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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 US\$ DENOMINATED SUBORDINATED PERPETUAL CAPITAL SECURITIES

The Company proposes to conduct an international offering (other than the United States) of the Subordinated Perpetual Capital Securities. It is intended that the Subordinated Perpetual Capital Securities will be subordinated obligations of the Company, will be denominated in U.S. Dollars and will have no fixed maturity date. The size and pricing of the Proposed Issue will be settled following a book-building process. In connection with the Proposed Issue, the Company will provide certain professional investors with recent corporate and financial information regarding the Group, which may not have previously been made public. A summary of the updated information which the Company considers to be material to the operation of the Group is set out in this announcement.

As at the date of this announcement, the amount and the terms and conditions of the Subordinated Perpetual Capital Securities have yet to be finalised. Upon finalising the terms and conditions of the Subordinated Perpetual Capital Securities, it is expected that Citi, Goldman Sachs, HSBC, ICBC International, Standard Chartered Bank, UBS and the Company will enter into the Subscription Agreement. The Company will make a further announcement in respect of the Proposed Issue upon the signing of the Subscription Agreement.

The Subordinated Perpetual Capital Securities have not been, and will not be, registered under the Securities Act. The Subordinated Perpetual Capital Securities 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 Subordinated Perpetual Capital Securities will be offered to the public in Hong Kong.

The Company intends to use the net proceeds from the Proposed 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 Subordinated Perpetual Capital Securities on the Stock Exchange. A confirmation of the eligibility for the listing of the Subordinated Perpetual Capital Securities has been received from the Stock Exchange.

As no binding agreement in relation to the Proposed Issue has been entered into as at the date of this announcement, the Proposed 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. Further announcement in respect of the Proposed Issue will be made by the Company should the Subscription Agreement be signed.

THE PROPOSED ISSUE

Introduction

The Company proposes to conduct an international offering (other than the United States) of the Subordinated Perpetual Capital Securities. It is intended that the Subordinated Perpetual Capital Securities will be subordinated obligations of the Company, will be denominated in U.S. Dollars and will have no fixed maturity date. The size and pricing of the Proposed Issue will be settled following a book-building process. In connection with the Proposed Issue, the Company will provide certain professional investors with recent corporate and financial information regarding the Group, which may not have previously been made public. A summary of the updated information which the Company considers to be material to the operation of the Group is set out in this announcement.

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Reasons for the Proposed 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 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 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 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 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 Subordinated Perpetual Capital Securities on the Stock Exchange. A confirmation of the eligibility for the listing of the Subordinated Perpetual Capital Securities has been received from the Stock Exchange.

GENERAL

As no binding agreement in relation to the Proposed Issue has been entered into as at the date of this announcement, the Proposed 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. Further announcement in respect of the Proposed Issue will be made by the Company should the Subscription Agreement be signed.

UPDATED INFORMATION ABOUT THE GROUP

Selected Financial Information on the Company

	Year Ended December 31,				Six months ended June 30,		
	2009	2010	2011	2011	2011	2012	2012
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
					(Unaudited)	(Unaudited)	(Unaudited)
	(in thousands except percentages)						

OTHER FINANCIAL DATA

EBITDA ⁽¹⁾	1,121,166	2,469,763	3,739,562	588,629	1,943,670	1,641,939	258,451
EBITDA margin ⁽²⁾	26.3%	33.1%	36.9%	36.9%	37.8%	35.5%	35.5%

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

Cash Flows

The following table presents selected cash flow data from our consolidated statements of cash flows for 2009, 2010, 2011 and the six months ended June 30, 2011 and 2012.

