010–2012
7.	The Summit <sup>(6)</sup>	Guangzhou	1,971,126	158,073	676,346	1,705,580	2,539,999	100%	2,539,999	2,460,046	2,352,046	2010–2019
8.	L7 (formerly the D3-4 Project)	Guangzhou	5,162	—	34,000	—	34,000	100%	34,000	34,000	—	2013
9.	J2-2 Project	Guangzhou	8,066	—	144,000	—	144,000	50%	72,000	72,000	—	2014
10.	The Riviera (formerly the Lie De Project)	Guangzhou	114,176	—	139,698	325,302	465,000	33%	155,000	155,000	115,546	2012–2014
11.	Biological Island <sup>(7)(8)</sup>	Guangzhou	50,700	—	22,103	93,306	115,409	100%	115,409	115,409	—	2013–2015
12.	The Sapphire <sup>(7)(8)</sup>	Suzhou	348,449	343,077	179,442	265,481	788,000	100%	788,000	481,623	425,472	2010–2014
13.	Suzhou Apex	Suzhou	170,323	—	207,196	239,666	446,862	90%	402,176	284,975	159,860	2012–2015
14.	Yinshan Lake Project <sup>(7)</sup>	Suzhou	63,944	—	29,325	130,535	159,860	100%	159,860	159,860	—	2015
15.	The Vision of the World	Chengdu	117,518	270,269	177,408	61,323	509,000	100%	509,000	285,314	285,314	2010–2013
16.	Chengdu Cosmos	Chengdu	186,705	154,626	120,003	598,371	873,000	100%	873,000	748,551	619,651	2010–2015
17.	Chengdu Jinjiang Project <sup>(7)(8)</sup>	Chengdu	190,253	—	72,158	827,842	900,000	50%	450,000	450,000	385,000	2013–2019
18.	Fragrant Seasons	Beijing	376,150	186,860	210,579	92,561	490,000	100%	490,000	345,563	—	2010–2014
19.	Chong Wen Men Project	Beijing	5,475	—	16,243	—	16,243	100%	16,243	16,243	—	2014
20.	Pearl Coast (formerly the Lingshui Project)	Hainan	531,336	—	174,878	118,122	293,000	100%	293,000	232,707	60,293	2012–2014
21.	Moon Bay Project	Hainan	649,000	—	11,378	467,233	478,611	100%	478,611	433,604	45,007	2013–2016
22.	Jinnan New Town (formerly the Tianjin Jinnan Project) <sup>(7)(9)</sup>	Tianjin	1,289,227	—	410,988	2,589,012	3,000,000	25%	750,000	750,000	—	2012–2019
23.	The Core of Center (formerly the Putuo Project)	Shanghai	42,045	—	157,400	—	157,400	50%	78,700	78,700	53,472	2013–2014
24.	Shanghai Apex (formerly the Jiading E-06 Project)	Shanghai	88,415	—	32,414	78,104	110,518	100%	110,518	110,518	73,043	2012–2014
25.	Amazing Bay (formerly the New Jiang Wan Project)	Shanghai	142,664	—	146,742	123,258	270,000	50%	135,000	135,000	95,293	2012–2014
26.	Shanghai Sapphire (formerly the Jiading D-07 Project)	Shanghai	53,829	—	71,159	87,329	158,488	100%	158,488	158,488	110,011	2013
27.	Shanghai Emerald (formerly the Jiading Chengbei Project)	Shanghai	77,180	—	71,956	82,404	154,360	100%	154,360	154,360	154,360	2012–2014
28.	Pudong Project <sup>(10)</sup>	Shanghai	26,053	—	78,160	—	78,160	100%	78,160	78,160	—	2016
<b>Projects Held for Future Development</b>												
29.	Foshan Project <sup>(7)(8)</sup>	Guangzhou	983,009	—	2,800,000	—	2,800,000	20%	560,000	560,000	520,000	40,000
			8,149,445	1,938,583	3,332,075	10,685,429	15,956,087		10,375,701	8,980,555	7,968,949	1,011,606

Notes:

- (1) “Total GFA completed” and “total GFA under development” data are derived from our internal records.
- (2) “Total GFA for future development” data are derived from our internal records and estimates.
- (3) Include among others, office, hotel, serviced apartments, convention center and shopping mall.
- (4) Include investment properties of Yuhui Garden, Yuhua Garden, La Bali, Color of United, City of Perfection, The Cosmos, King Peak Garden, Ma’an Mountain No.1, Jinghu Garden, Yueui Garden, Waterfront Mansion, The Apex, The Up Blue Town, The Emerald, Linkreit International Business Development Center and The City Island.
- (5) Includes residual properties.
- (6) A total of approximately 136,000 sq.m. of GFA is to be delivered to Dongling Holding Co., Ltd. upon completion as part of the consideration for the acquisition of this project.
- (7) We entered into a land grant confirmation letter(s) or contract(s) for the land parcel(s) related to this project, but have not obtained all the required land use right certificate(s).
- (8) We had not paid up all the land premium for this project.
- (9) We entered into a trust financing arrangement to finance this project.
- (10) We entered into a trust financing arrangement to finance this project.

## **Residual Properties**

Historically, we have completed a number of residential projects in Guangzhou, Suzhou and Chengdu. These projects include Yuhui Garden, Yuhua Garden, La Bali, Color of United, City of Perfection, The Cosmos, King Peak Garden, Ma'an Mountain No. 1, Jinghu Garden, Yucui Garden, Waterfront Mansion, The Apex, The Up Blue Town, The Emerald, Linkreit International Business Development Center and The City Island. These projects included a small portion of commercial and retail properties which we held for long-term investment. As of December 31, 2011, saleable units of these projects had been substantially sold out, and an aggregate total saleable GFA attributable to the Group of approximately 107,635 sq.m. from these projects was held by us for investment.

## **Completed Projects**

### ***Sheraton Guangzhou Huadu Resort (花都合景喜來登度假酒店), Guangzhou***

The Sheraton Guangzhou Huadu Resort is a five-star hotel located on Shanqian Tourism Avenue in Huadu District, Guangzhou. It commenced operation in November 2011. We have engaged the Starwood Hotels Group for the management of this hotel to ensure quality of our hotel services. The hotel features approximately 98 guest rooms. The hotel occupies a total site area of approximately 44,583 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 24,713 sq.m., all of which was held for investment. We have a 100% ownership interest in this project.

### ***International Finance Place (國際金融廣場), Guangzhou***

International Finance Place is a Grade A office building development located in the heart of the Pearl River New Town in Tianhe District, Guangzhou. The project overlooks the Pearl River and the Haixinsha Plaza adjacent to the Pearl River. It is also conveniently located near stations on Lines 3 and 5 of the Guangzhou metro. The project features premium office space which we lease mainly to domestic and foreign banks, multi-national corporations and diplomatic institutions. The project occupies a total site area of approximately 7,262 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 61,000 sq.m., all of which was held for investment. As of the same date, we retained approximately 5,600 sq.m. in GFA for self-use. We have a 100% ownership interest in this project.

### ***Four Points by Sheraton Guangzhou, Dongpu (東圃合景福朋喜來登酒店), Guangzhou***

Four Points by Sheraton Guangzhou, Dongpu is a four-star hotel located to the south of Linkreit International Business Development Center in Dongpu, Tianhe District, Guangzhou. We have engaged the Starwood Hotels Group for the management of this hotel to ensure quality of our hotel services. The hotel features approximately 300 guest rooms. The hotel occupies a total site area of approximately 6,000 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 35,000 sq.m., all of which was held for investment. We have a 100% ownership interest in this project.

