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合 景 泰 富

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 TRANSACTIONS

A. ESTABLISHMENT OF THE TRUST

On 24 December 2009, CCB (Suzhou) (as settlor and beneficiary) and the Trustee (as trustee) entered into the Trust Agreement pursuant to which the Trust has been set up with the maximum Trust Capital of RMB901,000,000 which comprises 901,000,000 Trust Units of RMB1.00 each. Pursuant to the terms of the Trust Agreement, the Trust Capital shall be used to increase the registered capital of the Project Company.

B. RAISING OF TRUST CAPITAL THROUGH RMB FINANCING PRODUCT

The Trust Capital was raised through the sale of the RMB Financing Product by CCB (Suzhou). The RMB Financing Product comprises 900,000,000 Senior Units and 1,000,000 Junior Units, both at a subscription price of RMB1.00 each. All Senior Units are open for subscription by the Public and all Junior Units were subscribed by Suzhou Hejing, a wholly-owned subsidiary of the Company.

C. ANCILLARY TRANSACTIONS

On 24 December 2009, the following transactions have been entered into:

1. Increase in Registered Capital of the Project Company

The Trustee, Suzhou Hejing and Suzhou Jinzhu entered into the Capital Increase Agreement pursuant to which the registered capital of the Project Company shall be increased from RMB400,000,000 to RMB1,500,000,000 by injection of (i) RMB901,000,000 by the Trustee; (ii) RMB89,000,000 by Suzhou Hejing and (iii) RMB110,000,000 by Suzhou Jinzhu. Immediately before the completion of the Capital Injection, the Project Company is owned as to 90% and 10% by Suzhou Hejing and Suzhou Jinzhu, respectively. Upon completion of the Capital Injection, the Project Company will be owned as to 60.06%, 29.94% and 10.0% by the Trust, Suzhou Hejing and Suzhou Jinzhu, respectively.

2. Product Units Option

Suzhou Hejing and CCB (Suzhou) entered into the Product Units Option Agreement pursuant to which CCB (Suzhou) is entitled to exercise an option requiring Suzhou Hejing to acquire all the Senior Units at a consideration equivalent to the Transfer Fees to CCB (Suzhou) upon the occurrence of the Material Adverse Event. If no Material Adverse Event occurs, Suzhou Hejing is entitled to acquire all the Senior Units upon expiry of one year after the Trust Establishment Date, provided that a 30-day prior written notice has been given to CCB (Suzhou).

3. Pledge of Equity Interests in the Project Company

Suzhou Hejing and CCB (Suzhou) entered into the Pledge Agreement pursuant to which Suzhou Hejing pledged all its equity interests in the Project Company to CCB (Suzhou) to secure the performance and obligations of Suzhou Hejing under the Product Units Option Agreement.

4. Provision of Guarantees

The Company and Guangzhou Hejing, a wholly-owned subsidiary of the Company entered into the Guarantee Agreements with CCB (Suzhou) pursuant to which the Company and Guangzhou Hejing provided guarantees to CCB (Suzhou) to secure the performance and obligations of Suzhou Hejing under the Product Units Option Agreement.

D. IMPLICATIONS UNDER LISTING RULES

The Capital Injection in the Project Company will result in a reduction of the equity interest of Suzhou Hejing in the Project Company from 90% to 29.94%. Accordingly, the Capital Injection will constitute a deemed disposal under Rule 14.29 of the Listing Rules. As the applicable percentage ratios (as defined in the Listing Rules) in respect of each of the Capital Injection, the exercise of the Product Units Option and the provision of the Guarantees are more than 5% but less than 25%, each of the Capital Injection, the exercise of the Product Units Option and the provision of the Guarantees on a stand-alone basis constitutes a discloseable transaction on the part of the Company under Rule 14.06(2) of the Listing Rules.

A. ESTABLISHMENT OF THE TRUST

On 24 December 2009, CCB (Suzhou) (as settlor and beneficiary) and the Trustee (as trustee) entered into the Trust Agreement pursuant to which the Trust has been set up. Below are the principal terms of the Trust Agreement:

Principal Terms of the Trust Agreement

Purpose

The Trustee will act as the trustee of the Trust to invest in the Project Company by way of injection of the Trust Capital to increase the registered capital of the Project Company, a non-wholly-owned subsidiary of Suzhou Hejing.

