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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in KWG Property Holding Limited, you should at once hand this circular to the purchaser, the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

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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)

DISCLOSEABLE AND CONNECTED TRANSACTION

**Independent Financial Adviser to
the Independent Board Committee and the Shareholders**



A letter from the Board is set out on pages 3 to 9 of this circular and a letter from the Independent Board Committee is set out on page 10 of this circular. A letter from ICBCI, the independent financial adviser to the Independent Board Committee and the Shareholders, containing its advice to the Independent Board Committee and the Shareholders in relation to the Transaction is set out on pages 11 to 17 of this circular.

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DEFINITIONS

In this circular, the following expressions shall have the following meanings, unless the context otherwise requires:

“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;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“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;
“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;
“Guangzhou Lihe”	Guangzhou Lihe Property Development Limited, a limited company established in the PRC;
“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;
“Independent Financial Adviser” or “ICBCI”	ICBC International Capital Limited, being licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to advise the Independent Board Committee and the Shareholders in relation to the Transaction;

DEFINITIONS

“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, Zengcheng City, the PRC*) with a total site area of approximately 1,971,126.17 square metres;
“Latest Practicable Date”	12 October 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular;
“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 Latest Practicable Date;
“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 circular;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“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 and other transactions contemplated under the Second Agreement and the assignment of loan pursuant to the Assignment of Loan;
“Transfer”	the transfer of the Sale Interest by Dongling Holding to Tianjian Real Estate; and
“%”	per cent.

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

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

LETTER FROM THE BOARD



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)

Executive Directors:

Kong Jian Min
Kong Jian Tao
Kong Jian Nan
Li Jian Ming
Tsui Kam Tim
He Wei Zhi

Independent non-executive Directors:

Lee Ka Sze, Carmelo
Dai Feng
Tam Chun Fai

Registered office:

Cricket Square
Hutchins Drive
Grand Cayman KY1-1111
Cayman Islands

*Principal place of business
in Hong Kong:*

Room 6407, 64th Floor
Central Plaza
18 Harbour Road
Wanchai, Hong Kong

14 October 2009

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

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 Latest Practicable Date, 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.

The Board announced on 23 September 2009 that Tianjian Real Estate, Dongling Holding, Huilai Commercial, Guangxin Jiangwan and Hejing Real Estate entered into the Termination Agreement on 17 September 2009, pursuant to which the parties agreed to terminate the First Agreement.

LETTER FROM THE BOARD

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.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Shareholders in relation to the Transaction, and ICBCI has been appointed as an independent financial adviser to advise the Independent Board Committee and the Shareholders in relation to the Transaction.

The purpose of this circular is to give you, among other things, (i) further details about the Transaction; and (ii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Shareholders in relation to the Transaction; and (iii) the recommendation of the Independent Board Committee in relation to the Transaction.

(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) the sum of RMB61,000,000, which has been paid in cash on or before 25 September 2009;
- (b) the sum of 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 injecting such amount into the New PRC Company and 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 to Dongling Holding.

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 (including the independent non-executive Directors) 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.

LETTER FROM THE BOARD

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 circular, 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.

As at the Latest Practicable Date, all of the above conditions had been fulfilled. Pursuant to the Second Agreement, Tianjian Real Estate has paid RMB61,000,000 to Dongling Holding on or before 25 September 2009.

- (2) The transfer under item (c) under the paragraph headed “The Second Agreement — Subject matter” in this circular, 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

LETTER FROM THE BOARD

- (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.

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 were completed before 25 September 2009.

LETTER FROM THE BOARD

(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. Out of RMB1,695,076,020, (i) 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, (ii) RMB89,000,000 has been paid to Dongling Holding on or before 25 September 2009 pursuant to the Assignment of Loan, and (iii) the remaining balance will be paid by installments as follows:

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

In the event that the Transfer fails to complete in accordance with the Second Agreement, 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 Latest Practicable Date, the land use right of the Land had 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, Weiyuan Village, Potou Village, Tagang Village, (Yonghe) Xintang Town, Zengcheng City, the PRC) with a total site area of approximately 1,971,126.17 square metres. The Project is a

LETTER FROM THE BOARD

residential, commercial and hotel development project located in Zengcheng, 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 of 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 Zengcheng, the PRC, and will enable the Company to pursue its interest in the Project.