## **Projects Under Development**

### ***W Hotel/W Serviced Apartments (W酒店及W酒店式公寓), Guangzhou***

The W Hotel is a high-end, five-star boutique hotel located on Xiancun Road in the Pearl River New Town in Tianhe District, Guangzhou. To be managed by the Starwood Hotels Group, this will be the first W Hotel in China. On the same premises there will also be the W

Serviced Apartments, catering to customers with longer stays. We are currently in the final stage of preparations before the hotel and the apartments' grand opening. The hotel will feature approximately 317 guest rooms, and the serviced apartments will include approximately 167 apartments. The W Hotel/W Serviced Apartments together occupy a total site area of approximately 10,000 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 80,000 sq.m., all of which was held for investment. We have a 100% ownership interest in this project.

### ***Sky Ville (天湖峰境), Guangzhou***

Sky Ville is a large-scale residential development located in Beixing Town in Huadu District, Guangzhou. The project is located in close proximity to Dragon Lake with convenient access to both the city center and Baiyun International Airport. The project features residential units, including villas, townhouses and high-rise apartments, and a wide range of communal facilities for recreational, educational and commercial purposes. The project occupies a total site area of approximately 440,713 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 73,611 sq.m., all of which was held for sale. We have a 100% ownership interest in this project.

### ***International Creative Valley (科匯金谷), Guangzhou***

International Creative Valley is an office building development located on Science Avenue, at the heart of the Science Town area in the Luogang Development Zone, Guangzhou. It enjoys a well developed transportation network, providing convenient access to the Pearl River New Town. The project features a multi-functional office complex designed with an environmental-friendly focus and state-of-the-art information system infrastructure, as well as serviced apartments. The project occupies a total site area of approximately 150,082 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 75,974 sq.m., all of which was held for sale. We have a 100% ownership interest in this project.

### ***The Summit (譽山國際), Guangzhou***

The Summit is a large-scale integrated development located in Xin Tang Town in Zengcheng District, Guangzhou. The project employs designs by renowned international designers and features a combination of high-rise residential buildings, villas and office buildings, together with a wide range of communal facilities for recreational, educational and commercial purposes. The project also includes a five-star Zengcheng Sheraton Hotel. The project occupies a total site area of approximately 1,971,126 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 2,460,046 sq.m., of which approximately 2,352,046 sq.m. was held for sale and 108,000 sq.m. was held for investment purposes (convention center and shopping mall). We have a 100% ownership interest in this project. A total of approximately 136,000 sq.m. of GFA is to be delivered to Dongling Holding Co., Ltd. upon completion as part of the consideration for the acquisition of this project.

### ***L7 (睿峰), Guangzhou***

L7 (formerly the D3-4 Project) is a high-end serviced apartment development located in the northern end of the Pearl River New Town in Tianhe District, Guangzhou. The project is surrounded by residential and commercial establishments and enjoys a well-developed transportation network. The project is expected to feature a high-rise serviced apartment building with integrated commercial floors. The project occupies a total site area of

approximately 5,162 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 34,000 sq.m., all of which was held for sale. We have a 100% ownership interest in this project.

***J2-2 Project (J2-2項目), Guangzhou***

J2-2 Project is a high-end integrated development located in the heart of the central business district of the Pearl River New Town in Tianhe District, Guangzhou. The project is expected to feature premium office space. The project occupies a total site area of approximately 8,066 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 72,000 sq.m., all of which was held for sale. We have commenced development activities but have not commenced construction for this project. We have a 50% ownership interest in this project.

***The Riviera (天鑾), Guangzhou***

The Riviera (formerly the Lie De project) is a high-end integrated development located at the center of the Pearl River New Town, on the original Lie De Village site, in Guangzhou. The project is expected to feature premium office buildings, shopping malls, serviced apartments and a five-star hotel. The project occupies a total site area of approximately 114,176 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 155,000 sq.m., of which approximately 115,546 sq.m. was held for sale and 39,454 sq.m. was held for investment. We have a 33% ownership interest in this project.

***Biological Island (生物島), Guangzhou***

The Biological Island is a combination of serviced apartments and commercial properties, located on Luoxuan Road, Shengwu Island, in Haizhu District, Guangzhou. It is near the Guangzhou Station on Line 4 of the Guangzhou metro. The project occupies a total site area of approximately 50,700 sq.m. We entered into land grant contracts for the land related to this project, but have not paid up all of the land premium and have not obtained all the land use right certificates. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 115,409 sq.m., all of which was held for sale. We have commenced development activities but have not commenced construction for this project. We have a 100% ownership interest in this project.

***The Sapphire (峰匯國際), Suzhou***

The Sapphire is a high-end integrated development located on Renmin Road in Pingjiang New City in Xiangcheng District, Suzhou, adjacent to Huoli Island. The project is surrounded by a well-developed transportation network. It is expected to feature high-rise residential buildings, premium office buildings, hotel, retail shops and a shopping mall. The project occupies a total site area of approximately 348,449 sq.m. We have not paid up all the land premium, and have not obtained the land use right certificate for the land related to this project with a site area of approximately 43,097 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 481,623 sq.m., of which approximately 425,472 sq.m. was held for sale and approximately 56,151 sq.m. was held for investment. We have a 100% ownership interest in this project.



### ***Suzhou Apex (蘇州領峰), Suzhou***

Suzhou Apex is a high-end integrated project located in Mudu Town, Suzhou. The project enjoys direct access to the Jinfeng Road Station on the Suzhou subway Line No. 1. The project is expected to feature residential, commercial and retail properties and will include a star-rated hotel. The project occupies a total site area of approximately 170,323 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 402,176 sq.m., of which approximately 284,975 sq.m. was held for sale and 117,201 sq.m. was held for investment. We have a 90% ownership interest in this project.

### ***Yinshan Lake Project (尹山湖項目), Suzhou***

Yinshan Lake Project is an integrated development located in Wuzhong District, Suzhou City. It is close to Line 4 on the Suzhou subway. The project is expected to feature residential and commercial developments. The project occupies a total site area of approximately 63,944 sq.m. We have not obtained all the land use right certificates with respect to this project. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 159,860 sq.m., all of which was held for sale. We have commenced development activities but have not commenced construction for this project. We have a 100% ownership interest in this project.

### ***The Vision of the World (萬景峰), Chengdu***

The Vision of the World is a mid- to high-end residential development located in the Gao Xin West District in Chengdu. The project benefits from a well-developed transportation network, providing convenient access to the city center, and an abundance of surrounding communal facilities such as schools, universities and hospitals. The project features mid- to high-end residential buildings. The project occupies a total site area of approximately 117,518 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 285,314 sq.m., all of which was held for sale. We have a 100% ownership interest in this project.

### ***Chengdu Cosmos (成都譽峰), Chengdu***

Chengdu Cosmos is a high-end integrated development located in the central business district of Tian Fu New Town in southern Chengdu. The project features luxurious high-rise residential buildings, premium office buildings, a five-star hotel and retail properties. The project occupies a total site area of approximately 186,705 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 748,551 sq.m., of which approximately 619,651 sq.m. was held for sale and 128,900 sq.m. was held for investment. We have a 100% ownership interest in this project.

### ***Chengdu Jinjiang Project (成都錦江項目), Chengdu***

Chengdu Jinjiang Project is an integrated development located in Pan Cheng Gang Pian Qu in Jinjiang District, Chengdu, close to the intersection of Line 2 and Line 9 of the Chengdu metro. The project is expected to feature residential and commercial developments. The project occupies a total site area of approximately 190,253 sq.m. We entered into land grant confirmation letters for the land related to this project, but have not paid up all the land premium and have not obtained the land use right certificates. We have commenced development activities but have not commenced construction for this project. As of December



31, 2011, total saleable GFA attributable to the Group was approximately 450,000 sq.m., of which approximately 385,000 sq.m. was held for sale and approximately 65,000 sq.m. was held for investment. We have a 50% ownership interest in this project.

***Fragrant Seasons (香悦四季), Beijing***

Fragrant Seasons is a mid- to high-end residential development located in Shunyi District, one of the four satellite towns of Beijing. The project lies on the north of Olympic Road and is adjacent to the Olympic Water Park, and is surrounded by the Beijing Country Golf Club and a wide range of recreational facilities and five-star hotels. The project also enjoys a well-developed transportation network and is designed by renowned international designers. The project features a low density residential community comprising low-rise apartments and villas. The project occupies a total site area of approximately 376,150 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 345,563 sq.m., all of which was held for sale. We have a 100% ownership interest in this project.

