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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)**

### **DISCLOSEABLE TRANSACTION PROVISION OF THE CORPORATE GUARANTEE**

#### **PROVISION OF THE CORPORATE GUARANTEE**

The Board announces that on 23 November 2016, the Company entered into the Corporate Guarantee in favour of the Bank to provide guarantee for 25% of the repayment obligations of the Borrower (which is indirectly owned as to 25% by the Company) under the Entrusted Loan, which is in proportion to the Company's 25% indirect equity interest in the Borrower. The Entrusted Loan has a total principal amount of up to RMB4,500 million and will be used by the Borrower to finance the construction cost of the property project participated by the Borrower in Tianjin, the PRC and for replacement of shareholders' loan(s).

#### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratio (as calculated under Rule 14.07 of the Listing Rules) in respect of the provision of the Corporate Guarantee are more than 5% but less than 25%, the provision of the Corporate Guarantee constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

#### **INTRODUCTION**

The Board announces that on 23 November 2016, the Company entered into the Corporate Guarantee in favour of the Bank to guarantee 25% of the repayment obligations of the Borrower under the Entrusted Loan.

Details of the Corporate Guarantee are summarized below.

#### **CORPORATE GUARANTEE**

##### **Date**

23 November 2016

## **Parties**

- (i) the Company, as corporate guarantor
- (ii) the Bank

## **Principal terms of the Corporate Guarantee**

As security for the due and punctual performance of the Borrower under the Entrusted Loan Agreement, each of the shareholders of the Borrower agreed to severally provide corporate guarantee in favour of the Bank in proportion to their respective equity interests in the Borrower. In this connection, the Company entered into the Corporate Guarantee in favour of the Bank in respect of the Guaranteed Indebtedness which is in proportion to the Company's 25% equity interest in the Borrower, so that the Company's liability under the Corporate Guarantee will not exceed 25% of the total obligations of the Borrower under the Entrusted Loan Agreement.

The Corporate Guarantee will remain in force and effect until the expiration of two years after the repayment obligations under the Entrusted Loan Agreement have been discharged in full.

As the Corporate Guarantee is given by the Company in consideration of the provision of the Entrusted Loan to the Borrower, the Company will not receive any fee or income for providing the Corporate Guarantee under the Letter of Guarantee.

## **Source of fund for the Guaranteed Indebtedness**

In the event that any amount becomes due and payable by the Company under the Corporate Guarantee in respect of any Guaranteed Indebtedness, the Company intends to fund such Guaranteed Indebtedness by the Group's internal resources.

## **Information of the Entrusted Loan Agreement**

The Lender agreed to entrust a fund of up to RMB4,500 million to the Bank for its onward provision of non-revolving loan facilities of up to RMB4,500 million to the Borrower, subject to the terms and conditions of the Entrusted Loan Agreement. Each drawdown shall have a term of up to three years and subject to the terms and conditions as specified in each drawdown notice. The Entrusted Loan will be used to finance the construction cost of the property project participated by the Borrower in Tianjin, the PRC and for replacement of shareholders' loan(s).

## **INFORMATION OF THE GROUP AND PARTIES INVOLVED**

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, Nanning, Hangzhou, Hainan, Foshan and Nanjing. The Group focuses on mid- to high-end residential property developments with distinctive characteristics. To diversify the Group's 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 Guangzhou. The Group also develops high-end hotels and operates some of them. The Group believes its investment properties and hotels will help to further strengthen its brand name. The Group also engages in property-related businesses such as property management for residential and commercial properties.

The Borrower is a joint venture company established in the PRC with limited liability which is indirectly and equally owned as to 25% by each of the Guarantors. The Borrower is principally engaged in developing the property project located in Tianjin, the PRC.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry:

- (a) the Lender is a company established in the PRC with limited liability and is principally engaged in investment business;
- (b) the Bank is a financial institution established in the PRC with limited liability and is principally engaged in banking business; and
- (c) the Lender, the Bank and their respective ultimate beneficial owners are Independent Third Parties of the Company.

## **REASONS FOR AND BENEFITS OF PROVISION OF THE CORPORATE GUARANTEE**

The terms and conditions of the Entrusted Loan Agreement were negotiated on an arm's length basis between the Lender, the Borrower, the Bank and the Guarantors with reference to the normal prevailing commercial practice and the principal amount of the Entrusted Loan. The Directors consider that the Entrusted Loan, the Entrusted Loan Agreement and the provision of the Corporate Guarantee pursuant to the terms and conditions of the Letter of Guarantee are on normal commercial terms. In respect of the provision of the Corporate Guarantee, the Directors have considered the fact that the other shareholders of the Borrower will be concurrently providing corporate guarantees in favour of the Bank in proportion to their respective equity interests in the Borrower, as well as the Group's credit assessments regarding the Borrower and the other Guarantors. Taking into account the financial conditions of and satisfactory quality of the assets held by the Borrower, the extent of the Guaranteed Indebtedness which is proportional to the Company's equity interest in the Borrower and the expected return to be generated from the Entrusted Loan which will be used to finance the property project of the Borrower, the Directors consider that the provision of the Corporate Guarantee is fair and reasonable and in the interest of the Company and its shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the provision of the Corporate Guarantee are more than 5% but less than 25%, the provision of the Corporate Guarantee constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

- “Bank” : Bohai Bank Co., Limited, Beijing Branch\* (渤海銀行股份有限公司北京分行), a financial institution established in the PRC
- “Board” : the Board of Directors

“Borrower”	:	Tianjin Jinnan Xincheng Property Development Company Limited* (天津津南新城房地產開發有限公司), a company established in the PRC with limited liability which is indirectly and equally owned as to 25% by each of the Guarantors
“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
“Corporate Guarantee”	:	the corporate guarantee given by the Company in favour of the Bank pursuant to the Letter of Guarantee
“Directors”	:	the director of the Company
“Entrusted Loan”	:	the non-revolving loan facilities of up to RMB4,500 million to be made available by the Lender to the Borrower through the Bank as an entrusted loan pursuant to the terms and conditions of the Entrusted Loan Agreement
“Entrusted Loan Agreement”	:	the entrusted loan agreement dated 23 November 2016 entered into among the Lender, the Borrower and the Bank
“Group”	:	the Company and its subsidiaries
“Guaranteed Indebtedness”	:	up to 25% of all amounts due from the Borrower under the Entrusted Loan Agreement, which includes the principal, interests (including agreed interest, overdue interest, penalty interest and compound interest), agreed default penalty, damages for any breach, administrative charges incurred by the Bank, all costs incurred in relation to raising funds for availability of the Entrusted Loan, and all costs (including but not limited to litigation costs, legal costs and travelling expenses) incurred by the Lender and the Bank to enforce the guarantees and debts under the Entrusted Loan
“Guarantors”	:	the Company and three other indirect shareholders of the Borrower (who are Independent Third Parties of the Company), being the corporate guarantors to the Entrusted Loan on a several basis
“Hong Kong”	:	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	:	a third party independent of and not connected with the Company and its subsidiaries and its connected persons
“Lender”	:	Guodu Securities Co., Ltd* (國都證券股份有限公司), a company established in the PRC with limited liability

“Letter of Guarantee”	:	the letter of guarantee dated 23 November 2016 issued by the Company in favour of the Bank in respect of the Guaranteed Indebtedness
“Listing Rules”	:	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	:	People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	:	Renminbi, the lawful currency of the PRC
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“%”	:	per cent

\* *for identification purpose only*

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

Hong Kong, 23 November 2016

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