The Directors (including the independent non-executive Directors) 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 was interested in 1,612,500,000 Shares, representing approximately 55.72% of the issued share capital of the Company as at the Latest Practicable Date, has approved the Transaction by written shareholders' approval in accordance with Rule 14A.43 of the Listing Rules, the Company 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. The

LETTER FROM THE BOARD

Stock Exchange has granted a waiver to the Company from strict compliance with the requirement to hold a shareholders' meeting to approve the Transaction pursuant to Rule 14A.43 of the Listing Rules. Accordingly, no general meeting of the Company will be held. The information contained in this circular is for information of the Shareholders only.

Since 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. Dongling Holding is owned as to 85% by Huilai Commercial, as to 10% by Guangzhou Beicheng Industrial Co., Ltd. and as to 5% by Lin Yifang. Huilai Commercial is owned as to 97.92% by Lai Ningchang and as to 2.08% by Jiang Yi. Guangzhou Beicheng Industrial Co., Ltd. is wholly-owned by Xue Yimao, an independent third party of the Company and connected persons of the Company. Huilai Commercial is principally engaged in project investment. Guangzhou Beicheng Industrial Co., Ltd. is principally engaged in industrial project investment.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Shareholders in relation to the Transaction. Your attention is drawn to the letter of recommendation from the Independent Board Committee set out on page 10 of this circular.

The Company has appointed ICBCI as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders in relation to the Transaction. Your attention is drawn to its letter of advice set out on page 11 to 17 of this circular.

Additional Information

Your attention is drawn to the letter from the Independent Board Committee set out on page 10 of this circular which contains its recommendation to the Shareholders in relation to the Transaction. Your attention is also drawn to the letter of advice from ICBCI set out on pages 11 to 17 of this circular which contains its advice to the Independent Board Committee and the Shareholders in relation to the Transaction and the principal factors and reasons considered by it in concluding its advice.

Your attention is also drawn to the additional information set out in the appendix of this circular.

Yours faithfully,
For and on behalf of the Board
KWG Property Holding Limited
Kong Jian Min
Chairman



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)

14 October 2009

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to the circular of the Company to the Shareholders dated 14 October 2009 (the “**Circular**”), in which this letter forms a part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings given to them in the section headed “Definitions” of the Circular.

We have been authorised by the Board to form the Independent Board Committee to advise the Shareholders whether the Transaction is fair and reasonable so far as the Company and the Shareholders are concerned.

We wish to draw your attention to the letter of advice from ICBCI International Capital Limited (“**ICBCI**”), the independent financial adviser appointed to advise the Independent Board Committee and the Shareholders in relation to the Transaction, as set out on pages 11 to 17 of the Circular and the letter from the Board set out on pages 3 to 9 of the Circular.

Having considered the factors and reasons considered by, and the opinion of ICBCI as stated in its letter of advice, we consider that the Transaction is fair and reasonable so far as the Company and the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Yours faithfully

The Independent Board Committee of

KWG Property Holding Limited

Lee Ka Sze, Carmelo

Dai Feng

Tam Chun Fai

Independent non-executive Directors

LETTER FROM ICBCI

The following is the text of the letter of advice to the Independent Board Committee and the Shareholders from ICBC International Capital Limited dated 14 October 2009 in relation to the Discloseable and Connected Transaction for the purpose of inclusion in this circular.



14 October 2009

To the Independent Board Committee and the Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to the circular dated 14 October 2009 (the “Circular”) of KWG Property Holding Limited of which this letter forms part. Details of the Transfer and the Assignment of Loan are set out in the section headed “Letter from the Board” in the Circular. Capitalized terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

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, Dongling Holding is deemed to be a connected person of the Company pursuant to the Listing Rules. Accordingly, the Transaction constitutes a connected transaction for the Company under the Listing Rules.

In addition, as the relevant percentage ratios for the Transaction exceeds 2.5%, the Transaction constitutes a non-exempt connected transaction for the Company and would be subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. Further, since 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.

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 was interested in 1,612,500,000 Shares, representing approximately 55.72% of the issued share capital of the Company as at the Latest Practicable Date, 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. The Stock Exchange has granted a waiver to the Company from strict compliance with the requirement to hold a shareholders’ meeting to approve the Transaction pursuant to Rule 14A.43 of the Listing Rules.

In formulating our recommendation, we have relied, without conducting independent verification, on the information, materials and facts supplied and representations made to us by the Company, the Directors, who have assumed full responsibility for the accuracy of the information contained in the Circular, and the management of the Group. We have also assumed that all the information, statements and representations made or referred to in other sections of the Circular are true and accurate in all material respects as at the Latest Practicable Date and that they may be relied upon. We have no reason to doubt the truthfulness and accuracy of the information and representation provided to us by the Group, the Directors and the management of the Group, or to believe that any material information has been omitted or withheld. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable, and we have not independently verified the accuracy of such information.