Trust Capital

The maximum Trust Capital is RMB901,000,000 which comprises 901,000,000 Trust Units of RMB1.00 each. The Trust Capital will be used to increase the registered capital of the Project Company, a non-wholly-owned subsidiary of Suzhou Hejing.

Duration

The term of the Trust is 1.5 years starting from the Trust Establishment Date, subject to early termination pursuant to the conditions set out in paragraphs headed “Termination of the Trust” below. Early redemption of the Trust Units is not allowed.

Investment by the Trust

The Trust is established to invest in the Project Company by way of injection of the Trust Capital to increase the registered capital of the Project Company. Upon completion of the Capital Injection, the Trust will be interested in 60.06% of the equity interests in the Project Company. The Trust Capital will principally be used to invest in the development of Mudu Project (木瀆項目).

Supervision of the Trust

On 24 December 2009, the Trustee, CCB (Suzhou), Suzhou Hejing, Suzhou Jinzhu and the Project Company entered into the Supervision Agreement pursuant to which the Trust Capital will be deposited to the custodian bank account maintained with CCB (Suzhou) and shall be managed by CCB (Suzhou) in accordance with such Supervision Agreement.

Costs of the Trust

Pursuant to the Trust Agreement, Suzhou Hejing shall pay certain costs of the Trust including custodian fees, remuneration of the Trustee, costs incurred in the course of the management, operation and disposal of the Trust Assets.

Termination of the Trust

The Trustee shall have the right to terminate the Trust upon the occurrence of any of the following events:

- i. the expiry of the term of the Trust;
- ii. the failure to increase in registered capital and the change in shareholdings of the Project Company within one month after the transfer of the Trust Capital to the custodian bank account of the Trust;
- iii. the failure of Suzhou Hejing to pay the relevant cost of the Trust on time;
- iv. force majeure events which rendered the Trust unable to subsist;
- v. the failure to achieve the purpose of the Trust;
- vi. the dissolution or rescission of the Trust; and
- vii. in accordance with the laws, regulations and rules of the PRC or upon receipt of notice or decision from the relevant regulatory authorities.

B. RAISING OF TRUST CAPITAL THROUGH RMB FINANCING PRODUCT

The Trust Capital were raised through the sale of the RMB Financing Product by CCB (Suzhou). The RMB Financing Product comprises 900,000,000 Senior Units and 1,000,000 Junior Units, both at a subscription price of RMB1.00 each. All Senior Units are open for subscription by the Public and all Junior Units were subscribed by Suzhou Hejing, a wholly-owned subsidiary of the Company.

Duration

The term of the RMB Financing Product is 1.5 years starting from the Product Establishment Date, subject to early termination pursuant to the conditions set out in paragraph headed “Termination of the RMB Financing Product” below. Early redemption of the Product Units is not allowed.

Distribution of Product Income

The Product Income shall be distributed in cash and paid out of the net value of the Trust Assets after deducting all relevant costs and fees. Beneficiaries of the Senior Units shall have priority to receive the principal sum paid and the product income over the beneficiary of the Junior Units.

For Senior Units

The expected return rate of the Senior Units shall be 5% per annum and in case of early termination of the RMB Financing Product, 4.5% per annum.

For Junior Units

If Suzhou Hejing has purchased the Senior Units or if the Company and/or Guangzhou Hejing has fulfilled its/their obligations under the Guarantee Agreements upon the termination of the RMB Financing Product, the product income of the Junior Units shall be equal to the total Product Income minus the principal sum paid and the product income of the Senior Units and the principal sum of the Junior Units.

If Suzhou Hejing has not purchased the Senior Units or if the Company and/or Guangzhou Hejing has not fulfilled its/their obligations under the Guarantee Agreements upon the termination of the RMB Financing Product, the Trustee shall dispose and realize all its equity interests in the Project Company for distribution of the Trust Capital and Trust Income. If the annualized Product Income is insufficient for the payment of the expected return of the Senior Units, the principal sum of the Junior Units shall be used to pay the expected return of the Senior Units. If the actual return rate of the RMB Financing Product exceeds 5% per annum, beneficiaries of the Senior Units shall only receive product income with a return rate of 5% per annum.

