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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 AND CONNECTED TRANSACTION

On 30 November 2007, Tianjian Real Estate, a wholly-owned subsidiary of the Company, Dongling Holding, Huilai Commercial, Guangxin Jiangwan and Hejing Real Estate entered into the First Agreement, pursuant to which Tianjian Real Estate agreed to acquire or procure its nominee to acquire a 63.75% interest in a new company to be incorporated by Dongling Holding. Such company will indirectly hold a 80% interest in Guangzhou Lihe, which in turn holds a 100% interest in the Project, comprising residential and commercial projects. Upon completion of the First Agreement, Tianjian Real Estate will hold a 51% interest in Guangzhou Lihe. As at the date of this announcement, the First Agreement was not completed. Notwithstanding that, Guangzhou Lihe is controlled by Tianjian Real Estate and Tianjian Real Estate has been given certain decision-making rights in the daily operation of Guangzhou Lihe pursuant to the First Agreement.

On 17 September 2009, Tianjian Real Estate, Dongling Holding, Huilai Commercial, Guangxin Jiangwan and Hejing Real Estate entered into the Termination Agreement, pursuant to which the parties agreed to terminate the First Agreement.

On the same day, Tianjian Real Estate and Dongling Holding entered into the Second Agreement, pursuant to which Tianjian Real Estate would cooperate in good faith with Dongling Holding for the development of the Land through Tianjian Real Estate's acquisition of the Sale Interest. Tianjian Real Estate and Dongling Holding further entered into the Assignment of Loan, pursuant to which Dongling Holding agreed to assign a loan of RMB1,695,076,020 to Tianjian Real Estate for a consideration of RMB1,695,076,020.

By virtue of Tianjian Real Estate's control in Guangzhou Lihe, Guangzhou Lihe is regarded as an indirect non-wholly owned subsidiary of the Company. As Dongling Holding is a substantial shareholder of Guangzhou Lihe, the Transaction constitutes a connected transaction for the Company which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As (i) Dongling Holding is not interested in any Shares, and no Shareholder is interested in the Transaction (other than through its/his/her interest in the Company) and is required to abstain from voting for the resolution to approve the Transaction; and (ii) Plus Earn, which is interested in 1,612,500,000 Shares, representing approximately 55.72% of the issued share capital of the Company as at the date of this announcement, has approved the Transaction by written shareholders' approval in accordance with Rule 14A.43 of the Listing Rules, the Company has applied to the Stock Exchange pursuant to Rule 14A.43 of the Listing Rules for a waiver from strict compliance with the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the Transaction also constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

A circular containing, among other things, further particulars of the Transaction, the recommendations of the Independent Board Committee, a letter of advice from an independent financial adviser to the Independent Board Committee and the Shareholders will be despatched to the Shareholders as soon as practicable.

BACKGROUND

On 30 November 2007, Tianjian Real Estate, a wholly-owned subsidiary of the Company, Dongling Holding, Huilai Commercial, Guangxin Jiangwan and Hejing Real Estate entered into the First Agreement, pursuant to which Tianjian Real Estate agreed to acquire or procure its nominee to acquire a 63.75% interest in a new company to be incorporated by Dongling Holding. Such company will indirectly hold a 80% interest in Guangzhou Lihe, which in turn holds a 100% interest in the Project, comprising residential and commercial projects. Upon completion of the First Agreement, Tianjian Real Estate will hold a 51% interest in Guangzhou Lihe. As at the date of this announcement, the First Agreement was not completed. Notwithstanding that, Guangzhou Lihe is controlled by Tianjian Real Estate and Tianjian Real Estate has been given certain decision-making rights in the daily operation of Guangzhou Lihe pursuant to the First Agreement.

On 17 September 2009, Tianjian Real Estate, Dongling Holding, Huilai Commercial, Guangxin Jiangwan and Hejing Real Estate entered into the Termination Agreement, pursuant to which the parties agreed to terminate the First Agreement.

On the same day, Tianjian Real Estate and Dongling Holding entered into the Second Agreement, pursuant to which Tianjian Real Estate would cooperate in good faith with Dongling Holding for the development of the Land through Tianjian Real Estate's acquisition of the Sale Interest. Tianjian Real Estate and Dongling Holding further entered into the Assignment of Loan, pursuant to which Dongling Holding agreed to assign a loan of RMB1,695,076,020 to Tianjian Real Estate for a consideration of RMB1,695,076,020.