LETTER FROM ICBCI

We consider that we have reviewed sufficient information to reach an informed view in order to provide a reasonable basis for our recommendation. We have not, however, conducted any form of independent in-depth investigation into the business affairs or assets and liabilities of the Group, Tianjian Real Estate, Dongling Holding or any of their respective subsidiaries or associated companies. We have not made any independent valuation or appraisal of the assets or liabilities of the Group, Tianjian Real Estate, Dongling Holding or any of their respective subsidiaries or associates, nor have we been furnished with any such appraisals. As the Independent Financial Adviser to the Independent Board Committee and the Shareholders, we have not been involved in the negotiations in respect of the Transfer and the Assignment of Loan. Our opinion has been made on the assumptions that all obligations to be performed by each of the parties to the Transfer and the Assignment of Loan will be fully performed in accordance with the terms thereof.

Our opinion is based upon the financial, economic, market, regulatory, and other conditions as they exist on, and the facts, information, and opinions made available to us up to the Latest Practicable Date. We have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date. This letter is for the information of the Independent Board Committee and the Shareholders solely in connection with their consideration of the Transfer and the Assignment of Loan.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have taken into consideration the following principal factors and reasons:

(a) Background of the Transfer and the Assignment of Loan

The Transfer

Guangzhou Lihe is a company established in the PRC on 1 February 2008 with registered capital of RMB100,000,000. 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 Latest Practicable Date, the land use right of the Land had been obtained by Guangzhou Lihe.

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 an interest of 80% 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 Latest Practicable Date, 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 at a consideration of RMB800,000,000. The consideration will be paid by installments as follows:

- (a) the sum of RMB61,000,000, which has been paid in cash on or before 25 September 2009;

LETTER FROM ICBCI

- (b) the sum of 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 by injecting such amount into the New PRC Company and 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 to Dongling Holding.

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. As disclosed in the Letter from the Board, 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 were completed before 25 September 2009.

Upon Tianjian Real Estate providing the guarantee of RMB700,000,000, 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.

The Assignment of Loan

On 17 September 2009, Tianjian Real Estate and Dongling Holding 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. As stated in the Letter from the Board, 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. Out of RMB1,695,076,020, (i) RMB984,500,000 has been paid by Tianjian Real Estate 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, (ii) RMB89,000,000 has been paid by Tianjian Real Estate to Dongling Holding on or before 25 September 2009 pursuant to the Assignment of Loan and (iii) the remaining balance of RMB621,576,020 will be paid by installments on or before 25 June 2010, details of which are set out in the Letter from the Board.

In the event that the Transfer fails to complete in accordance with the Second Agreement, the Assignment of Loan shall be terminated and cease to have effect, and Dongling Holding shall, within 10 Business Days from the date of Transfer, return any amount received under the Assignment of Loan to Tianjian Real Estate.

(b) Reasons of and benefits for the Transfer

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. The Project is a residential, commercial and hotel development project located in Zengcheng, the PRC.

As stated in the Letter from the Board, the Group is principally engaged in property development, property investment and property management service provision activities in the PRC. In order to strengthen the Group's position in property development in the PRC, the Directors believe that entering into the Second Agreement will provide valuable opportunity for the Group to obtain the development rights in respect of the Land, which is located in 中國增城市新塘鎮（永和）簡村村、菱元村、陂頭村、塔崗村 (Jiancun Village, Weiyuan Village, Potou Village, Tagang Village, (Yonghe) Xintang Town, Zengcheng City, the PRC), a

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prestigious district in Zengcheng. The total site area of the Land is approximately 1,971,126.17 square metres. The construction of the Project has commenced and the development of the Project will be completed at stages.

We consider the Company's decision to further pursue the interests in the Land, notwithstanding the fact that the First Agreement had been terminated, is fair and reasonable and in the interest of the Company and Shareholders as a whole, based on the following factors:

- (a) as stated in the Letter from the Board, Tianjian Real Estate has been given certain decision-making rights in the daily operation of Guangzhou Lihe pursuant to the First Agreement, and Guangzhou Lihe is deemed to be controlled by Tianjian Real Estate although the First Agreement was not completed as at the Latest Practicable Date;
- (b) as advised by the Directors, Tianjian Real Estate had actually been involved in the discussion of the development plan of the Project and as confirmed by the Directors, termination of the First Agreement had not and will not induce material change to such development plan; and
- (c) as advised by the Directors, termination of the First Agreement is a pre-requisite for entering into the Second Agreement such that the Group could further enhance its potential benefits arising from the Project from its original entitlement of 51% interest in Guangzhou Lihe under the First Agreement to 100% interest in Guangzhou Lihe under the Second Agreement.