Termination of the RMB Financing Product

CCB (Suzhou) shall have the right to terminate the RMB Financing Product upon the occurrence of any of the following events:

- i. material change in the finance policies of PRC which will materially affect the normal operation of the RMB Financing Product;

- ii. early termination of the Trust;
- iii. realization of all the equity interests in the Project Company during the term of the RMB Financing Product; and
- iv. any other circumstances which CCB (Suzhou) would deem necessary to terminate the RMB Financing Product.

C. ANCILLARY TRANSACTIONS

On 24 December 2009, the following transactions have been entered into:

1. Increase in Registered Capital of the Project Company

The Trustee, Suzhou Hejing and Suzhou Jinzhu entered into the Capital Increase Agreement pursuant to the registered capital of the Project Company shall be increased from RMB400,000,000 to RMB1,500,000,000 by injection of (i) RMB901,000,000 by the Trustee; (ii) RMB89,000,000 by Suzhou Hejing and (iii) RMB110,000,000 by Suzhou Jinzhu. The Capital Injection was determined after arm's length negotiation between the parties with reference to the initial capital requirement of the Mudu Project.

Conditions precedent of the Capital Increase Agreement

The increase in the registered capital of the Project Company is conditional upon:

- i. the full disclosure of the asset and liabilities of the Project Company by Suzhou Hejing, Suzhou Jinzhu and the Project Company to the Trustee and CCB (Suzhou);
- ii. the full disclosure of any matter which may have material adverse effect on the assets, liabilities and operational results of the Project Company; and
- iii. the execution of the Supervision Agreement.

Completion

Capital Increase shall be completed within 5 working days after all of the above conditions precedent have been fulfilled.

Immediately before the completion of the Capital Injection, the Project Company is owned as to 90% and 10% by Suzhou Hejing and Suzhou Jinzhu, respectively. Upon completion of the Capital Injection, the Project Company will be owned as to 60.06%, 29.94% and 10.0% by the Trust, Suzhou Hejing and Suzhou Jinzhu, respectively and the Project Company will cease to be a subsidiary of the Company.

2. Product Units Option

Suzhou Hejing and CCB (Suzhou) entered into the Product Units Option Agreement pursuant to which CCB (Suzhou) is entitled to exercise an option requiring Suzhou Hejing to acquire all the Senior Units at a consideration equivalent to the Transfer Fees to CCB (Suzhou) upon the occurrence of the Material Adverse Event. If no

Material Adverse Event occurs, Suzhou Hejing shall have the right to acquire all the Senior Units upon expiry of one year after the Trust Establishment Date provided that a 30-day notice has been given to CCB (Suzhou).

Material Adverse Events

If any of the Material Adverse Events occur, CCB (Suzhou) shall have the right to require Suzhou Hejing to acquire all the Senior Units at a consideration equivalent to the Transfer Fees to CCB (Suzhou). The term “Material Adverse Events” shall mean:

- i. material concealment, omission or error in the representations and warranties given by Suzhou Hejing which shall materially affect the interest of the Trustee;
- ii. the failure in compliance of corporate governance, daily operation and management of the Mudu Project in accordance with the terms of the Capital Increase Agreement;
- iii. material breach in the terms of the Capital Increase Agreement and the Supervision Agreement which shall materially affect the interest of the Trustee.

Transfer Fees

Transfer Fees shall be equal to:

Number of Senior Units of RMB1.00 each x (1 + 11.5% x number of investment days in the Senior Units/360)

3. Pledge of Equity Interests in the Project Company

Suzhou Hejing and CCB (Suzhou) entered into the Pledge Agreement pursuant to which Suzhou Hejing pledged all its equity interests in the Project Company to CCB (Suzhou) to secure the performance and obligations of Suzhou Hejing under the Product Units Option Agreement.

4. Provision of Guarantees

The Company and Guangzhou Hejing, a wholly-owned subsidiary of the Company entered into the Guarantee Agreements with CCB (Suzhou) pursuant to which the Company and Guangzhou Hejing provided guarantees to CCB (Suzhou) to secure the performance and obligations of Suzhou Hejing under the Product Units Option Agreement.