***Chong Wen Men Project (崇文門項目), Beijing***

The Chong Wen Men Project is a commercial property development featuring a shopping mall located on Chong Wen Men Wai Avenue in Dongcheng District, Beijing. It is in the center of what is known as the Chong Wen Men area, with well-developed infrastructure and a vibrant living and commercial environment. The project site is near the intersection of Lines 2 and 5 of the Beijing metro. The project occupies a total site area of approximately 5,475 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 16,243 sq.m., all of which was held for sale. We have commenced development activities but have not commenced construction for this project. We have a 100% ownership interest in this project.

***Pearl Coast (汀瀾海岸), Hainan***

Pearl Coast (formerly the Lingshui Project) is an integrated development located in Lingshui, Hainan. The project is expected to feature residential apartments, villas and hotels. The project occupies a total site area of approximately 531,336 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 293,000 sq.m., of which approximately 232,707 sq.m. was held for sale and 60,293 sq.m. was held for investment. We have a 100% ownership interest in this project.

***Moon Bay Project (月亮灣項目), Hainan***

Moon Bay Project is an integrated residential, commercial and hotel development with scenic views, located in the Moon Bay Scenic Area in Longlou Town, Wenchang City, Hainan Province. The project occupies a total site area of approximately 649,000 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 478,611 sq.m., of which 433,604 sq.m. was held for sale and 45,007 sq.m. was held for investment. We have commenced development activities but have not commenced construction for this project. We have a 100% ownership interest in this project.

***Jinnan New Town (津南新城), Tianjin***

Jinnan New Town (formerly the Tianjin Jinnan Project) is a large integrated development located in Jinnan District, Tianjin, bounded by rivers on three sides (Hai River and Yue Ya River), with close access to Line 6 of the Tianjin metro. The project is expected to feature residential, commercial and hotel developments. The project occupies a total site area of approximately 1,289,227 sq.m. We entered into land grant contracts for the land related to this

project, but have not obtained all the land use right certificates. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 750,000 sq.m., all of which was held for sale. Ownership of this project is held under a trust arrangement. We have an effective 25% ownership interest in this project.

***The Core of Center (天匯廣場), Shanghai***

The Core of Center (formerly the Putuo Project) is an integrated development located in the northwest of Zhenru Subcenter, Putuo District, Shanghai, close to Zhenru Station on Line 11 of the Shanghai metro. The project is expected to feature high-end residential apartments, serviced apartments and large shopping malls. The project occupies a total site area of approximately 42,045 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 78,700 sq.m., of which 53,472 sq.m. was held for sale and 25,228 sq.m. was held for investment. We have a 50% ownership interest in this project.

***Shanghai Apex (上海領峰), Shanghai***

Shanghai Apex (formerly the Jiading E-06 Project) is an integrated development located in Jiading New City, Jiading District, Shanghai, close to Jiading New City Station on Line 11 of the Shanghai metro. The project is expected to feature residential, office and commercial units. The project occupies a total site area of approximately 88,415 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 110,518 sq.m., of which 73,043 sq.m. was held for sale and 37,475 sq.m. was held for investment. We have a 100% ownership interest in this project.

***Amazing Bay (嘉譽灣), Shanghai***

Amazing Bay (formerly the New Jiang Wan Project) is an integrated development located in New Jiang Wan, Yangpu District, Shanghai, close to New Jiang Wan Station on Line 10 of the Shanghai metro as well as access to Line 3 and Line 5. It is also close to Fudan University's new campus. The project is expected to feature high-end residential units, commercial and office buildings and hotels. The project occupies a total site area of approximately 142,664 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 135,000 sq.m., of which 95,293 sq.m. was held for sale and 39,707 sq.m. was held for investment. We have a 50% ownership interest in this project.

***Shanghai Sapphire (上海峰匯), Shanghai***

Shanghai Sapphire (formerly the Jiading D-07 Project) is a commercial development located in Jiading District, Shanghai. It is close to Line 11 of the Shanghai metro. The project occupies a total site area of approximately 53,829 sq.m. The project is expected to feature a hotel, serviced apartments and other commercial properties. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 158,488 sq.m., of which 110,011 sq.m. was held for sale and 48,477 sq.m. was held for investment. We have a 100% ownership interest in this project.

***Shanghai Emerald (上海疊翠峰), Shanghai***

Shanghai Emerald (formerly the Jiading Chengbei Project) is a residential development located in Jiading District, Shanghai. It is close to Line 11 of the Shanghai metro. The project occupies a total site area of approximately 77,180 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 154,360 sq.m., all of which was held for sale. We have a 100% ownership interest in this project.

### ***Pudong Project (上海浦東項目), Shanghai***

Pudong Project is a commercial development located in Pudong New Area, Shanghai, close to Houtan Station on Line 7 of the Shanghai metro, with a prime view of the Huangpu River. The project is expected to feature two office buildings. The project occupies a total site area of approximately 26,053 sq.m. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 78,160 sq.m., all of which was held for sale. We have commenced development activities but have not commenced construction for this project. We have a 100% ownership interest in this project. We entered into a trust financing arrangement to finance this project.

### **Projects held for Future Development**

#### ***Foshan Project (佛山地塊項目), Guangzhou***

Foshan Project is expected to be a high-end residential and commercial development located in Chancheng District in Foshan, Guangzhou. The project lies above the subway station and is 40 minutes away from Guangzhou city center by car. The project is expected to feature high-end residential buildings, office buildings, a hotel and shopping malls. The project occupies a total site area of approximately 983,009 sq.m. We have been issued or entered into land grant confirmation letters or a land grant contract, but have not paid up all the land premium and have not obtained the land use right certificates. As of December 31, 2011, total saleable GFA attributable to the Group was approximately 560,000 sq.m., of which approximately 520,000 sq.m. was held for sale and 40,000 sq.m. was held for investment. We have a 20% ownership interest in this project.

### **Hotel Management**

The table below sets forth certain information relating to our hotels which had been completed, as of December 31, 2011:

	<u>Estimated hotel GFA (sq.m.)</u>	<u>Number of rooms</u>	<u>Ownership interest</u>	<u>Management partner</u>	<u>Date of full opening</u>	<u>Terms under the operating management agreement</u>
Four Points by Sheraton Guangzhou, Dongpu . . . . .	35,000	300	100%	Sheraton	2009	15 years
Sheraton Guangzhou Huadu Resort . . . . .	24,713	98	100%	Sheraton	2011	15 years

The table below sets forth certain information relating to our hotels which were under development, as of December 31, 2011:

	<u>Project</u>	<u>Estimated date of completion</u>	<u>Estimated hotel GFA (sq.m.)</u>	<u>Estimated number of rooms</u>	<u>Ownership interest</u>	<u>Management partner</u>
W Hotel . . . . .	The Apex	2012	50,000	317	100%	W Hotels

In addition, we are planning to develop nine other high-end hotels in Guangzhou, Suzhou, Chengdu, Shanghai and Hainan, and three of these projects are under development, namely The Riviera, Suzhou Apex and Pearl Coast. We have entered into various agreements with Starwood Hotels Group and Hyatt to manage these hotels.

## DESCRIPTION OF MATERIAL INDEBTEDNESS AND OTHER OBLIGATIONS

To fund our existing property projects and to finance our working capital requirements, we have borrowed money or incurred indebtedness from various banks or trust companies. As of December 31, 2011, our total bank loans amounted to RMB10,124.6 million (US\$1,608.6 million). As of December 31, 2011, we had a total amount of the equivalent of RMB1,544.7 million (US\$245.4 million) of senior notes outstanding from the issuance of our 2010 Notes and a total amount of the equivalent of RMB2,165.1 million (US\$344.0 million) of senior notes outstanding from the issuance of the 2011 Notes. We set forth below a summary of the material terms and conditions of these loans, indebtedness and other obligations.