Moreover, with reference to the interim report published by the Company for the six months ended 30 June 2009 ("2009 Interim Report"), it was disclosed that the Group will seek in the future to build a diversified property development portfolio to ensure stable development through balanced revenue mix and risk diversion, with its focus on residential properties, and with commercial properties, such as offices, hotels and high-end shopping malls, held on a long-term basis accounting for an increasing proportion to complement its mid- to high-end residential developments.

Taking into account of the location of the Land, the positioning of the Project and the reasons for the Company to further pursue the interests in the Land pursuant to the Second Agreement, we concur with the Directors' view that the Transfer is in line with the business strategies of the Group and therefore is in the interests of the Company and the Shareholder as a whole.

(c) Basis of consideration and payment terms

Basis of determining the consideration of the Transfer

As disclosed in the Letter from the Board, the consideration of the Transfer was determined after arm's length negotiation between Tianjian Real Estate and Dongling Holding with reference to, among other things, the valuation of approximately RMB2,500,100,000 (equivalent to approximately HK\$2,838,120,104) as disclosed in the valuation report prepared by an independent valuer based on the market value of the Land as at 30 September 2009. Based on the consideration of approximately RMB1,684,500,000 at the time that the land use right was granted to Guangzhou Lihe, the fair value of the Land has increased by approximately RMB815,600,000, which is not recognized in the book of Guangzhou Lihe.

In assessing the fairness and reasonableness of the consideration of the Transfer, we have reviewed the independent valuation report set out in Appendix I to the Circular and noted therefrom that the valuer has adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and has also taken into consideration the development costs already spent and to be spent which are

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provided by the Company, to reflect the quality of the completed development. As stated in the valuation report, comparison is based on prices realized on actual transactions or asking price of comparable properties. Comparable properties with similar sizes, character and locations are analyzed, and carefully weighted against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value. We are given to understand that the direct comparison approach is the common methodology used to assess the value of a property and is appropriate to estimate the market value of the Land. We have no reason to doubt the fairness and appropriateness of the methodology adopted and assumptions used by the independent valuer in arriving at the valuation of the Land, as such, we are of the opinion that the consideration is fair and reasonable so far as the Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

As stated in the Letter of the Board, the audited net assets of Guangzhou Lihe as at 31 December 2008 was RMB99,917,713. The Directors have confirmed that there was no material change in the business and financial position of Guangzhou Lihe since 31 December 2008 up to Latest Practicable Date. Therefore, the adjusted net asset value as at 30 September 2009, after taking into account the aforesaid fair value adjustment of RMB815,600,000 of the Land, would have been RMB915,517,713. The consideration of the Transfer, which amounts to RMB800,000,000, represents a discount of approximately 12.6% to the aforesaid adjusted net asset value of Guangzhou Lihe of RMB915,517,713.

In assessing the fairness and reasonableness of the discount represented by the consideration of the Transfer to the adjusted fair value of Guangzhou Lihe (the "Discount"), we have searched for transactions involving the acquisition or disposal of land located in the Guangdong Province, the PRC, with the intended land usage for residential and commercial purposes as published on the website of The Stock Exchange of Hong Kong Limited during 2009 but are not aware of any transactions with subject matters closely resemble to that of the Transfer. Moreover, we are given to understand that the consideration of the Transfer is based on arm's length negotiation between Tianjian Real Estate and Dongling Holding with reference to, among other things, the valuation prepared by an independent valuer based on the market value of the Land as at 30 September 2009 adopting the comparison method as detailed in the independent valuation report set out in Appendix I to the Circular, we consider that the Discount is favourable to the Company and the Shareholders as a whole, and is fair and reasonable so far as the Company and the Shareholders are concerned.

As disclosed in the Letter of the Board, the final installment of RMB700,000,000 payable by Tianjian Real Estate will be settled by (i) the 100% interest in the New PRC Company and the five-star hotel, shopping mall, convention centre and basement to be built on the Land comprised in the Project, and (ii) the apartments of Guangzhou Lihe at bare-shell standard with a gross floor area of approximately 10,000 square metres to be built on the Land. As advised by the Directors, in the event that the value of the properties held by the New PRC Company and the bare-shell apartments held by Guangzhou Lihe appreciates in any amount at the time of their completion, Tianjian Real Estate has the rights to adjust the gross floor area of the apartments to be transferred to Dongling Holding. As further advised by the Directors, the adjustment mechanism agreed between Dongling Holding and Tianjian Real Estate serves to ensure that the final net asset value of the New PRC Company and the apartments to be transferred will not be materially different from the final installment amount of RMB700,000,000 payable by Tianjian Real Estate in respect of the Transfer. Given that the adjustment mechanism will limit the final installment amount to RMB700,000,000, we are of the view that such adjustment clause is fair and reasonable and in the interests of the Company and the Shareholder as a whole.

