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## **KWG PROPERTY HOLDING LIMITED**

### **合景泰富地產控股有限公司**

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

**(Stock Code: 1813)**

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

Reference is made to the announcement of the Company dated 15 January 2013 in relation to the proposed issue of the Subordinated Perpetual Capital Securities. The Board wishes to announce that the Company will not proceed with the issue of the Subordinated Perpetual Capital Securities.

The Board further announces that the Company proposes to conduct an international offering of guaranteed U.S. Dollar denominated senior fixed rate notes.

Completion of the Proposed Notes Issue is subject to, among others, market conditions and investors' interest. The Notes are proposed to be guaranteed by the Subsidiary Guarantors. 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 Citi, Goldman Sachs, HSBC, ICBC International, Standard Chartered Bank, UBS, the Subsidiary Guarantors and the Company, will enter into the Purchase Agreement. The Company intends to use the net proceeds from the Proposed Notes Issue to refinance existing debt and finance existing and new projects. The Company may adjust the foregoing plans in response to changing market conditions and circumstances and, thus, reallocate the use of the net proceeds.

The Company will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Notes has been received from the Stock Exchange. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

The Notes have not been, and will not be, registered under the Securities Act. The Notes are being offered outside the United States to non U.S. persons in accordance with Regulation S under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. None of the Notes will be offered to the public in Hong Kong.

**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

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### 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. The Group focuses on mid- to high-end residential property developments with distinctive characteristics. To diversify the earnings mix, the Group also develops commercial properties

in prime locations as long-term investments, including office buildings, shopping malls, serviced apartments and hotels. The Group commenced operation of its first office property, International Finance Place, in August 2007. In September 2009, the Group opened its first hotel, Four Points by Sheraton Guangzhou, Dongpu, in Guangzhou, followed by the Sheraton Guangzhou Huadu Resort in November 2011. The Group is currently developing the PRC'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 in Hainan Province. The Group has engaged internationally renowned hotel operators, such as affiliates of the Starwood Hotels and Resorts Worldwide, Inc. and Hyatt International Corporation, to manage its hotels. The Group 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 Directors also consider that the Proposed Notes Issue will strengthen the financial position of the Company and further extend the Company's international profile and improve its ability to access the international capital markets to support the growth of the Group in the future.

The Company intends to use the net proceeds from the Proposed Notes Issue to refinance existing debt and finance existing and new projects. The Company may adjust the foregoing plans in response to changing market conditions and circumstances and, thus, reallocate the use of the net proceeds.

## **Listing**

The Company will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Notes has been received from the Stock Exchange. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

## **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.**

## **DEFINITIONS**

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

<b>“Board”</b>	the board of Directors
<b>“Citi”</b>	Citigroup Global Markets Limited, one of the joint lead managers and joint bookrunners in respect of the Proposed Notes Issue
<b>“Company”</b>	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
<b>“Directors”</b>	the directors of the Company

<b>“Goldman Sachs”</b>	Goldman Sachs (Asia) L.L.C., one of the joint lead managers and joint bookrunners in respect of the Proposed Notes Issue
<b>“Group”</b>	the Company and its subsidiaries
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“HSBC”</b>	The Hongkong and Shanghai Banking Corporation Limited, one of the joint lead managers and joint bookrunners in respect of the Proposed Notes Issue
<b>“ICBC International”</b>	ICBC International Securities Limited, one of the joint lead managers in respect of the Proposed Notes Issue
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Notes”</b>	the guaranteed U.S. Dollar denominated senior fixed rate notes to be issued by the Company
<b>“PRC”</b>	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
<b>“Proposed Notes Issue”</b>	the proposed issue of the Notes by the Company
<b>“Purchase Agreement”</b>	the agreement proposed to be entered into between, among others, Citi, Goldman Sachs, HSBC, ICBC International, Standard Chartered Bank, UBS, the Company and the Subsidiary Guarantors in relation to the Proposed Notes Issue
<b>“Securities Act”</b>	the United States Securities Act of 1933, as amended
<b>“Standard Chartered Bank”</b>	Standard Chartered Bank, one of the joint lead managers and joint bookrunners of the Proposed Notes Issue
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Subsidiary Guarantors”</b>	the subsidiaries of the Company which guarantee the Notes
<b>“Subordinated Perpetual Capital Securities”</b>	the subordinated perpetual capital securities proposed to be issued by the Company, details of which are disclosed in the announcement of the Company dated 15 January 2013
<b>“UBS”</b>	UBS AG, Hong Kong Branch, one of the joint lead managers and joint bookrunners in respect of the Proposed Notes Issue
<b>“United States”</b>	the United States of America
<b>“U.S. Dollars”</b>	United States dollars, the lawful currency of the United States

“%”

per cent.

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

Hong Kong, 29 January 2013

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