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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)**

## **ISSUANCE OF US\$400,000,000 8.25% SENIOR NOTES DUE 2019**

Reference is made to the announcement of the Company dated 29 July 2014 in respect of the proposed Notes Issue.

On 29 July 2014, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with Goldman Sachs, HSBC, Morgan Stanley, Standard Chartered Bank and UBS in connection with the Notes Issue.

The estimated net proceeds of the Notes Issue, after deduction of the underwriting discounts and commissions and other estimated expenses in connection with the Notes Issue, will amount to approximately US\$394.6 million, and the Company intends to use the proceeds of the Notes Issue to refinance existing debt and to finance its existing and new projects. The Company may adjust its development plans in response to changing market conditions and thus, reallocate the use of proceeds.

The Company will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility of 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.

Reference is made to the announcement of the Company dated 29 July 2014 in respect of the proposed Notes Issue. The Board is pleased to announce that on 29 July 2014, the Company, together with the Subsidiary Guarantors, entered into the Purchase Agreement with Goldman Sachs, HSBC, Morgan Stanley, Standard Chartered Bank and UBS in connection with the Notes Issue.

## **THE PURCHASE AGREEMENT**

Date: 29 July 2014

### **Parties to the Purchase Agreement**

- (a) the Company;
- (b) the Subsidiary Guarantors;
- (c) Goldman Sachs;
- (d) HSBC;
- (e) Morgan Stanley;
- (f) Standard Chartered Bank; and
- (g) UBS.

Goldman Sachs, HSBC, Morgan Stanley, Standard Chartered Bank and UBS are the joint bookrunners and joint lead managers in respect of the offer and sale of the Notes. They are also the initial purchasers of the Notes.

The Notes will only be offered 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.

### **Principal terms of the Notes**

The following is a summary of certain provisions of the Notes and the Indenture. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Indenture, the Notes, the guarantees provided by the Subsidiary Guarantors and the JV Subsidiary Guarantors and the Intercreditor Agreement.

#### *Notes Offered*

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of US\$400,000,000. The Notes will mature on 5 August 2019, unless earlier redeemed in accordance with the terms thereof.

#### *Offering Price*

The offering price of the Notes will be 100% of the principal amount of the Notes.

#### *Interest*

The Notes will bear interest at a rate of 8.25% per annum, payable semi-annually in arrear on 5 February and 5 August of each year, commencing on 5 February 2015.

### *Ranking of the Notes*

The Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (3) at least pari passu in right of payment against the Company with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors on a senior basis, subject to certain limitations under applicable law; (5) effectively subordinated to the other secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and (6) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which are not Subsidiary Guarantors or JV Subsidiary Guarantors.

### *Events of default*

The events of default under the Notes include, among others: (a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise; (b) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 days; (c) default in the performance or breach of the provisions of certain covenants, the failure by the Company to make or consummate an offer to purchase, or the failure by the Company to create, or cause certain of its subsidiaries to create, a lien on the collateral (subject to any permitted liens) under the Indenture; (d) default by the Company or certain of its subsidiaries in the performance of or breaches of any other covenant or agreement in the Indenture or under the Notes (other than a default specified in (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by Citicorp International Limited as trustee or the holders of 25% or more in aggregate principal amount of the Notes; (e) default by the Company or certain of its subsidiaries in the repayment of indebtedness having, in the aggregate, an outstanding principal amount of US\$15.0 million or more; (f) one or more final judgments or orders for the payment of money are rendered against the Company or certain of its subsidiaries and are not paid or discharged; (g) involuntary bankruptcy or insolvency proceedings against the Company or certain of its significant subsidiaries; (h) voluntary bankruptcy or insolvency proceedings commenced by the Company or certain of its significant subsidiaries or consent to such similar action or effect any general assignment for the benefit of creditors; (i) any Subsidiary Guarantor or JV Subsidiary Guarantor denying or disaffirming its obligations under its guarantees with respect to the obligations of the Notes or, except as permitted by the Indenture, any such guarantee being determined to be unenforceable or invalid or for any reason ceasing to be in full force and effect; (j) default by the Company or any Subsidiary Guarantor Pledgor in the performance of any of its obligations under the security provided under the relevant security documents or the Indenture, which adversely affects the enforceability, validity, perfection or priority of the applicable lien on the collateral or which adversely affects the condition or value of the collateral, taken as a whole, in any material respect; or (k) the Company or any Subsidiary Guarantor Pledgor denying or disaffirming its obligations under the relevant security documents or, other than in accordance with the Indenture and the relevant security documents provided under the Notes, any such relevant security document ceasing to be or is not in full force and effect, or the trustee ceasing to have a security interest in the collateral (subject to any permitted liens).