### **Project Loan Agreements**

Certain of our PRC subsidiaries have entered into loan agreements with various PRC banks and trust companies, including primarily Bank of China, Standard Chartered Bank (China) Limited, Guangzhou Rural Commercial Bank, China Construction Bank, Agricultural Bank of China, Industrial and Commercial Bank of China, China Minsheng Banking Corp., Ltd., Guangdong Development Bank and Shanghai Pudong Development Bank. These loans typically are project loans to finance the construction or the operation of investment properties of our projects (the “project loans”) and terms ranging from 1 to 10 years, which generally correspond to the construction periods or the operation of investment properties of the particular projects. Certain of our PRC project loans require prepayment of the loan if a certain percentage of GFA of the relevant project has been sold.

### ***Interest***

The principal amounts outstanding under the project loans generally bear interest at floating rates calculated by reference to the relevant bank’s benchmark interest rate *per annum*. Floating interest rates generally are subject to review by the banks annually. Interest payments generally are payable either monthly or quarterly and must be made on each payment date as provided in the particular loan agreement.

### ***Covenants***

Under these project loans, many of our subsidiary borrowers have agreed, among other things, not to take the following actions without first notifying the lender and/or obtaining the lenders’ prior consent:

- create encumbrances on any part of their properties or assets or deal with their assets in a way that may adversely affect their ability to repay their loans;
- grant guarantees to any third parties that may adversely affect their ability to repay their loans;
- grant guarantees to any third parties with the assets funded by the loans;
- make any major changes to their corporate structures, such as entering into joint ventures, mergers and acquisitions and reorganizations or change the company’s status, such as liquidation and dissolution;
- alter the nature or scope of their business operations in any material respect;
- incur additional debts;

- reduce their registered capital;
- transfer part or all of the liabilities under the loans to a third party; and
- prepay the loan.

### ***Dividend Restriction***

Pursuant to the project loans with certain PRC banks, including Bank of China, Industrial and Commercial Bank of China and Guangdong Development Bank, some of our PRC subsidiaries also agreed not to distribute any dividends:

- if the borrowers' after-tax net profit is nil or negative or insufficient to cover losses from the previous accounting periods; or
- if the borrower's profit before tax in the relevant accounting period has not been used to pay off the principal, interest or other related expenses due in that accounting period or is insufficient to cover the principal, interest or other related expenses due in next period.

### ***Guarantee and Security***

Certain of our PRC subsidiaries and associates have entered into guarantee or security agreements with the PRC banks in connection with some of the project loans pursuant to which these subsidiaries and associates have guaranteed or provided security including property mortgage and share pledge for all liabilities of the subsidiary borrowers under these project loans. We also act as a guarantor in relation to certain of these project loans.

### **Acquisition Financing**

#### ***CCB Dongshan 2010 Loan***

On March 18, 2010, our PRC subsidiary, Guangzhou Tianjian Real Estate Development Co., Ltd. ("Guangzhou Tianjian"), signed a loan agreement with China Construction Bank, Guangzhou Dongshan Branch ("CCB Dongshan") to finance the acquisition of Guangzhou Lihe Real Estate Development Co., Ltd., which holds The Summit located at Zengcheng, Guangzhou. The loan is a RMB denominated term loan facility with an aggregate principal amount of up to RMB1.16 billion (the "CCB Dongshan 2010 Loan"). The term of the loan is five years. As of December 31, 2011, RMB1.14 billion (US\$181.13 million) in principal amount was outstanding under this facility.

#### ***Interest***

The CCB Dongshan 2010 Loan bears interest at the PBOC benchmark lending interest rate *per annum* payable on the 12th of each month for an interest period. In the event that the CCB Dongshan 2010 Loan is not used for the designated purpose of the loan, the penalty interest is calculated at an upward floating rate of 100% from the PBOC benchmark lending interest rate *per annum*. Any interest on the overdue amount under the CCB Dongshan 2010 Loan is calculated at an upward floating rate of 50% from the PBOC benchmark lending interest rate *per annum*.



## *Covenants*

Pursuant to the CCB Dongshan 2010 Loan, Guangzhou Tianjian agreed, among other things:

- not to create encumbrances on any part of their properties or assets or deal with their assets in a way that may adversely affect their ability to repay their loans;
- not to grant guarantees to any third parties that may adversely affect their ability to repay their loans;
- not to alter the nature or scope of their business operations in any material respect;
- not to transfer part or all of the liabilities under the loans to a third party; and
- to use the CCB Dongshan 2010 Loan solely for the purpose of acquiring the entire equity interest in the target project company including its business operations and financial and cash positions.

## *Events of default*

The CCB Dongshan 2010 Loan contains certain customary events of default, including nonpayment of principal or interest, insolvency and breaches of the terms of the CCB Dongshan 2010 Loan. If an event of default has occurred, CCB Dongshan may, without prior notice to Guangzhou Tianjian, demand immediate payment or repayment of all amounts outstanding including all interest accrued thereon. In addition, if, for any reason, the CCB Dongshan is of the view that certain conditions exist that may endanger CCB Dongshan's claims under the contract such as substantial change in the nature of the invested project and/or the target acquisition company's business, the dividend policy of the target acquisition company, CCB Dongshan may, with five business days of written notice, immediately take the necessary relief measures such as demand immediate payment or repayment of all amounts outstanding.

## **Term loans**

### ***ICBC 2006 Loan***

On December 20, 2006, we signed a loan agreement with the Industrial and Commercial Bank of China (Asia) Limited ("ICBC") as supplemented by the supplemental loan agreement, the second supplemental loan agreement and the third supplemental loan agreement dated December 28, 2006, January 12, 2007 and May 6, 2008, respectively. The loan facility is a Hong Kong dollar-denominated term loan facility with an aggregate principal amount of up to HK\$500 million for Guangzhou Xinhengchang Enterprise Development Co., Ltd. ("Guangzhou Xinhengchang") and an aggregate principal amount of up to HK\$500 million for Guangzhou Hejing Real Estate Development Co., Ltd. ("Guangzhou Hejing") (the "ICBC 2006 Loan"), both of which are our wholly owned subsidiaries incorporated in the PRC. As of December 31, 2011, HK\$413.2 million (US\$53.2 million) in principal amount was outstanding under this facility.

The ICBC 2006 Loan has a final maturity date of March 31, 2014. We may prepay on any interest payment date under the loan agreement for the ICBC 2006 Loan on the amount prepaid subject to five business days' prior written notice of prepayment to ICBC, specifying the amount to be prepaid and the date of such prepayment.



### *Guarantee and Security*

We have agreed to guarantee the ICBC 2006 Loan.

The ICBC 2006 Loan is secured by the proceeds of certain all-risks insurance and construction contract of International Finance Place, approximately half of International Finance Place (the “Mortgaged Property”) and the dividend accounts of Kong Jian Min, Kong Jian Tao and Kong Jian Nan, our executive directors.

### *Interest*

The ICBC 2006 Loan bears interest at the rate of 1.25% per annum over HIBOR on the first day of each interest period for an interest period, which shall be one month. Any overdue amount under the ICBC 2006 Loan will be subject to a penalty interest accruing from the due date up to the date of actual payment at a rate of 2.0% per annum over the applicable interest rates on the ICBC 2006 Loan.

### *Covenants*

We have agreed to maintain the ratio of the loan amount outstanding under this loan agreement to the valuation of the Mortgaged Property to be below 50% at all times.

We have further agreed that, if the Mortgaged Property is encumbered by third -party interests, we will not, subject to certain exceptions:

- create security or dispose of any assets;
- borrow moneys, make loans or give any guarantee;
- enter into any contract relating to the sale, license and/or management of the Mortgaged Property; and
- make any non-ordinary course investments.