D. REASONS AND BENEFITS

The Directors consider that by subscribing the Junior Units and entering the ancillary transactions referred to in the section headed “Ancillary Transactions” will help the Company to raise capital to finance and the development and construction of Mudu Project.

The Directors consider that the subscription of the Junior Units and the ancillary transactions referred to in the section headed “Ancillary transactions” were entered into upon normal commercial terms following arm’s length negotiations between the Company, Suzhou Hejing and the Trustee and that the terms of such subscription and

the ancillary transactions referred to in the section headed “Ancillary transactions” are fair and reasonable and are in the interests of the Company and the Shareholders’ as a whole.

E. INFORMATION ON THE GROUP, THE TRUSTEE AND CCB (SUZHOU)

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

The Trustee is a non-bank financial institute which is owned as to 83.26% by the finance department of Jiangxi Province (江西省財政廳), the PRC, as to 10.74% by the finance bureau of Ganzhou City (贛州市財政局) and as to 6% by Independent Third Parties. It has obtained a licence issued by China Banking Regulatory Commission and it is principally engaged in providing financial and investment services to corporate and private clients. To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the Trustee and its ultimate beneficial owners are Independent Third Parties.

CCB (Suzhou) is a branch of China Construction Bank Corporation located in Suzhou City and is a commercial bank in the PRC. It provides a comprehensive range of commercial and personal banking products and services. To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, CCB (Suzhou) and its ultimate beneficial owners are Independent Third Parties.

F. INFORMATION ON THE PROJECT COMPANY AND THE MUDU PROJECT

The Project Company is a limited liability company established in the PRC in December 2009 and is owned as to 90% and 10% by Suzhou Hejing and Suzhou Jinzhu, respectively as at the date of this announcement. It is principally engaged in property development.

Mudu Project (木瀆項目) is a property development project of the Project Company. It is located in Xiaoxinqu, Suzhou, the PRC with a site area of 170,322.9 meters square which is intended to be developed into high-end comprehensive project.

G. GENERAL

The Capital Injection in the Project Company will result in a reduction of the equity interest of Suzhou Hejing in the Project Company from 90% to 29.94%. Accordingly, the Capital Injection will constitute a deemed disposal under Rule 14.29 of the Listing Rules. As the applicable percentage ratios (as defined in the Listing Rules) in respect of each of the Capital Injection, the exercise of the Product Units Option and the provision of the Guarantees are more than 5% but less than 25%, each of the Capital Injection, the exercise of the Product Units Option and the provision of the Guarantees on a stand-alone basis constitutes a discloseable transaction on the part of the Company under Rule 14.06(2) of the Listing Rules.

H. DEFINITIONS

Unless otherwise stated, the terms in this announcement have the following meanings:

“Capital Increase Agreement”	the capital increase agreement entered into between the Trustee, Suzhou Hejing and Suzhou Jinzhu on 24 December 2009 pursuant to which the registered capital of the Project Company shall be increased and the details of which are set out in the section headed “1. Increase in Registered Capital of the Project Company”
“Capital Injection”	injection of capital to the Project Company
“CCB (Suzhou)”	中國建設銀行蘇州市分行 (China Construction Bank Corporation (Suzhou Branch))
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Equity Pledge”	the pledge of the equity interests in the Project Company by Suzhou Hejing under the Pledge Agreement
“Group”	the Company and its subsidiaries
“Guangzhou Hejing”	廣州合景房地產開發有限公司 (Guangzhou Hejing Real Estate Development Co., Ltd.)*, a wholly-owned subsidiary of the Company
“Guarantee Agreements”	a guarantee agreement entered into between the Company and CCB (Suzhou) on 24 December 2009 pursuant to which the Company provided guarantees to CCB (Suzhou) to secure the performance and obligations of Suzhou Hejing under the Product Units Option Agreement; and a guarantee agreement entered into between Guangzhou Hejing and CCB (Suzhou) on 24 December 2009 pursuant to which Guangzhou Hejing provided guarantees to CCB (Suzhou) to secure the performance and obligations of Suzhou Hejing under the Product Units Option Agreement
“Guarantees”	guarantees provided by the Company and Guangzhou Hejing under the Guarantee Agreements
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of the Company and its connected persons and are not connected persons of the Company and “ Independent Third Party ” means any one of them