	Year Ended December 31,				Six Months Ended June 30,		
	2009	2010	2011		2011	2012	
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
	(in thousands)						
Operating profit before working capital changes ⁽¹⁾	1,204,645	2,539,062	3,794,245	597,237	1,971,117	1,651,216	259,911
Changes in working capital:							
(Increase)/decrease in properties under development	546,742	891,723	(1,408,384)	(221,688)	(1,400,153)	469,505	73,903
(Increase)/decrease in completed properties held for sale	(766,011)	(253,343)	(468,876)	(73,804)	630,324	567,264	89,291
(Increase)/decrease in trade receivables	(116,700)	99,726	(13,085)	(2,060)	(3,957)	(29,996)	(4,722)
(Increase)/decrease in prepayments, deposits and other receivables	692,980	(1,227,506)	643,446	101,282	(144,171)	320,541	50,455
Decrease in amounts due from a jointly controlled entity	3,315	844	2,442	384	645,696	43,713	6,881
(Increase)/decrease in restricted cash	(863,934)	(458,116)	179,412	28,241	131,435	227,255	35,771
Increase/(decrease) in trade payables	(1,165,043)	255,428	1,251,584	197,007	504,000	(543,956)	(85,622)
Increase/(decrease) in other payables and accruals	810,448	3,410,223	(2,338,998)	(368,172)	(2,009,433)	(1,117,721)	(175,936)
Increase/(decrease) in amounts due to associates	129,956	312,426	639,338	100,636	170,892	(1,081,720)	(170,269)
Increase in amounts due to jointly controlled entities	—	—	516,177	81,249	—	1,317,859	207,439
Cash generated from operations	476,398	5,570,467	2,797,301	440,312	495,750	1,823,960	287,102
Interest received	7,066	33,483	45,726	7,198	25,750	28,374	4,466
Interest paid	(486,963)	(663,258)	(1,356,003)	(213,443)	(524,690)	(782,622)	(123,189)
Taxes paid	(394,470)	(622,539)	(1,020,778)	(160,677)	(588,063)	(622,335)	(97,959)
Net cash flows from/(used in) operating activities	(397,969)	4,318,153	466,246	73,390	(591,253)	447,377	70,420
Net cash flows used in investing activities	(2,119,402)	(5,095,228)	(1,657,437)	(260,890)	(1,282,423)	(1,022,768)	(160,990)
Net cash flows from/(used in) financing activities	3,925,268	3,514,265	(31,638)	(4,980)	1,665,236	2,434,989	383,282
Cash and cash equivalents	2,540,698	5,275,609	4,024,609	633,497	5,053,647	5,887,888	926,789

(1) Represents profit before tax as adjusted for finance costs, share of profits and losses of associates, share of profits and losses of jointly controlled entities, interest income, depreciation, amortization of land use rights, net changes in the fair values of investment properties, net losses on disposal of investment properties, gains (losses) on disposal of items of property, plant and equipment and equity-settled share options expenses.

Contractual Obligations

Our contractual obligations in connection with our property development activities primarily arise from contracted construction fees or other capital commitments for future property developments. The following table sets forth our contractual obligations as of the dates indicated.

	As of December 31,				As of June 30,	
	2009	2010	2011		2012	
	RMB	RMB	RMB	US\$	RMB	US\$
	(in thousands)					
Operating lease arrangements:						
Office premises	2,538	11,068	30,557	4,810	24,158	3,803
Other commitments contracted but not provided for:						
Property, plant and equipment—						
Assets under construction ⁽¹⁾	451,210	507,343	869,658	136,889	562,837	88,594
Properties being developed for sale	2,276,794	1,722,853	2,988,798	470,455	3,922,927	617,492
Investment properties under construction	—	—	—	—	49,264	7,754
Other commitments authorized but not contracted for:						
Investment in jointly controlled entities.	53,999	487,659	33,516	5,276	—	—
Total	2,782,003	2,717,855	3,891,972	617,420	4,535,028	713,840

The following table reconciles our profit for the year under HKFRS to our definition of EBITDA for the years indicated.