### *Events of Default*

The ICBC 2006 Loan contains certain customary events of default, including nonpayment of principal or interest, cross default, insolvency and breaches of its terms. If an event of default has occurred, ICBC may, without prior notice to the Company, demand immediate payment or repayment of all amounts outstanding including all interest accrued thereon.

### *Consent*

On July 29, 2010, we obtained a letter from ICBC that consents to the offering of the 2010 Notes and related aspects of it. On January 18, 2011, we obtained a letter from ICBC that consents to the offering of the 2011 Notes and related aspects of it, as well as the offering of the Notes and related aspects of it.

### ***SCB 2009 Facility***

On April 27, 2009, we signed a loan agreement with Standard Chartered Bank (Hong Kong) Limited (“SCB”). The loan facility is an unsecured Hong Kong dollar-denominated term loan facility with an aggregate principal amount of up to HK\$300 million (the “SCB 2009

Facility”). The SCB 2009 Facility is also guaranteed by Fancy Think Investments Limited (“Fancy Think”) and Oak Plus Investments Limited (“Oak Plus”). As of December 31, 2011, HK\$300 million (US\$38.6 million) in principal amount was outstanding under this facility.

The SCB 2009 Facility will mature on April 27, 2012. We cannot prepay the SCB 2009 Facility without giving 14 days’ prior written notice of prepayment to SCB, specifying the amount to be prepaid and the date of such prepayment.

### *Interest*

The SCB 2009 Facility bears interest at the rate of 3.0% *per annum* over HIBOR on the first day of each interest period for an interest period, which may be one, two or three months as selected by us. Any overdue amount under the SCB 2009 Facility will be subject to default interest at the rate of 5.0% *per annum* over HIBOR on the basis of the actual number of days elapsed and a 365-day year compounded over the applicable interest period.

### *Covenants*

Pursuant to the SCB 2009 Facility, we agreed to the following financial covenants:

- our consolidated tangible net worth<sup>1</sup> will not be less than HK\$8.3 billion;
- our ratio of consolidated net borrowings<sup>2</sup> to consolidated tangible net worth (deducting amount attributable to minority interests) will not exceed 0.75: 1; and
- our ratio of consolidated EBITDA<sup>3</sup> to consolidated interest expense<sup>4</sup> will not be less than 6.0: 1.

We have further agreed, among other things, that:

- if the aggregate net worth of Fancy Think and Oak Plus is less than 75% of the consolidated tangible net worth of the Group minus the net worth of Issuer, an additional offshore subsidiary will be required to guarantee the SCB 2009 Facility; and
- no encumbrance will be created over any asset of the Group, subject to certain exceptions.

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1 “Consolidated tangible net worth,” as defined in the SCB 2009 Facility, means the aggregate of the paid-up or credited as paid-up issued share capital of the Group and the amounts standing to the credit of our consolidated distributable and non-distributable reserves as shown on our consolidated financial statements after deducting any amounts attributable to intangible assets, a sum equal to the amounts by which the book value of any of its assets are written up, any amount distributed or proposed to be distributed to persons out of profits accrued on or before the date of financial statements and any adjustments reflecting any variation in the amount of paid-up capital, amounts standing to the credit of such reserves or adjustments considered appropriate by external auditors.

2 “Consolidated net borrowings,” as defined in the SCB 2009 Facility, means the aggregate of all the liabilities in respect of our indebtedness from any bank or other financial institution determined on a consolidated basis deducting the aggregate amount of cash at hand held by the members of the Group except any such cash subject to security.

3 “Consolidated EBITDA,” as defined in the SCB 2009 Facility, means the consolidated operating profits of the Group for the relevant period before taxation: (a) before deducting any consolidated interest expenses; (b) before taking into account any items treated as exception or extraordinary items; (c) before deducting any amount attributable to amortization of goodwill or depreciation of tangible assets; and (d) after deducting the amount of any profit of any member of the Group which is attributable to minority interest.

4 “Consolidated interest expense,” as defined in the SCB 2009 Facility, means the aggregate amount of interest, commission, fees, discounts, prepayment penalties or premiums and other finance payments in respect of consolidated total borrowings whether accrued, paid or payable (but excluding those interest capitalized) by any member of our Group in respect of the twelve months ending on the last day of our financial year and each period of six months ending on the last day of the first half of our financial year excluding any such obligation owed to any other members of our Group, including the interest element of leasing and hire purchase payments, including any amounts paid, payable or accrued by any member of our Group to counterparties under any interest rate hedging instrument and deducting any amounts paid, payable or accrued by counterparties to any member of our Group under any interest rate hedging instrument.

### *Events of Default*

The SCB 2009 Facility contains certain customary events of default, including nonpayment of principal or interest, cross default, insolvency and breaches of its terms. If an event of default has occurred, SCB may, without prior notice to the Company, demand immediate payment or repayment of all amounts outstanding including all interest accrued thereon.

### *Consent*

On July 29, 2010, we obtained a letter from SCB that consents to the offering of the 2010 Notes and related aspects of it. On February 15, 2011, we obtained a letter from SCB that consents to the offering of the 2011 Notes and related aspects of it, as well as the offering of the Notes and related aspects of it.

### ***ICBC 2010 Loan***

On July 29, 2010, we signed a term loan agreement with ICBC. The loan facility is a Hong Kong dollar-denominated term loan facility with an aggregate principal amount of up to HK\$500 million (the “ICBC 2010 Loan”). The ICBC 2010 Loan has a one lump-sum drawdown within 30 days from July 29, 2010. As of the date of this announcement, the ICBC 2010 Loan had been drawn down in full.

The ICBC 2010 Loan will mature on July 29, 2013. We cannot prepay the ICBC 2010 Loan without prior consent of ICBC and 10 business days’ prior written notice of prepayment to ICBC, specifying the amount to be prepaid and the date of such prepayment.

### *Guarantee and Security*

We and Oak Plus and Rich Come Enterprises Limited (“Rich Come”), our wholly owned subsidiaries, have agreed to guarantee the ICBC 2010 Loan.

The ICBC 2010 Loan is secured by the capital stock of, and all assets owned by, Beauty Sight Investments Limited (“Beauty Sight”) and Rich Come, the capital stock of our PRC subsidiary Hainan New World Property Development (HK) Limited, certain properties located in Hainan and the receivables of a loan owed by Rich Come to Beauty Sight. Beauty Sight and Rich Come are Non-Subsidiary Guarantors.

### *Interest*

The ICBC 2010 Loan bears interest at the rate of 4% *per annum* over HIBOR payable on the last business day of each interest period for an interest period, which is a period of one, two or three months, commencing from the date of the first advance made. Any interest on overdue amount under the ICBC 2010 Loan is calculated at a rate of 12.0% *per annum* on the basis of the actual number of days elapsed and a 365-day year compounded monthly.

## *Covenants*

Pursuant to the ICBC 2010 Loan, we agreed to the following financial covenants:

- our net worth<sup>1</sup> will not be less than RMB8,500 million; and
- our net gearing ratio<sup>2</sup> will not be more than 60%.

We have further agreed, among other things that all pre-sale and sale proceeds of any part of the Hainan Lingshui Project shall be deposited into an ICBC designated and controlled account and no amount can be withdrawn without the prior consent of ICBC.

## *Events of Default*

The ICBC 2010 Loan contains certain customary events of default, including nonpayment of principal or interest, cross default, insolvency and breaches of its terms. If an event of default has occurred, ICBC may, without prior notice to the Company, demand immediate payment or repayment of all amounts outstanding including all interest accrued thereon.

## *Consent*

On July 29, 2010, we obtained a letter from ICBC that consents to the offering of the 2010 Notes and all related aspects of it. On January 18, 2011, we obtained a letter from ICBC that consents to the offering of the 2011 Notes and related aspects of it, as well as the offering of the Notes and related aspects of it.