(A) THE SECOND AGREEMENT

Date: 17 September 2009

Parties: (1) Tianjian Real Estate; and
(2) Dongling Holding

Subject matter:

Tianjian Real Estate has agreed to cooperate in good faith with Dongling Holding for the development of the Land through Tianjian Real Estate's acquisition of the Sale Interest at a consideration of RMB800,000,000. The consideration will be paid by installments as follows:

- (a) RMB61,000,000 to be paid in cash on or before 25 September 2009;
- (b) RMB39,000,000 to be paid in cash on or before 25 November 2009; and
- (c) the balance of RMB700,000,000 to be settled by Tianjian Real Estate transferring its 100% interest in the New PRC Company, which will hold a five-star hotel, shopping mall, convention centre and basement to be built on the Land comprised in the Project, and the apartments at bare shell standard with a gross floor area of approximately 10,000 square metres to be built on the Land.

The consideration was determined after arm's length negotiation between Tianjian Real Estate and Dongling Holding with reference to, among other things, preliminary indicative valuation of approximately RMB2,500,000,000 (equivalent to HK\$2,838,006,584) assessed by an independent valuer based on the market value of the Land as at 31 August 2009.

The Directors (excluding the independent non-executive Directors who will express their view after receiving advice from an independent financial advisor) are of the view that the consideration for the Transaction is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions to Payment

- (1) The payment of the aggregate consideration of RMB100,000,000 as set out in items (a) and (b) under the paragraph headed "The Second Agreement — Subject matter" in this announcement, shall be conditional upon the fulfilment (or waiver, as the case may be) of the following conditions:
 - (a) all relevant consents or approvals in respect of the Transfer having been obtained; and
 - (b) Dongling Holding having provided Tianjian Real Estate with all relevant supporting proofs evidencing (i) the resignation of directors of Guangzhou Lihe nominated by Dongling Holding; (ii) the approval of the board of directors of Guangzhou Lihe in respect of the Transfer; and (iii) the completion of all relevant filing or registration procedures with the relevant PRC government.

- (2) The transfer under item (c) under the paragraph headed “The Second Agreement — Subject matter” in this announcement, shall be conditional upon the fulfilment (or waiver, as the case may be) of the following conditions:
- (a) the relevant portion of Land to be held by the New PRC Company having been developed in accordance with the construction plan agreed between Dongling Holding and Tianjian Real Estate under the Second Agreement;
 - (b) the total agreed registered capital of the New PRC Company having been fully paid up and that the New PRC Company holds no other asset except for the land use right and building ownership right of the Land with a site area of approximately 135 mu;
 - (c) all financial and operation information relating to the New PRC Company having been disclosed to Dongling Holding prior to the transfer of the entire equity interest in the New PRC Company by Tianjian Real Estate to Dongling Holding and that the New PRC Company has no liability as at the date of transfer of such interest to Dongling Holding;
 - (d) the entire equity interest in the New PRC Company having been transferred by Tianjian Real Estate to Dongling Holding free from encumbrances including any third party rights;
 - (e) the directors and employees of the New PRC Company nominated by Tianjian Real Estate having been resigned and provided Dongling Holding with a confirmation that there have been no disagreement between such directors and/or employees and the New PRC Company on their respective resignation;
 - (f) the New PRC Company has not in breach of any relevant PRC laws and regulations as at the date of transfer of the entire equity interest in the New PRC Company by Tianjian Real Estate to Dongling Holding; and
 - (g) the New PRC Company is not subject to any litigation as at the date of transfer of the entire equity interest in the New PRC Company by Tianjian Real Estate to Dongling Holding.

The conditions precedent in (2) are required to be fulfilled or waived (as the case may be) on or before 25 March 2012 or such later date as the parties to the Second Agreement may agree.

- (3) Prior to the entering into of the Second Agreement, Dongling Holding has obtained a bank loan in the amount of RMB700,000,000. The land use right of part of the Land has been pledged to the bank to secure such bank facility. Pursuant to the Second Agreement, Tianjian Real Estate has agreed to provide a guarantee in favour of the bank to secure such bank loan so as to procure the discharge of the pledge of the land use right of the Land.

Pursuant to the Second Agreement, (i) Tianjian Real Estate is not obligated to transfer its 100% interest in the New PRC Company to Dongling Holding in the event that Dongling Holding fails to deliver the land use right certificate of the Land to Tianjian Real Estate upon the discharge of the pledge of the land use right of the Land; and (ii) Tianjian Real Estate is entitled to deduct from the balance of the consideration of RMB700,000,000 on a dollar-to-dollar basis any loss or damage

suffered by it as a result of Dongling Holding's failure or inability to repay the bank loan for more than 3 months. In such event, the shareholding of the New PRC Company or the gross floor area of the apartments to be built on the Land will be adjusted downward accordingly.