	Year Ended December 31,				Six Months Ended June 30,		
	2009	2010	2011		2011	2012	
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
	(in thousands)						
Profit before tax	1,269,482	2,507,663	3,979,935	626,465	1,881,446	1,721,893	271,036
Adjustments:							
Fair value gains on investment properties	(60,587)	(3,869)	(325,656)	(51,260)	(3,530)	(175,328)	(27,597)
Other income and gains	(49,265)	(78,893)	(94,014)	(14,798)	(47,559)	(36,092)	(5,681)
Share of profits and losses of:							
Associates	10	2,246	4,608	725	3,675	1,045	164
Jointly controlled entities	(65,024)	(11,485)	12,312	1,938	172	24,662	3,882
Finance costs	9,024	19,974	124,979	19,673	91,458	70,375	11,077
Depreciation	16,716	32,712	35,983	5,663	17,300	34,554	5,439
Amortization	810	1,415	1,415	223	708	830	131
EBITDA	1,121,166	2,469,763	3,739,562	588,629	1,943,670	1,641,939	258,451

(1) Assets under construction includes construction and related costs recorded in respect of our hotels that have not yet been completed.

Bank Loans

As of June 30 2012, our outstanding bank loans amounted to RMB10,751.8 million (US\$1,692.4 million).

As of June 30, 2012, all of our bank loans were charged at floating interest rates except for loan balances with an aggregate amount of RMB1,141.0 million (US\$179.6 million) which were charged at a fixed interest rate.

Land Appreciation Tax in China (“LAT”)

As of June 30, 2012, our net LAT payable amounted to RMB2,573.0 million (US\$405.0 million).

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 mid- 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 and Resorts Worldwide, Inc. and Hyatt International Corporation, 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.

Historically, we have focused our property developments in Guangzhou, the capital of Guangdong Province and one of China’s largest cities, capturing the opportunities presented by its rapidly growing economy. In particular, we have focused on developments in prime locations, such as the Pearl River New Town, which in recent years has been promoted by the Guangzhou government as its CBD. The Guangzhou government has devoted significant resources and adopted certain favorable policies to develop the Pearl River New Town into Guangzhou’s new financial and commercial centre. For example, the Guangzhou City Library, the Guangdong Province Museum and the Guangzhou Opera House are all distinctive buildings in the Pearl River New Town which were completed in 2010, the year Guangzhou hosted the Asian Games. 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 Province, 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 a focus on Suzhou and Shanghai), Western Region (with focus on Chengdu) and Bohai Rim (with a focus on Beijing and Tianjin). As of June 30, 2012, we had five completed projects and seven projects under 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 commenced our property development business in 1995. As of June 30, 2012, we held five completed projects with a total site area of approximately 648,640 sq.m. and a total saleable GFA attributable to our Group of approximately 183,764 sq.m., and investment properties from residual projects with a total saleable GFA attributable to our Group of approximately 103,959 sq.m.. As of June 30, 2012, we had 24 projects under development, including four projects being developed in the Pearl River New Town in Guangzhou, with a total site area of approximately 7,248,030 sq.m. and a total saleable GFA attributable to our Group of approximately 8,314,362 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\$1,545.0 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\$331.2 million), respectively. For the six months ended June 30, 2012, we delivered a total GFA of approximately 378,472 sq.m. generating revenue from sale of properties of approximately RMB4,460.2 million (US\$702.1 million). During the same period, our profit for the period was approximately RMB930.7 million (US\$146.5 million).

As of June 30, 2012, (i) 13 of our PRC subsidiaries had not obtained qualification certificates because they neither conducted any property development activities nor held any land for future development; (ii) two of our subsidiaries and six of our PRC associates, which held land interest for future development, were in the process of applying for qualification certificates; and (iii) two of our PRC subsidiaries and one of our jointly controlled entities were in the process of renewing their qualification certificates.

As of June 30, 2012, Guangzhou Junzhao Property Operation Co., Ltd. and Guangzhou Kangrui Property Service Co., Ltd. had not obtained qualification certificates. Neither of these companies currently conducts property service activities.