## ***SCB 2011 Facility***

On February 9, 2011, we signed a loan agreement with SCB. The loan facility is a secured and guaranteed Hong Kong dollar-denominated term loan facility with an aggregate principal amount of up to HK\$195 million (the “SCB 2011 Facility”). The loan facility is secured by security created pursuant to the 2010 Collateral (as defined in “—2010 Notes—Collateral” below), with the exception of any security document that may at any time be given as security for any of the liabilities pursuant to or in connection with the 2010 Indenture. The SCB 2011 Facility is guaranteed by our subsidiaries Act Power International Limited, Able Talent International Limited, Boom Faith International Limited, Champ Joyment Limited, Cheerful Hill Group Limited, Extreme Beauty Enterprises Limited, Faith Beauty International Limited, Fame Rich Group Limited, Fast Choice Group Limited, Good Excel Enterprises Limited, Happy Clear Consultants Limited, High Insight Enterprises Limited, High Ascent Enterprises Limited, Hugeluck Investments Limited, Noble Wit Enterprises Limited, Now Rich Holdings Limited, Pine Billion Enterprises Limited, Power Place Enterprises Limited, Reach Luck Consultants Limited, Rising Wave Enterprises Limited, Win Talent Enterprises Limited, Bondie Investments Limited, Fancy Think, Fine Era Investments Limited, Global Era Investments Limited, Jumbo Yield Investments Limited, Long Runn Holdings Limited, Luck Creation Investments Limited, Market Network Limited, Mind Right Investments Limited, Oak Plus, Profit Spring Investments Limited, Sammax Investments Limited, Total Super

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1 “Net worth” under the ICBC 2010 Loan represents the amount paid up or credited as paid up on the issued share capital and the amounts standing to the credit of the consolidated capital and revenue reserves as shown in our latest audited consolidated balance sheet, net of any declared dividend or other distributions to our Shareholders to the extent that such dividend or other distribution is not provided for in such audited consolidated balance sheet and any debits balance on profit and loss account.

2 “Net gearing ratio” under the ICBC 2010 Loan represents our total borrowings (whether interest-bearing or not) net of cash and cash equivalent and restricted cash over our net worth.

Investments Limited, Trimming Star Group Limited, Truly Gain Investments Limited and Upper Step Investments Limited. As of December 31, 2011, HK\$194.7 million (US\$25.1 million) in principal amount was outstanding under this facility.

The SCB 2011 Facility will mature on February 9, 2014. We cannot voluntarily prepay, in whole or any part of, the SCB 2011 Facility without giving 14 days' prior written notice of prepayment to SCB.

*Interest*

The SCB 2011 Facility bears interest at the rate of 4.60% *per annum* over HIBOR on the last day of each interest period for an interest period, which may be one, two or three months or any other period agreed between us and SCB as selected by us. Any overdue amount under the SCB 2011 Facility will be subject to default interest at the rate of 6.60% *per annum* over HIBOR.

## Covenants

Pursuant to the SCB 2011 Facility, we agreed to the following financial covenants:

- our consolidated tangible net worth<sup>1</sup> will not be less than RMB10.0 billion;
- the ratio of consolidated net borrowings<sup>2</sup> to consolidated tangible net worth will not at any time exceed 0.75:1;
- the ratio of consolidated EBITDA<sup>3</sup> to interest expense<sup>4</sup> for any relevant period<sup>5</sup> will not be less than 2:00 to 1;
- the ratio of consolidated PRC borrowings<sup>6</sup> to consolidated total assets<sup>7</sup> will not at any time exceed 0.50 to 1; and
- the Company shall ensure that in any financial year, any distribution, dividend or other payment to its shareholders shall not exceed 50% of the Group's consolidated net profit attributable to that financial year.

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1 "Consolidated tangible net worth," as defined in the SCB 2011 Facility, means the aggregate of the paid-up or credited as paid-up issued share capital of the Group and the amounts standing to the credit of our consolidated distributable and non-distributable reserves as shown on our consolidated financial statements after (a) deducting any amount attributable to goodwill or any other intangible assets; (b) deducting any minority interests; (c) including any amounts which would under generally accepted accounting principles, standard and practices ("GAAP") be included in a calculation of the consolidated tangible net worth of the relevant guarantor and its subsidiaries and; (d) eliminating inconsistencies between the accounting principles applied in connection with the latest published audited consolidated balance sheet of the Company and its subsidiaries and those applied in connection with the Company's audited consolidated financial statements for the financial year ended December 31, 2009.

2 "Consolidated net borrowings," as defined in the SCB 2011 Facility, means at any time the aggregate (without double counting) of (a) (i) the amount of "short-term loans" in the latest published audited consolidated balance sheet of the Group (the "Balance Sheet"); and (ii) the current borrowings of members of the Group howsoever described, as calculated in accordance with GAAP; (b) (i) the amount of "long-term loans" in the Balance Sheet; and (ii) the long term borrowings of members of the Group howsoever described, as calculated in accordance with GAAP, less year-end positive "cash" balance, "restricted cash" balance and bank balance as shown in the Balance Sheet (regardless of whether or not such cash can be remitted to the Company or a guarantor under the SCB 2011 Facility to be applied immediately for the purpose of repaying the SCB 2011 Facility.)

3 "Consolidated EBITDA," as defined in the SCB 2011 Facility, means, in relation to any relevant period, the total consolidated operating profit of the Group for that relevant period before taking into account (a) (i) interest expense; (ii) tax; and (iii) extraordinary and exceptional items; (b) excluding amounts attributable to minority interests in the subsidiaries; (c) excluding, to the extent included, selling, marketing costs, administrative expenses and other operating expenses; and (d) after adding back all amounts provided for depreciation and amortization for that relevant period, as determined from the financial statements of the Group and the evidence delivered under certain clauses relating to financial statements and compliance with financial covenants.

4 "Interest expense," as defined in the SCB 2011 Facility, means, in relation to any relevant period, the aggregate amount of interest and any other finance charges (whether or not paid, payable or capitalized) accrued by the Group in that relevant period in respect of borrowings adjusted (but without double counting) by any unrealized gains or losses in respect of any interest rate hedging derivative transaction.

5 "Relevant period," as defined in the SCB 2011 Facility, means (a) each financial year of the Company; and (b) each period beginning on the first day of the second half of a financial year of the Company and ending on the last day of the first half of its next financial year.

6 "Consolidated PRC borrowings," as defined in the SCB 2011 Facility, means at any time the aggregate (without double counting) of (a) (i) the amount of "Short-term loans" in the Balance Sheet; and (ii) the current borrowings of members of the Group howsoever described, as calculated in accordance with GAAP; (b) (i) the amount of "Long-term loans" in the Balance Sheet; and (ii) the long term borrowings of members of the Group howsoever described, as calculated in accordance with GAAP, in each case, in relation to short-term loans, long-term loans and borrowings incurred by members of the Group incorporated in the PRC from (x) financial institutions in the PRC or (y) other members of the Group incorporated in the PRC.

7 "Consolidated total assets," as defined in the SCB 2011 Facility, means the sum of the current assets and non-current assets of the Group calculated on a consolidated basis by reference to the latest audited financial statements of the Company.



We have further agreed, among other things that:

- on the first utilization date, the loan to value ratio (“LTV Ratio”) of all loans used to finance and refinance the acquisition or development of the investment properties owned by the Group (the “Investment Property Loans”) shall not exceed 55% (excluding, for this purpose, the ICBC 2006 Loan); and
- if at any time after the first utilization date, the LTV Ratio of all Investment Property Loans exceeds 65%, the Company shall ensure that the Investment Property Loans are prepaid in such an amount as to restore the LTV Ratio to not more than 55% by not later than three months (or such other later date as may be agreed between the Company and SCB) from the date on which the LTV Ratio exceeds such percentage.

#### *Events of Default*

The SCB 2011 Facility contains certain customary events of default, including nonpayment of principal or interest, cross default, insolvency and breaches of its terms. If an event of default has occurred, SCB may, by notice to the Company demand immediate payment or repayment of all amounts outstanding including all interest accrued thereon.