Conditions to payment of the consideration of the Transfer

The settlement of the aggregate consideration is conditional upon the fulfillment (or waiver, as the case may be) of several conditions as set out in the Second Agreement, details of which are set out in the Letter from the Board. The Directors confirmed that the

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conditions to payment are negotiated on an arm's length basis. Among others, prior to entering into 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.

We are of the view that the aforesaid mechanism can safeguard the Group against any potential loss or damage suffered by it as a result of Dongling Holding's failure or inability to repay the bank loan, and is fair and reasonable so far as the Company and the Shareholders are concerned.

Basis of determining the consideration of the Assignment of Loan

Dongling Holding has agreed to assign a loan in the amount 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 advised by the Directors, the aforesaid loan in the amount of RMB1,695,076,020 was provided by Dongling Holding to Guangzhou Lihe as part of the then shareholder's support for the acquisition of the Land. As Guangzhou Lihe will be fully acquired by Tianjian Real Estate and the ownership of the Land will be transferred to Tianjian Real Estate upon completion of the Transfer, it is justifiable for the Company to acquire the loan of RMB1,695,076,020 on a dollar-for-dollar basis under the Assignment of Loan.

As disclosed in the Letter from the Board, out of the loan amount of RMB1,695,076,020, (i) RMB984,500,000 has been paid by Tianjian Real Estate 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, (ii) RMB89,000,000 has been paid to Dongling Holding pursuant to the Assignment of Loan and the remaining balance of RMB621,576,020 will be paid by installments on or before 25 June 2010. As advised by the Directors, settlement arrangements under the Assignment of Loan, in particular, the time and amount of each installment, were determined after arm's length negotiation between Tianjian Real Estate and Dongling Holding.

Taking into account the above analysis, we concur with the Directors' view that the terms of the Transfer and the Assignment of Loan, including the payment pattern of the consideration thereof, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(d) Possible financial effects of the Transfer and the Assignment of Loan

(i) Earnings

As set out in the Letter from the Board, Guangzhou Lihe recorded an audited loss after taxation and extraordinary items of RMB82,287 for the year ended 31 December 2008. As Guangzhou Lihe has not yet commenced its operations, we considered that the Transaction will cause immaterial impact on the earnings on the Group immediately after completion of the Transaction.

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(ii) Net asset value and gearing

As set out in the Letter from the Board, Guangzhou Lihe recorded an audited net asset value of RMB99,917,713 as at 31 December 2008. Upon completion of the Transaction, the assets and liabilities with adjusted fair value of Guangzhou Lihe will be consolidated into the Group.

The gearing ratio of the Group (defined as bank borrowings divided by shareholders' equity) was approximately 82.2% as at 30 June 2009. Since the Group intends to honour its obligations under the Second Agreement by its internal resources without incurring additional borrowings, we consider that the Transfer and the Assignment of Loan will not induce material impact on the gearing of the Group immediately after completion of the Transaction.

(iii) Liquidity

The expected cash outflow is approximately RMB660,576,020, which includes, (i) the cash consideration of RMB39,000,000 in relation to the Transfer; and (ii) the amount of the unpaid portion of the assigned loan of RMB621,576,020 in relation to the Assignment of Loan. As disclosed in the 2009 Interim Report, the Group recorded a cash and cash equivalents balance of approximately RMB746,179,000 as at 30 June 2009. The Company had also raised a net proceeds of approximately HK\$1,500,700,000 (equivalent to approximately RMB1,322,000,000) from a share placement as set out in the announcement of the Company dated 30 June 2009. Thus, the Directors consider that the internal resources currently available are sufficient for the Group to satisfy the obligations under the Second Agreement.

In view of the possible financial effects on the Group due to the Transfer and the Assignment of Loan as discussed above, we are of the opinion that the Transfer and the Assignment of Loan are in the interests of the Company and the Shareholders as a whole.