“Junior Units”	the junior units of the RMB Financing Product and “ Junior Unit ” means any one of them
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange and any amendments thereto
“Material Adverse Events”	shall have the same meaning in the paragraph headed “Material Adverse Events”
“Mudu Project”	木瀆項目, the details of which are set out in the section headed “E. Information on the Project company and the Mudu Project”
“Pledge Agreement”	the pledge agreement to be entered into between Suzhou Hejing and CCB (Suzhou) pursuant to which Suzhou Hejing will pledge all its equity interests in the Project Company to CCB (Suzhou) to secure the performance and obligations of Suzhou Hejing under the Product Units Option Agreement
“PRC”	the People’s Republic of China and for the purpose of this announcement shall exclude Hong Kong, the Macau Special administrative Region and Taiwan
“Product Establishment Date”	the date of establishment of the RMB Financing Product
“Product Income”	the total income of the RMB Financing Product
“Product Units”	the Senior Units and the Junior Units and “ Product Unit ” shall mean any one of them
“Product Units Option”	the option to be exercised by either Suzhou Hejing to acquire or CCB (Suzhou) to request Suzhou Hejing to acquire all the Senior Units and the details of which are set out in the section headed “2. Product Units Option”
“Product Units Option Agreement”	the product units option agreement entered into between Suzhou Hejing and CCB (Suzhou) on 24 December 2009 pursuant to which the Product Units Option will be granted to Suzhou Hejing and CCB (Suzhou) and the details of which are set out in the section headed “2. Product Units Option”
“Project Company”	蘇州市凱譽房地產開發有限公司 (Suzhou City Kaiyu Real Estate Development Co., Ltd.)*, a limited liability company established in the PRC and is owned as to 90% and 10% by Suzhou Hejing and Suzhou Jinzhu, respectively as at the date of this announcement
“RMB Financing Product”	the investment product named as “中國建設銀行“乾元一號”2009-3期股權投資類人民幣理財產品” which is used for raising the Trust Capital

“Senior Units”	the senior units of the RMB Financing Product and “ Senior Unit ” means any one of them
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Hejing”	蘇州市合景房地產開發有限公司 (Suzhou Hejing Real Estate Development Co., Ltd.)*, a wholly-owned subsidiary of the Company
“Supervision Agreement”	the supervision agreement entered into between the Trustee, CCB (Suzhou), Suzhou Hejing, Suzhou Jinzhu and the Project Company on 24 December 2009 pursuant to which the Trust Capital shall be deposited to the custodian bank account maintained with CCB (Suzhou) and shall be managed by CCB (Suzhou) in accordance with such agreement
“Suzhou Jinzhu”	蘇州市金竹置業發展有限公司 (Suzhou Jinzhu Property Development Co., Ltd.)*, a limited liability company established in the PRC and is owned as to 74% and 26% by 馬建英 and 蘇州市金騰建設工程有限公司 respectively as at the date of this announcement
“Transfer Fees”	fees for the transfer of all the Senior Units under the Product Units Option Agreement and the details of which are set out in the paragraph headed “Transfer Fees”
“Trust”	the trust named as “建行蘇州分行 — 蘇州凱譽股權投資單一資金信託” which is established for the purpose of investing in the Project Company
“Trust Agreement”	trust agreement dated 24 December 2009 entered into between CCB (Suzhou) (as settlor and beneficiary) and the Trustee (as trustee)
“Trust Assets”	assets of the Trust
“Trust Capital”	the fund injected to the Trust
“Trust Establishment Date”	the date of establishment of the Trust
“Trust Income”	the total income generated by the Trust
“Trust Units”	the trust units of the Trust and “ Trust Unit ” shall mean any one of them

“Trustee”

江西國際信託股份有限公司 (Jiangxi International Trust Co., Ltd.)*, a limited liability company established in the PRC and is owned as to 83.26% by the finance department of Jiangxi Province, the PRC, as to 10.74% by the finance bureau of Ganzhou City, the PRC and as to 6% by Independent Third Parties

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

Hong Kong, 28 December 2009

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

* *For identification purpose only*