As of June 30, 2012, the following PRC subsidiaries and jointly controlled entities and associates had not fully paid their registered capital: Chengdu Premium Property Development Co., Ltd., Foshan Xinfeng Real Estate Development Co., Ltd., Guangzhou Mulian Zhuang Hotel Management Limited, Guangzhou Huijing Real Estate Development Co., Ltd., and Guangzhou Chuangjing Real Estate Development Co., Ltd..

Revenue from Property Development

The following table sets forth the revenue and GFA sold by project for 2009, 2010 and 2011 and for the six months ended June 30, 2011 and 2012, respectively.

	Year Ended December 31,									Six Months Ended June 30,						
	2009			2010			2011			2011			2012			
	RMB		%	RMB		%	RMB		US\$	%	RMB		%	RMB		US\$
sq.m.	(in thousands)	sq.m.		(in thousands)	sq.m.		(in thousands)	(in thousands)	sq.m.		(in thousands)	sq.m.		(in thousands)		
Linkreit International Business																
Development Center ⁽¹⁾	3,280	25,308	0.6	3,054	24,433	0.3	182	363	57	0.1	15	128	0.1	—	—	—
Ma'an Mountain No.1 ⁽¹⁾	3,836	39,472	1.0	1,725	11,635	0.2	998	6,362	1,001	0.1	482	4,294	0.1	90	805	127
The Cosmos ⁽¹⁾	9,719	215,802	5.3	4,720	126,209	1.7	2,187	15,796	2,486	0.2	390	8,881	0.2	752	14,806	2,330
Jinghu Garden ⁽¹⁾	57,123	255,835	6.2	5,468	33,787	0.5	2,259	8,066	1,270	0.1	493	2,929	0.1	902	6,251	984
Sky Ville	115,539	625,694	15.2	73,869	508,352	7.0	45,962	273,056	42,981	2.8	29,465	174,281	3.5	18,827	192,783	30,345
Waterfront Mansion ⁽¹⁾	154,008	699,729	17.0	73,274	442,654	6.1	51,908	295,469	46,509	3.0	37,877	219,931	4.4	930	6,230	981
King Peak Garden ⁽¹⁾	21,726	425,711	10.4	859	13,862	0.2	729	5,140	809	0.1	177	3,379	0.1	45	821	129
The City Island ⁽¹⁾	58,992	351,462	8.6	109,786	808,954	11.2	39,540	338,830	53,334	3.4	32,568	285,994	5.7	686	6,815	1,073
The Apex ⁽¹⁾	64,408	1,288,201	31.3	7,474	464,923	6.4	1,669	109,411	17,222	1.1	754	102,664	2.1	60	1,485	234
The Emerald ⁽¹⁾	21,203	182,772	4.4	28,604	285,081	3.9	1,073	7,683	1,209	0.1	635	5,948	0.1	—	(10)	(2)
International Creative Valley	—	—	—	75,518	754,879	10.5	148,672	1,778,417	279,933	18.1	104,013	1,240,661	24.7	67,707	966,738	152,170
The Summit	—	—	—	33,161	610,660	8.5	46,792	660,836	104,020	6.7	13,577	244,901	4.9	28,484	428,564	67,459
The Up Blue Town ⁽¹⁾	—	—	—	95,007	448,786	6.2	48,454	287,456	45,247	2.9	42,670	246,714	4.9	210	1,916	302
The Vision of the World	—	—	—	53,282	263,092	3.7	170,404	969,705	152,637	9.8	67,031	350,979	7.0	53,508	296,674	46,698
The Sapphire	—	—	—	140,876	1,232,563	17.1	165,501	1,707,239	268,730	17.4	103,844	1,044,878	20.9	60,856	555,813	87,488
Fragrant Seasons	—	—	—	29,713	368,236	5.1	114,724	1,759,665	276,982	17.9	66,900	1,052,839	21.1	58,856	857,597	134,991
Chengdu Cosmos	—	—	—	47,726	823,037	11.4	76,723	1,591,914	250,577	16.2	399	6,691	0.1	10,953	176,671	27,809
Suzhou Apex	—	—	—	—	—	—	—	—	—	—	—	—	—	75,606	946,214	148,940
	509,834	4,109,986	100	784,116	7,221,143	100	917,777	9,815,408	1,545,004	100	501,290	4,996,092	100	378,472	4,460,173	702,058

(1) Historical project, for which substantially all of the saleable GFA attributable to our Group had been sold out as of June 30, 2012.