OPINION

In assessing the fairness and reasonableness of the terms of the Transfer and the Assignment of Loan, none of each single factor or reason can be considered to be conclusive and that we have to consider all the factors and reasons as a whole in order to reach our conclusion. Having considered the principal factors and reasons as discussed above, in particular,

- (i) the Transaction is in line with the business strategy of the Group;
- (ii) the consideration of the Transaction represents a discount of approximately 12.6% to the adjusted net asset value of Guangzhou Lihe based on (i) the valuation of approximately RMB2,500,100,000 as assessed by an independent valuer based on the market value of the Land as at 30 September 2009; and (ii) the audited net assets of Guangzhou Lihe as at 31 December 2008 of RMB99,917,713;
- (iii) under the adjustment mechanism, the net asset value of the New PRC Company and the apartments to be transferred to Dongling Holding will not be materially different from the final installment amount of RMB700,000,000 payable by Tianjian Real Estate in respect of the Transaction;
- (iv) the Assignment of Loan is made on a dollar-for-dollar basis; and
- (v) the Transfer and the Assignment of Loan will not adversely affect the financial position of the Group,

we consider that the Transfer and the Assignment of Loan are in the interests of the Company and the Shareholders as a whole, and the terms and conditions of the Transfer and the Assignment of Loan are fair and reasonable so far as the Company and the Shareholders are concerned.

Yours faithfully,
for and on behalf of
ICBC International Capital Limited
Fabian Shin **Joseph Wan**
Managing Director *Senior Vice President*

The following is the text of a letter with the summary of values and valuation certificate received from CB Richard Ellis Limited, prepared for the purpose of incorporation in the Circular, in connection with their valuation as at 30 September 2009 of the property interests of the Target Group.

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14 October 2009

The Board of Directors
KWG Property Holding Limited
38/F, International Finance Place,
No. 8 Huaxia Road,
Pearl River New Town,
Tianhe District,
Guangzhou City,
Guangdong Province,
the People's Republic of China

Dear Sirs,

In accordance with the instructions from KWG Property Holding Limited (the "Company") for us to value the property interests held by the Guangzhou Lihe Property Development Limited (hereinafter together know as the "Target Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of such property interests as at 30 September 2009 (the "date of valuation").

Our valuation is our opinion of Market Value which is defined to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Unless otherwise stated, our valuation is prepared in accordance with the "First Edition of The HKIS Valuation Standards on Properties" published by The Hong Kong Institute of Surveyors (the "HKIS"). We have also complied with all requirements contained in Paragraph 34(2), (3) of Schedule

3 of the Companies Ordinance (Cap. 32) and Chapter 5, Practice Note 12 and Practice Note 16 of the Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

For the purpose of area measurement in our valuation, Saleable Gross Floor Areas (Saleable GFAs) refer to the internal floor area and common areas exclusively allocated to that unit including balconies and other similar features comprising common areas such as staircases, lift lobbies. Non-saleable Gross Floor Areas (Non-saleable GFAs) refer to the floor area of certain public ancillary facilities, including, among others, schools, power distribution houses and connecting corridors between apartment buildings. The Gross Floor Areas (GFAs) of a project or a phase of a project includes both saleable and non-saleable GFAs excluding GFAs for underground car parks.

Our valuation has been made on the assumption that the owner sells the properties on the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the values of the property interests.

Under otherwise stated, all the property interests are valued by the comparison method on the assumption that each property can be sold with the benefit of vacant possession. Comparison is based on prices realized on actual transactions or asking price of comparable properties. Comparable properties with similar sizes, character and locations are analyzed, and carefully weighted against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value.

For the property interests in Group I, which are held by the Target Group under development in the PRC, we have valued the property interests on the basis that the property will be developed and completed in accordance with the Target Group’s latest development schemes provided to us. We have assumed that approvals for the proposals have been obtained. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into consideration the development costs already spent and to be spent which are provided by the Company, to reflect the quality of the completed development. The “capital value of the property as if the property is completed at the date of valuation” represents our opinion of the aggregate selling prices of the development assuming that it would have completed at the date of valuation.

For the purpose of our valuation, property developments under development are those for which the Construction Works Commencement Permit(s) of the building(s) thereof has (have) been issued but for which the Completed Construction Works Certified Report of the building(s) thereof has (have) not yet been issued.

For the property interests in Group II, which are held by the Target Group for future development in the PRC, we have also valued each of these property interests by the direct comparison approach assuming sale of each of these property interests in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.

For the purpose of our valuation, property developments for future development are those the Construction Works Commencement Permit(s) has (have) not yet been issued but for which the State-owned Land Use Rights certificate(s) has (have) been obtained.

In the course of our valuation for the property interests in the PRC, we have relied on the legal opinion provided by the Company's PRC legal advisor, Jingtian & Gongcheng (the "PRC Legal Opinion") to confirm rights of the property interests. We have been provided with extracts from title documents relating to such property interests. We have not, however, searched the original documents to verify ownership or existence of any amendment which does not appear on the copies handed to us. All documents have been used for reference only.