If an event of default (other than an event of default specified in (g) and (h) above) occurs and is continuing under the Indenture, the trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding, may, by written notice to the Company, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable.

#### *Covenants*

The Notes, the Indenture and the guarantees provided by the Subsidiary Guarantors and the JV Subsidiary Guarantors will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- (b) declare dividends on its capital stock or purchase or redeem capital stock;
- (c) make investments or other specified restricted payments;
- (d) issue or sell capital stock of certain of its subsidiaries;
- (e) guarantee indebtedness of certain of its subsidiaries;
- (f) sell assets;
- (g) create liens;
- (h) enter into sale and leaseback transactions;
- (i) enter into agreements that restrict certain of its subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (j) enter into transactions with shareholders or affiliates; and
- (k) effect a consolidation or merger.

#### *Optional Redemption*

The Notes may be redeemed in the following circumstances:

- (1) At any time and from time to time on or after 5 August 2017, the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve month period beginning on 5 August of each of the years indicated below.

<b>Period</b>	<b>Redemption Price</b>
2017	104.1250%
2018 and thereafter	102.0625%

- (2) At any time prior to 5 August 2017, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus an applicable premium (as set forth in the Indenture) as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.
- (3) At any time and from time to time prior to 5 August 2017, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 108.25% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

### **Reasons for the 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, Nanning, Hangzhou and Hainan Province. The Group focuses on mid- 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, 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 developed the first W Hotel in Guangzhou, which officially commenced operations in May 2013. The Group is planning to develop 13 additional high-end hotels and nine high-end shopping malls in various cities, including Guangzhou, Suzhou, Chengdu, Shanghai, Beijing and Nanning, as well as in Hainan Province. The Group has engaged internationally renowned hotel operators, such as affiliates of the Starwood Hotels & 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 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 estimated net proceeds of the Notes Issue, after deduction of the underwriting discounts and commissions and other estimated expenses in connection with the Notes Issue, will amount to approximately US\$394.6 million, and the Company intends to use the proceeds of the Notes Issue to refinance existing debt and to finance its existing and new projects. The Company may adjust its development plans in response to changing market conditions and, thus, reallocate the use of proceeds.

### **Listing and rating**

The Company will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility of 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 are expected to be rated B+ by Standard & Poor's Ratings Services and B1 by Moody's Investors Service.

## 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
“Goldman Sachs”	Goldman Sachs (Asia) L.L.C., one of the joint bookrunners and joint lead managers of the Notes Issue
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, one of the joint bookrunners and joint lead managers of the Notes Issue
“Indenture”	the written agreement entered into between the Company, the Subsidiary Guarantors as guarantors and Citicorp International Limited as trustee, that specifies the terms and conditions of the Notes including the covenants, events of default, interest rate of the Notes and the maturity date
“JV Subsidiary Guarantee”	limited recourse guarantees given by the JV Subsidiary Guarantors on the Notes
“JV Subsidiary Guarantor”	each subsidiary of the Company which in the future provides a JV Subsidiary Guarantee
“Morgan Stanley”	Morgan Stanley & Co. International plc, one of the joint bookrunners and joint lead managers of the Notes Issue
“Notes”	the 8.25% senior notes due 2019 in the aggregate principal amount of US\$400,000,000 to be issued by the Company
“Notes Issue”	the issue of the Notes by the Company
“PRC”	the People's Republic of China, excluding Hong Kong, Macao Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Purchase Agreement”	the agreement dated 29 July 2014 entered into between, among others, the Company, the Subsidiary Guarantors, Goldman Sachs, HSBC, Morgan Stanley, Standard Chartered Bank and UBS in relation to the Notes Issue

“Securities Act”	the United States Securities Act of 1933, as amended
“Standard Chartered Bank”	Standard Chartered Bank, one of the joint bookrunners and joint lead managers of the Notes Issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	certain subsidiaries of the Company that on the issue date of the Notes will provide guarantees to secure the Company’s obligations under the Notes
“Subsidiary Guarantor “Pledgors”	certain subsidiaries of the Company that on the issue date of the Notes will provide pledges over their stock in certain subsidiaries of the Company held by them to secure the obligations of the Company under the Indenture and the Notes and of such Subsidiary Guarantor under its guarantee provided to secure the Company’s obligations under the Notes
“UBS”	UBS AG, Hong Kong Branch, one of the joint bookrunners and joint lead managers of the Notes Issue
“United States”	United States of America
“US\$”	United States dollar(s), the lawful currency of the United States
“%”	per cent

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

Hong Kong, 30 July 2014

*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.*