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.

The table below sets forth information relating to cost of sales for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,					
	2009		2010		2011		2011		2012			
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
	(in thousands, except percentages)											
Sales of properties												
Land	622,885	23.5	1,379,063	31.6	1,713,359	269,693	30.3	908,824	31.7	811,806	127,783	31.3
Capitalized interest	123,909	4.7	189,041	4.3	327,065	51,482	5.8	154,586	5.4	191,486	30,141	7.4
Construction cost	1,890,195	71.3	2,749,633	62.9	3,552,008	559,107	62.9	1,775,043	62.0	1,546,728	243,464	59.6
	2,636,989	99.5	4,317,737	98.8	5,592,432	880,282	99.0	2,838,453	99.1	2,550,020	401,388	98.3
Property Investment	—	—	—	—	—	—	—	—	—	707	112	—
Property management	11,864	0.4	23,642	0.6	28,344	4,461	0.5	11,286	0.4	18,997	2,990	0.7
Hotel operation	1,414	0.1	26,899	0.6	29,723	4,679	0.5	14,554	0.5	26,694	4,202	1.0
Total	2,650,267	100	4,368,278	100	5,650,499	889,422	100	2,864,293	100.0	2,596,418	408,692	100.0

Description of Our Property Developments

As of June 30, 2012, we had 29 projects with a total site area of approximately 7,896,670 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 June 30, 2012.