We have relied to a considerable extent on information given by the Company, in particular, but not limited to, the sales records, planning approvals, statutory notices, easements, tenancies and floor areas (including Gross Floor Areas, Saleable Gross Floor Areas and Non-saleable Gross Floor Areas). No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificates are only approximations. We have taken every reasonable care independently both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided to us. We have not relied on the information from the connected person of the Company.

We have inspected the properties to such extent as for the purpose of this valuation. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey nor any tests were made on the building services. Therefore, we are not able to report whether the properties are free of rot, infestation or any other structural defects. We have not carried out investigations on the site to determine the suitability of the ground conditions and the services etc. for any future development.

We would draw your attention to the fact that the current volatility in the global financial system has created a significant degree of turbulence in commercial real estate markets across the world. Furthermore, the lack of liquidity in the capital markets means that it may be very difficult to achieve a successful sale of property assets in the short-term. We would therefore recommend that the situation and the valuation are kept under regular review, and that specific marketing advice is obtained should you wish to effect a disposal.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoing of an onerous nature which could affect their values.

Unless otherwise stated, all monetary amounts are stated in Renminbi ("Renminbi").

We enclose herewith a summary of values and our valuation certificate.

Yours faithfully,
For and on behalf of
CB Richard Ellis Limited
Leo MY Lo
MHKIS MRICS
Director
Valuation & Advisory Services

Note: Mr. Lo is a member of Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors. He has over 6 years' valuation experience in the PRC and Hong Kong.

SUMMARY OF VALUES

Property Interests	Capital Value attributable to the Target Group as at 30 September 2009 (RMB)
Group I — Property interests held by the Target Group under development	
1. The developing property of Zengcheng Project located at Jiancun Village, Weiyuan Village, Potou Village, Tagang Village, (Yonghe) Xintang Town, Zengcheng City, Guangdong Province, the PRC	196,900,000
Group II — Property interests held by the Target Group for future development	
2. A reserved land of Zengcheng Project located at Jiancun Village, Weiyuan Village, Potou Village, Tagang Village, (Yonghe) Xintang Town, Zengcheng City, Guangdong Province, the PRC	2,303,200,000
Grand total:	<u><u>2,500,100,000</u></u>

VALUATION CERTIFICATE

Group I — Property interests held by the Target Group under development

Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 September 2009 (RMB)
1. The developing property of Zengcheng Project located at Jiancun Village, Weiyuan Village, Potou Village, Tagang Village, (Yonghe) Xintang Town, Zengcheng City, Guangdong Province, the PRC	<p>Upon its completion, the property comprises various residential/ apartment units with a total gross floor area of approximately 42,337 sq.m. and underground area of approximately 13,216 sq.m.</p> <p>Zengcheng Project (the “Development”) (of which the property and Property 2 set out in this property valuation form part) occupying a site with a site area of approximately 1,971,126.17 sq.m. (the “Site”) has been planned to be developed with a total gross floor area of approximately 2,548,499 sq.m.</p> <p>As advised, the property is expected to be completed by 2010.</p> <p>The property has been held under various State-owned Land Use Rights Certificates for two terms expiring on 25 February 2078 for residential and ancillary commercial use and 25 February 2048 for commercial, financial and office use.</p>	The property is under development.	196,900,000

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract No. 4401832008000015 and its supplementary agreement, the land use rights of the Site, with a total site area of approximately 1,971,126.17 sq.m. have been contracted to be granted to 廣州禮和置業發展有限公司 (Guangzhou Lihe Property Development Limited) with a consideration of RMB1,684,500,000. The plot ratio of the Development is not more than or equal to 1.71.

2. Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of the Site, with a total site area of approximately 1,971,126.17 sq.m., in which the property is located, have been granted to 廣州禮和置業發展有限公司 (Guangzhou Lihe Property Development Limited).

State-owned Land Use Rights Certificate No.	Site Area (sq.m.)	Date of Expiry	Land use
Zeng Guo Yong (2009) No. B040161	252,442.95	25 February 2078	Residential, commercial and other use
Zeng Guo Yong (2009) No. B040162	310,367.31	25 February 2078	Residential, commercial and other use
Zeng Guo Yong (2009) No. B040163	253,413.25	25 February 2078	Residential, commercial and other use
Zeng Guo Yong (2009) No. B040164	481,975.84	25 February 2078	Residential, commercial and other use
Zeng Guo Yong (2009) No. B040165	672,926.82	25 February 2048	Commercial, financial and office use