#### *Intercreditor Agreement*

On February 9, 2011, SCB executed a supplement to the intercreditor agreement dated August 18, 2010 to become a secured party under the intercreditor agreement and to share the collateral thereunder on a *pari passu* basis with the holders of the 2010 Notes, SCB, as lender of the SCB 2009 Facility, and any holder of permitted *pari passu* secured indebtedness or their agent or trustee who become parties to the intercreditor agreement.

#### **Trust Financing Arrangements**

##### *Shanghai Pudong Trust Financing*

On September 29, 2010, our wholly owned subsidiaries, Guangzhou City Wanjing Property Development Co., Ltd. (“Guangzhou City Wanjing”), Shanghai Hejing Property Development Co., Ltd. (“Shanghai Hejing”) and Guangzhou Hejing Real Estate Development Co., Ltd. (“Guangzhou Hejing”), which owned 100% of Guangzhou City Wanjing, entered into a trust financing agreement (“Xinhua Trust Agreement”) with New China Trust Co., Ltd. (“Xinhua Trust”). According to the Xinhua Trust Agreement, Xinhua Trust will raise RMB650.0 million from certain senior-unit investors for a trust scheme (“Xinhua Trust Scheme”), with a term of 1.5 years. Pursuant to a capital increase agreement executed on the same day, Xinhua Trust will use the RMB650.0 million as capital contribution to Guangzhou City Wanjing, after which Xinhua Trust will hold 95.59% equity interest in Guangzhou City Wanjing and Guangzhou Hejing’s holding in Guangzhou City Wanjing will be diluted to 4.41%. Without the consent of Xinhua Trust, Guangzhou Hejing may not transfer its interest in the project company to third parties. Guangzhou City Wanjing will use the RMB650.0 million contribution from Xinhua Trust to contribute further into the project company of the Shanghai Pudong Project, Shanghai Jingdong Property Development Co., Ltd. (“Shanghai Jingdong”). Pursuant to another capital increase agreement executed on the same day, Shanghai Hejing will contribute an equal amount to the registered capital of Shanghai Jingdong, as a result of which Shanghai Jingdong will have a registered capital of RMB1,350.0 million and Guangzhou City Wanjing and Shanghai Hejing will each hold a 50% equity interest in Shanghai Jingdong, giving us an effective 52.21% interest in Shanghai Jingdong.

Shanghai Hejing, under separate share pledge agreements, will pledge its 50% equity interest in Shanghai Jingdong to Xinhua Trust to guarantee the obligations of Guangzhou City Wanjing, Shanghai Hejing and Guangzhou Hejing under the Xinhua Trust Agreement. Without the consent of Xinhua Trust, Shanghai Jingdong cannot issue cash dividends to Shanghai Hejing. Xinhua Trust will assign a director to each of Guangzhou City Wanjing and Shanghai Jingdong, who will have one veto vote on certain material matters, such as business plans and disposal of material fixed assets.

Pursuant to the Xinhua Trust Agreement, before the expiry or upon early termination of the Xinhua Trust Scheme, Guangzhou Hejing, Shanghai Hejing or Guangzhou City Wanjing has the right to demand Xinhua Trust to withdraw trust finances by the following means: (1) through obtaining dividends from Guangzhou City Wanjing or through capital reduction methods; (2) transfer the beneficial interest in the trust to Guangzhou Hejing or its designated third party; or (3) transfer equity interest in Guangzhou City Wanjing to Guangzhou Hejing or its designated third party. Xinhua Trust will distribute principal and interests from the proceeds received. If Xinhua Trust obtains principal and interests via the first two methods, Xinhua Trust shall transfer the remaining trust assets to Guangzhou Hejing or its designated third party at no cost (including the shareholding of Guangzhou City Wanjing).

### ***Tianjin Trust Financing***

A trust financing arrangement is in place with respect to our joint-venture development of Jinnan New Town.

### **2010 Notes**

On August 18, 2010, we entered into an indenture (the “2010 Indenture”) pursuant to which we issued an aggregate principal amount of US\$250,000,000 12.50% senior notes due 2017. The 2010 Notes are listed on the SGX-ST. As of December 31, 2011, we had a total amount of the equivalent of RMB1,544.7 million (US\$245.4 million) of senior notes outstanding from the issuance of our 2010 Notes.

### ***Guarantee***

The obligations pursuant to the 2010 Notes are guaranteed by our existing subsidiaries (the “2010 Subsidiary Guarantors”) other than those organized under the laws of the PRC and certain other subsidiaries specified in the 2010 Indenture. We refer to these guarantees as the 2010 Subsidiary Guarantees. Under certain circumstances and subject to certain conditions, a 2010 Subsidiary Guarantee required to be provided by one of our subsidiaries may be replaced by a limited-recourse guarantee (a “2010 JV Subsidiary Guarantee”). We refer to the subsidiaries providing a 2010 JV Subsidiary Guarantee as 2010 JV Subsidiary Guarantors. Each of the 2010 Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium and interest on, and all other amounts payable under, the 2010 Notes.

### ***Collateral***

In order to secure the obligations under the 2010 Notes, the Company agreed, for the benefit of the holders of the 2010 Notes, to pledge, or cause the initial 2010 Subsidiary Guarantor Pledgors to pledge, as the case may be, the capital stock of each initial 2010 Subsidiary Guarantor, other than Market Network Limited (collectively, the “2010 Collateral”) in order to secure the obligations of the Company under the 2010 Notes and each initial 2010

Subsidiary Guarantor Pledgor under its Subsidiary Guarantee. The 2010 Collateral may be released or reduced in the event of certain asset sales and certain other circumstances. In addition, the 2010 Collateral will be shared on a *pari passu* basis by the holders of the 2010 Notes and the holders of other secured indebtedness, including the lender under the SCB 2009 Facility, and any other creditors with respect to Permitted *Pari Passu* Secured Indebtedness.

### ***Interest***

The 2010 Notes bear an interest rate of 12.50% *per annum*, payable semi-annually in arrear.

### ***Covenants***

Subject to certain conditions and exceptions, the 2010 Indenture and each of the related 2010 Subsidiary Guarantees contain certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred shares;
- declaring dividends on capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- engaging in any business other than permitted business;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay;
- dividends, transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

### ***Events of Default***

The 2010 Indenture contains certain customary events of default, including default in the payment of principal or of any premium on the 2010 Notes when such payments become due and payable, default in payment of interest which continues for 30 consecutive days, and other events of default substantially similar to the events of default under the Indenture governing the Notes. If an event of default occurs and is continuing, the trustee under the 2010 Indenture or the holders of at least 25% of the outstanding 2010 Notes may declare the principal of the 2010 Notes plus a premium (if any) and any accrued and unpaid interest to be immediately due and payable. Upon the occurrence of certain specified events of default, the principal of,

premium (if any) and accrued and unpaid interest on the outstanding 2010 Notes will automatically become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder.

### ***Change of Control***

Upon the occurrence of certain events of change of control and a rating decline, we will make an offer to repurchase all outstanding 2010 Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to the date of repurchase.

### ***Maturity and Redemption***

The maturity of the 2010 Notes is August 18, 2017. At any time and from time to time, we may, with the proceeds from sales of certain types of the Company's shares, redeem up to 35% of the aggregate principal amount of the 2010 Notes at a redemption price equal to 112.50% of the principal amount of the 2010 Notes, plus accrued and unpaid interest, if any, to the redemption date, provided that at least 65% of the aggregate principal amount of the 2010 Notes originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

Additionally, if we or an initial 2010 Subsidiary Guarantor under the 2010 Indenture becomes obligated to pay certain additional amounts as a result of certain changes in, or amendment to, specified tax law, we may redeem the 2010 Notes at a redemption price equal to 100% of the principal amount of the 2010 Notes, plus any accrued and unpaid interest, subject to certain exceptions.