No.	Project	Location	Site Area	Total GFA Completed ⁽¹⁾	Total GFA Under Development ⁽¹⁾	Total GFA for Future Development ⁽²⁾	Total GFA	Property Interest Attributable to the Group	Total GFA Attributable to the Group	Total Saleable GFA Attributable to the Group ⁽⁵⁾			Completion Date or Expected Completion Date of the Project	
										Completed ⁽¹⁾	Under Development ⁽¹⁾	Future Development ⁽²⁾		Total
Completed Projects														
1	Sheraton Guangzhou Huadu Resort	Guangzhou	44,583	24,713	—	—	24,713	100%	24,713	24,713	—	—	24,713	2011
2	International Finance Place	Guangzhou	7,262	61,000	—	—	61,000	100%	61,000	61,000	—	—	61,000	2007
3	Four Points by Sheraton Guangzhou, Dongpu	Guangzhou	6,000	35,000	—	—	35,000	100%	35,000	35,000	—	—	35,000	2009
4	Sky Ville	Guangzhou	440,713	473,300	—	—	473,300	100%	473,300	54,784	54,784	—	—	2008-2012
5	International Creative Valley	Guangzhou	150,082	300,164	—	—	300,164	100%	300,164	8,267	8,267	—	—	2010-2012
	Residual Properties ⁽⁴⁾	—	—	—	—	—	—	100%	—	103,959	103,959	—	—	—
Projects Under Development														
6	W Hotel/W serviced apartments	Guangzhou	10,000	—	80,000	—	80,000	100%	80,000	80,000	—	—	80,000	2013
7	The Summit ⁽⁶⁾	Guangzhou	1,971,126	181,360	653,059	1,705,580	2,539,999	100%	2,539,999	2,431,562	2,323,562	—	108,000	2010-2019
8	L7	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	Guangzhou	114,176	—	139,698	325,302	465,000	33%	155,000	155,000	115,546	—	39,454	2012-2014
11	Biological Island I ⁽⁷⁾	Guangzhou	32,057	—	115,409	—	115,409	100%	115,409	115,409	—	—	—	2013-2015
12	The Sapphire ⁽⁷⁾⁽⁸⁾	Suzhou	348,449	343,077	237,150	207,773	788,000	90%	788,000	420,767	364,616	—	56,151	2010-2014
13	Suzhou Apex	Suzhou	170,323	85,133	122,063	239,666	446,862	90%	402,176	326,573	209,372	—	117,201	2012-2015
14	Suzhou Emerald (formerly called Yinshan Lake Project)	Suzhou	63,944	—	41,800	118,060	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	231,806	231,806	—	—	2010-2013
16	Chengdu Cosmos	Chengdu	186,705	154,626	120,003	598,371	873,000	100%	873,000	737,598	608,698	—	128,900	2010-2015
17	Chengdu Sky Ville (formerly called Chengdu Jinjiang Project) ⁽⁷⁾⁽⁸⁾	Chengdu	190,253	—	72,158	827,842	900,000	50%	450,000	450,000	385,000	—	65,000	2013-2019
18	Fragrant Seasons	Beijing	376,150	224,789	210,625	54,586	490,000	100%	490,000	286,707	286,707	—	—	2010-2014
19	Chong Wen Men	Beijing	5,475	—	16,243	—	16,243	100%	16,243	16,243	—	—	—	2014
20	Pearl Coast	Hainan	531,336	—	174,878	118,122	293,000	100%	293,000	232,707	232,707	—	60,293	2012-2014
21	Moon Bay Project	Hainan	649,000	—	11,378	467,233	478,611	100%	478,611	478,611	433,604	—	45,007	2013-2016
22	Jinnan New Town ⁽⁷⁾⁽⁸⁾	Tianjin	1,289,227	—	410,988	2,589,012	3,000,000	25%	750,000	750,000	750,000	—	—	2012-2019
23	The Core of Center	Shanghai	42,045	—	157,400	—	157,400	50%	78,700	78,700	53,472	—	25,228	2013-2014
24	Shanghai Apex	Shanghai	88,415	—	73,045	37,473	110,518	100%	110,518	110,518	73,043	—	37,475	2012-2014
25	Amazing Bay	Shanghai	142,664	—	193,162	74,838	270,000	50%	135,000	135,000	95,293	—	39,707	2012-2014
26	Shanghai Sapphire	Shanghai	53,829	—	71,159	87,329	158,488	100%	158,488	158,488	110,011	—	48,477	2013
27	Shanghai Emerald	Shanghai	77,180	—	71,956	82,404	154,360	100%	154,360	154,360	154,360	—	—	2012-2014
28	Pudong Project	Shanghai	26,053	—	78,160	—	78,160	100%	78,160	78,160	78,160	—	—	2016
29	Foshan Project ⁽⁷⁾⁽⁸⁾	Guangzhou	748,877	—	60,000	2,740,000	2,800,000	20%	560,000	560,000	520,000	—	40,000	2019
			7,896,670	2,153,431	3,467,742	10,334,914	15,956,087		10,375,701	8,602,085	7,590,479		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 apartment, 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, 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.

New Projects Held for Future Development

Subsequent to June 30, 2012, we increased our projects held for future development by five, namely the Biological Island II Project, the Shanghai Fengxian Nanqiao Project, the Suzhou Industrial Park Project, the Suzhou CRH New City Project and the Guangzhou Knowledge City Project. The following paragraphs describe our five new projects held for future development as of December 31, 2012:

Biological Island II (生物島二期), Guangzhou

Biological Island II is a commercial development located in Luoxuan Road, Biological Island, in Haizhu District of Guangzhou. The project is expected to feature serviced apartments, office and retail space. The project, which is close to Pearl River New Town, is close to the transportation network and station of subway Line No. 4, which is located near the project site. This project is adjacent to our other project, Biological Island I, and will adjoin Biological Phase I to create synergies. The project occupies a total site area of approximately 18,000 sq.m.. We have not paid up all the land premium and have not obtained the relevant land use rights. As of December 31, 2012, total saleable GFA attributable to the Group was approximately 84,000 sq.m., all of which was held for sale. We have a 100% ownership interest in this project.