Completion

Completion of the Transfer shall take place on the date on which all relevant filing and registration procedures with the State Administration for Industry and Commerce of the PRC in respect of the Transfer are completed. All relevant filing and registration procedures with the State Administration for Industry and Commerce of the PRC in respect of the transfer of 61% of the Sale Interest shall be completed on or before 25 September 2009. Upon Tianjian Real Estate providing the guarantee of RMB700,000,000, details of which are disclosed in the paragraph headed "Conditions to payment" above, the parties will proceed to complete all relevant filing and registration procedures in respect of the remaining 39% of the Sale Interest with the State Administration for Industry and Commerce of the PRC.

(B) THE ASSIGNMENT OF LOAN

Date: 17 September 2009

Parties: (1) Tianjian Real Estate; and
(2) Dongling Holding

Subject matter:

Dongling Holding has agreed to assign a loan of RMB1,695,076,020 to Tianjian Real Estate for a consideration of RMB1,695,076,020. The consideration was determined after arm's length negotiation between Tianjian Real Estate and Dongling Holding with reference to the book value of the loan owed by Guangzhou Lihe to Dongling Holding. As at the date of this announcement, out of RMB1,695,076,020, RMB984,500,000 has been paid to Dongling Holding by three installments on 19 December 2007, 26 February 2008 and 20 March 2008, respectively, as prepayment for the acquisition under the First Agreement and the remaining balance will be paid by installments as follows:

- (a) RMB89,000,000 to be paid on or before 25 September 2009;
- (b) RMB100,000,000 to be paid on or before 25 October 2009;
- (c) RMB61,000,000 to be paid on or before 25 November 2009;
- (d) RMB31,476,020 to be paid on or before 25 December 2009;
- (e) RMB59,800,000 to be paid on or before 25 March 2010;
- (f) RMB123,100,000 to be paid on or before 25 April 2010;
- (g) RMB123,100,000 to be paid on or before 25 May 2010; and
- (h) RMB123,100,000 to be paid on or before 25 June 2010.

In the event that the Transfer fails to complete on or before 25 September 2009, the Assignment of Loan shall be terminated and ceased to have effect, and Dongling Holding shall, within 10 Business Days from the date of termination of the Assignment of Loan, return any amount received under the Assignment of Loan to Tianjian Real Estate.

INFORMATION ON GUANGZHOU LIHE

Guangzhou Lihe is a company established in the PRC with registered capital of RMB100,000,000. Guangzhou Lihe was established on 1 February 2008. It is principally engaged in property development in the PRC. On 26 February 2008, Guangzhou Lihe entered into the land grant contract in respect of the Land through a tender for a total consideration of approximately RMB1,684,500,000. As at the date of this announcement, the land use right of the Land has been obtained by Guangzhou Lihe.

The Land is located in 中國增城市新塘鎮(永和)塔崗村、陂頭村、菱元村、簡村村 (Jiancun Village, Weiyan Village, Potou Village, Tagang Village, (Yonghe) Xintang Town, Zhengcheng City, the PRC) with a total site area of approximately 1,971,126.17 square metres. The Project is a residential, commercial and hotel development project located in Zhengcheng, the PRC. The construction of the Project has commenced and the development of the Project will be completed at stages.

The audited financial result of Guangzhou Lihe for the year ended 31 December 2008 is as follows:

	Year ended 31 December 2008 RMB
Loss before taxation and extraordinary items	82,287
Loss after taxation and extraordinary items	82,287
Net assets	99,917,713

Upon completion of the Transfer, Guangzhou Lihe will become a wholly-owned subsidiary of the Company.

REASONS FOR THE TRANSACTION

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

The purpose of entering into the Second Agreement is to set out the respective rights and obligations of the parties to the Second Agreement in the Project. In order to strengthen the Group's position in property development in the PRC, the Directors believe that the entering into if the Second Agreement will provide valuable opportunity for the Company to obtain the development rights in respect of the Land, which is located in a prestigious district in Zhengcheng, the PRC, and will enable the Company to pursue its interest in the Project.