### ***Intercreditor Agreement***

On August 18, 2010, the Company, the subsidiary guarantor pledgors under the 2010 Indenture, the Shared Security Agent, trustee for the 2010 Notes and SCB, as lender of the SCB 2009 Facility, entered into an intercreditor agreement. The agreement provides that the security interests created by the 2010 Collateral will be shared on a pari passu basis among the holders of the 2010 Notes, SCB, as lender of the SCB 2009 Facility, and any holders of permitted pari passu secured indebtedness or their agent or trustee who become parties to the intercreditor agreement.

### **2011 Notes**

On March 30, 2011, we entered into an indenture (the "2011 Indenture") pursuant to which we issued an aggregate principal amount of US\$350,000,000 12.75% senior notes due 2016. The 2011 Notes are listed on the SGX-ST. As of December 31, 2011, we had a total amount of the equivalent of RMB2,165.1 million (US\$344.0 million) of senior notes outstanding from the issuance of our 2011 Notes.

### ***Guarantee***

The obligations pursuant to the 2011 Notes are guaranteed by our existing subsidiaries (the "2011 Subsidiary Guarantors") other than those organized under the laws of the PRC and certain other subsidiaries specified in the 2011 Indenture. We refer to these guarantees as the 2011 Subsidiary Guarantees. Under certain circumstances and subject to certain conditions, a 2011 Subsidiary Guarantee required to be provided by one of our subsidiaries may be replaced by a limited-recourse guarantee (a "2011 JV Subsidiary Guarantee"). We refer to the subsidiaries providing a 2011 JV Subsidiary Guarantee as 2011 JV Subsidiary Guarantors.

Each of the 2011 Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium and interest on, and all other amounts payable under, the 2011 Notes.

### ***Collateral***

In order to secure the obligations under the 2011 Notes, the Company agreed, for the benefit of the holders of the 2011 Notes, to pledge, or cause the initial 2011 Subsidiary Guarantor Pledgors to pledge, as the case may be, the capital stock of each initial 2011 Subsidiary Guarantor, other than Market Network Limited (collectively, the “2011 Collateral”) in order to secure the obligations of the Company under the 2011 Notes and each initial 2011 Subsidiary Guarantor Pledgor under its Subsidiary Guarantee. The 2011 Collateral may be released or reduced in the event of certain asset sales and certain other circumstances. In addition, the 2011 Collateral will be shared on a *pari passu* basis by the holders of the 2011 Notes and the holders of other secured indebtedness, including the lender under the SCB 2009 Facility, the lender under the SCB 2011 Facility and any other creditors with respect to Permitted *Pari Passu* Secured Indebtedness.

### ***Interest***

The 2011 Notes bear an interest rate of 12.75% *per annum*, payable semi-annually in arrear.

### ***Covenants***

Subject to certain conditions and exceptions, the 2011 Indenture and each of the related 2011 Subsidiary Guarantees contain certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred shares;
- declaring dividends on capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- engaging in any business other than permitted business;
- entering into agreements that restrict the related restricted subsidiaries’ ability to pay;
- dividends, transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.



### ***Events of Default***

The 2011 Indenture contains certain customary events of default, including default in the payment of principal or of any premium on the 2011 Notes when such payments become due and payable, default in payment of interest which continues for 30 consecutive days, and other events of default substantially similar to the events of default under the Indenture governing the Notes. If an event of default occurs and is continuing, the trustee under the 2011 Indenture or the holders of at least 25% of the outstanding 2011 Notes may declare the principal of the 2011 Notes plus a premium (if any) and any accrued and unpaid interest to be immediately due and payable. Upon the occurrence of certain specified events of default, the principal of, premium (if any) and accrued and unpaid interest on the outstanding 2011 Notes will automatically become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder.

### ***Change of Control***

Upon the occurrence of certain events of change of control and a rating decline, we will make an offer to repurchase all outstanding 2011 Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to the date of repurchase.

### ***Maturity and Redemption***

The maturity of the 2011 Notes is March 30, 2016. At any time and from time to time, we may, with the proceeds from sales of certain types of the Company's shares, redeem up to 35% of the aggregate principal amount of the 2011 Notes at a redemption price equal to 112.75% of the principal amount of the 2011 Notes, plus accrued and unpaid interest, if any, to the redemption date, provided that at least 65% of the aggregate principal amount of the 2011 Notes originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

Additionally, if we or an initial 2011 Subsidiary Guarantor under the 2011 Indenture becomes obligated to pay certain additional amounts as a result of certain changes in, or amendment to, specified tax law, we may redeem the 2011 Notes at a redemption price equal to 100% of the principal amount of the 2011 Notes, plus any accrued and unpaid interest, subject to certain exceptions.

### ***Intercreditor Agreement***

On March 30, 2011, Citicorp International Limited, as trustee under the 2011 Notes, executed a supplement to the intercreditor agreement dated August 18, 2010 to become a secured party under the intercreditor agreement and to share the collateral thereunder on a *pari passu* basis with (i) the holders of the 2010 Notes, (ii) SCB, as lender of the SCB 2009 Facility, and (iii) SCB, as lender of the SCB 2011 Facility, and any holder of permitted *pari passu* secured indebtedness or their agent or trustee who become parties to the intercreditor agreement.

### ***Other Obligations***

We have provided certain guarantees in connection with borrowing arrangements of certain of our jointly controlled entities, as described further below. Even though such contingent liabilities are not considered indebtedness of our Group in our consolidated financial statements, they are nevertheless treated as indebtedness of our Company under the 2010 Indenture, the 2011 Indenture and the Indenture governing the Notes.

### *Hines Shanghai Guarantee*

We are developing the Amazing Bay, formerly the New Jiang Wan Project, in Shanghai in a joint venture with Guangzhou R&F Properties Co., Ltd. (“Guangzhou R&F”), through Hines Shanghai New Jiang Wan Development Co., Ltd. (“Hines Shanghai”), a joint-venture company in which we hold a 50% interest. On June 29, 2011, Hines Shanghai, as borrower, entered into a HK\$1.4 billion term loan facility with The Bank of East Asia, Limited, The Hongkong and Shanghai Banking Corporation Limited and SCB, as lenders. In connection with the loan facility, we provided a guarantee in favor of the lenders for the entire amount of the facility, on a joint and several basis with an offshore subsidiary of Guangzhou R&F and Guangzhou R&F itself (subject to PRC regulatory approval).

### *Total Champ Guarantee*

We are developing the Chengdu Jinjiang Project in Chengdu in a joint venture with Hongkong Land China Holdings Limited (“HKL”), through Chengdu Premium Property Development Co., Ltd., the project company, in which we effectively hold a 50% interest. Total Champ Limited (“Total Champ”), an intermediate company indirectly owned as to 28.57% by us and 71.43% by HKL, owns a 70% interest in the project company. We own the other 30% interest in the project company via wholly owned subsidiaries. On November 4, 2011, Total Champ, as borrower, entered into a HK\$1,075 million term loan facility with The Hongkong and Shanghai Banking Corporation Limited and Fubon Bank (Hong Kong) Limited, as lenders. In connection with the loan facility, we provided a guarantee in favor of the lenders for the entire amount of the facility, on a several basis with HKL.

## **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
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Notes”	the guaranteed US dollar denominated senior fixed rate notes to be issued by the Company
“PRC”	the People’s Republic of China, excluding Hong Kong, Macao Special Administrative Region and Taiwan for the purposes of this announcement
“Proposed Notes Issue”	the proposed issue of the Notes by the Company

“Purchase Agreement”	the agreement to be entered into between, among others, the Company, Barclays Bank PLC, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank and the Subsidiary Guarantors in relation to the Proposed Notes Issue
“Securities Act”	the United States Securities Act of 1933, as amended
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	the subsidiaries of the Company which guarantee the Notes
“US\$” or “US dollar”	United States dollar(s)
“%”	per cent

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

Hong Kong, March 14, 2012

*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.*