Shanghai Fengxian Nanqiao (上海奉賢南橋項目), Shanghai

Shanghai Fengxian Nanqiao is a comprehensive integrated development featuring residential, serviced apartments and retail shops located in Fengxian District, Shanghai. The project is next to a large scale ecological park with the station of subway Line No. 5 located nearby. The project occupies a total site area of approximately 104,000 sq.m.. As of December 31, 2012, total saleable GFA attributable to the Group was approximately 236,000 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 100% ownership interest in this project.

Suzhou Industrial Park (蘇州工業園項目), Suzhou

Suzhou Industrial Park is a commercial development located in Suzhou's financial district with the station of subway Line No. 1 at the site. This project is expected to feature serviced apartments, office and retail space. This project occupies a total site area of approximately 13,977 sq.m.. As of December 31, 2012, total saleable GFA attributable to the Group was approximately 37,000 sq.m., all of which was held for sale. We have commenced development activities but not commenced construction for this project. We have a 51% ownership interest in this project.

Suzhou CRH New City (蘇州高鐵新城項目), Suzhou

Suzhou CRH New City is a commercial development featuring office development located in Xiangcheng District, Suzhou. This project site is near Suzhou North Railway Station and a subway station, which is under planning and construction. This project occupies a total site area of approximately 11,000 sq.m.. We have paid up all the land premium but have not obtained the relevant land use rights. As of December 31, 2012, total saleable GFA attributable to the Group was approximately 60,000 sq.m.. We have a 100% ownership interest in this project.

Guangzhou Knowledge City (中新知識城項目), Guangzhou

Guangzhou Knowledge City is a large scale commercial development featuring office, serviced apartments, retail space and an exhibition center. The project is located in the south part of Guangzhou Knowledge City, which will be planned and developed as the future modern high-tech zone in Luogang District, Guangzhou. The project is close to a subway station which is currently under development. The project occupies a total site area of approximately 195,000 sq.m.. As of December 31, 2012, we have not paid up all the land premium and have not obtained the relevant land use rights. As of December 31, 2012, total saleable GFA attributable to the Group was approximately 640,000 sq.m.. We have a 100% ownership in this project.

DEFINITIONS

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

“Citi”	Citigroup Global Markets Limited, one of the joint lead managers and joint bookrunners in respect of the Proposed Issue
“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
“Goldman Sachs”	Goldman Sachs (Asia) L.L.C., one of the joint lead managers and joint bookrunners in respect of the Proposed Issue
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, one of the joint lead managers and joint bookrunners in respect of the Proposed Issue
“ICBC International”	ICBC International Securities Limited, one of the joint lead managers in respect of the Proposed Issue
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Proposed Issue”	the proposed issue of the Subordinated Perpetual Capital Securities by the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Act”	the United States Securities Act of 1933, as amended
“sq.m”	square meters

“Standard Chartered Bank”	Standard Chartered Bank, one of the joint lead managers and joint bookrunners in respect of the Proposed Issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subordinated Perpetual Capital Securities”	the subordinated perpetual capital securities to be issued by the Company
“Subscription Agreement”	the subscription agreement proposed to be entered into between, Citi, Goldman Sachs, HSBC, ICBC International, Standard Chartered Bank, UBS and the Company in relation to the Proposed Issue
“UBS”	UBS AG, Hong Kong Branch, one of the joint lead managers and joint bookrunners in respect of the Proposed Issue
“United States”	the United States of America
“US\$” or “U.S. Dollars”	United States dollars, the lawful currency of the United States
“%”	per cent.

All translations from Renminbi amounts to U.S. dollars were made at the rate of RMB6.3530 to US\$1.00

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

Hong Kong, 15 January 2013

As at the date of this announcement, the Board comprises eleven directors, 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 of the Company 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.