The Directors (excluding the independent non-executive Directors who will express their view after receiving advice from an independent financial advisor) believe that the terms of the Second Agreement are on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

By virtue of Tianjian Real Estate's control in Guangzhou Lihe, Guangzhou Lihe is regarded as an indirect non-wholly owned subsidiary of the Company. As Dongling Holding is a substantial shareholder of Guangzhou Lihe, the Transaction constitutes a connected transaction for the Company which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As (i) Dongling Holding is not interested in any Shares, and no Shareholder is interested in the Transaction (other than through its/his/her interest in the Company) and is required to abstain from voting for the resolution to approve the Transaction; and (ii) Plus Earn, which is interested in 1,612,500,000 Shares, representing approximately 55.72% of the issued share capital of the Company as at the date of this announcement, has approved the Transaction by written shareholders' approval in accordance with Rule 14A.43 of the Listing Rules, the Company has applied to the Stock Exchange pursuant to Rule 14A.43 of the Listing Rules for a waiver from strict compliance with the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the Transaction also constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

GENERAL

Dongling Holding is principally engaged in property investment, soybean processing and compressor and wheel hub manufacturing businesses.

An Independent Board Committee will be formed to advise the Shareholders on the Transaction and an independent financial adviser will be appointed to advise the Independent Board Committee and the Shareholders in relation to the Transaction.

A circular containing, among other things, further particulars of the Transaction, the recommendations of the Independent Board Committee, a letter of advice from an independent financial adviser to the Independent Board Committee and the Shareholders will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“Assignment of Loan”	the assignment of loan entered into between Dongling Holding and Tianjian Real Estate pursuant to which Dongling Holding has agreed to assign the loan of RMB1,695,076,020 to Tianjian Real Estate;
“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;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Dongling Holding”	Dongling Holding Co., Ltd., a company established in the PRC and a third party independent of the Company and connected persons of the Company;
“First Agreement”	the agreement dated 30 November 2007 entered into between Tianjian Real Estate, Dongling Holding, Huilai Commercial, Guangxin Jiangwan and Hejing Real Estate in relation to a joint venture arrangement in respect of the Project;
“Group”	the Company and its subsidiaries;
“Guangzhou Lihe”	Guangzhou Lihe Property Development Limited, a limited company established in the PRC;
“Guangxin Jiangwan”	Guangxin Jiangwan Xincheng, a company established in the PRC and a third party independent of the Company and connected persons of the Company;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hejing Real Estate”	Guangzhou Hejing Real Estate Development Ltd., a limited liability company established in the PRC and a wholly-owned subsidiary of the Company;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Huilai Commercial”	Guangzhou Huilai Commercial Co., Ltd., a company established in the PRC and a third party independent of the Company and connected persons of the Company;
“Independent Board Committee”	an independent committee of the Board, comprising the independent non-executive Directors, established to advise the Independent Shareholders in respect of the Transfer;

“Land”	five parcels of land located in 中國增城市新塘鎮(永和)塔崗村、陂頭村、菱元村、簡村村 (Jiancun Village, Weiyuan Village, Potou Village, Tagang Village, (Yonghe) Xintang Town, Zhengcheng City, the PRC*) with a total site area of approximately 1,971,126.17 square metres;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New PRC Company”	a new company to be established by Tianjian Real Estate under the laws of the PRC, which will hold a five-star hotel, shopping mall, convention centre and basement to be built on the Land comprised in the Project;
“Plus Earn”	Plus Earn Consultants Limited, a company incorporated in the British Virgin Islands and the controlling shareholder of the Company holding 1,612,500,000 Shares as at the date of this announcement;
“PRC”	the People’s Republic of China;
“Project”	the development of the Land, the particulars are set out in the paragraph headed “Information on Guangzhou Lihe” in this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Interest”	a 100% interest in Guangzhou Lihe to be acquired by Tianjian Real Estate from Dongling Holding pursuant to the Second Agreement;
“Second Agreement”	the agreement dated 17 September 2009 entered into between Tianjian Real Estate and Dongling Holding in respect of the Transfer;
“Shareholders”	holders of the Shares;
“Shares”	shares of HK\$0.10 each in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Termination Agreement”	the termination agreement dated 17 September 2009 entered into between Tianjian Real Estate, Dongling Holding, Huilai Commercial, Guangxin Jiangwan and Hejing Real Estate in relation to the termination of the First Agreement;
“Tianjian Real Estate”	Guangzhou Tianjian Real Estate Co., Ltd., a limited liability company established in the PRC and a wholly-owned subsidiary of the Company;
“Transaction”	the Transfer contemplated under the Second Agreement;
“Transfer”	the transfer of the Sale Interest by Dongling Holding to Tianjian Real Estate;
“%”	per cent.

*Note * English translation of the Chinese names of the land*

In this announcement, amounts denominated in RMB have been converted into HK\$ at the rate of RMB1.00 = HK\$1.135.

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

Hong Kong, 23 September 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.