Total: 1,971,126.17

3. Pursuant to the Construction Works Commencement Permit dated 25 September 2009, the commencement of the construction works of the property with a total gross floor area of approximately 55,553 sq.m. has been approved.
4. We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor, which contains, inter alia, the following information:
- a). Pursuant to the written confirmation of the Company and the relevant information provided by the Company, including the relevant State-owned Land Use Rights Grant Contract, State-owned Land Use Rights Certificates and the land premium receipt, 廣州禮和置業發展有限公司 (Guangzhou Lihe Property Development Limited) has fully paid the land premium in accordance with the corresponding State-owned Land Use Rights Grant Contract of the Site.
- b). The following parts of the Development are subject to mortgages:

Corresponding State-owned Land Use Rights Certificates No.	Encumbrance No.	Date of instruments	Creditor
Zeng Guo Yong (2009) No. B040165	Zeng Ta Xiang (2009) 020	11 January 2009	Industrial and Commercial Bank of China Guangzhou Tianhe Branch
Zeng Guo Yong (2009) No. B040165	Zeng Ta Xiang (2009) 051	12 February 2009	Industrial and Commercial Bank of China Guangzhou Gongye Da Dao Branch

In accordance with the mortgage document, the 廣州禮和置業發展有限公司 (Guangzhou Lihe Property Development Limited) cannot lease, transfer, remortgage or otherwise dispose the part of the property to any third party without the prior written consent from the corresponding creditors.

- c). Pursuant to the written confirmation of the Company and the relevant information provided by the Company, including the relevant State-owned Land Use Rights Grant Contract, State-owned Land Use Rights Certificates and the land premium receipt, 廣州禮和置業發展有限公司 (Guangzhou Lihe Property Development Limited) has obtained the relevant State-owned Land Use Rights Certificates of the Site and

is entitled to lease, transfer, mortgage or otherwise dispose of the land use rights of the property (including the construction works thereon) (subject to the prior consent from the corresponding creditors for those parts which have been mortgaged).

- d). 廣州禮和置業發展有限公司 (Guangzhou Lihe Property Development Limited) has obtained all the relevant construction permit from the relevant government authority for construction with a total GFA of approximately 55,553 sq.m. Pursuant to the written confirmation of the Company and the relevant information provided by the Company, including the relevant State-owned Land Use Rights Grant Contract, State-owned Land Use Rights Certificates, the land premium receipt and Construction Works Commencement Permit, 廣州禮和置業發展有限公司 (Guangzhou Lihe Property Development Limited) has not subject to any invalidation, cancellation, modification or revoke for the relevant development approval or consent of the property. Therefore, 廣州禮和置業發展有限公司 (Guangzhou Lihe Property Development Limited) has a legal and entire development rights of the property.
5. As advised by the Company, the development cost incurred by 30 September 2009 was approximately RMB42,200,000 and the estimated outstanding construction cost to completion was approximately RMB124,500,000 (excluding marketing, finance and other indirect cost).
6. The capital value of the property as if completed as at 30 September 2009 would be approximately RMB461,500,000.
7. A summary of major certificates/approvals is shown as follows.
- | | |
|---|-----|
| i. State-owned Land Use Rights Grant Contract | Yes |
| ii. State-owned Land Use Rights Certificate | Yes |
| iii. Construction Land Use Planning Permit | Yes |
| iv. Construction Works Planning Permit | Yes |
| v. Construction Works Commencement Permit | Yes |
| vi. Pre-sale Permit | N/A |
| vii. Construction Works Completion Certified Report | N/A |

VALUATION CERTIFICATE

Group II — Property interests held by the Target Group for future development

Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 September 2009 (RMB)
2. A reserved land of Zengcheng Project located at Jiancun Village, Weiyuan Village, Potou Village, Tagang Village, (Yonghe) Xintang Town, Zengcheng City, Guangdong Province, the PRC	As advised by the Company, the total expected gross floor area of the buildings and structures to be constructed on the property is approximately 2,506,162 sq.m. Zengcheng Project (the “Development”) (of which the property and Property 1 set out in this property valuation form part) occupying a site with a site area of approximately 1,971,126.17 sq.m. (the “Site”) has been planned to be developed with a total gross floor area of approximately 2,548,499 sq.m. The property has been held under various State-owned Land Use Rights Certificates for two terms expiring on 25 February 2078 for residential and ancillary commercial use and 25 February 2048 for commercial, financial and office use.	The property is vacant.	2,303,200,000

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract No. 4401832008000015 and its supplementary agreement, the land use rights of the Site, with a total site area of approximately 1,971,126.17 sq.m. have been contracted to be granted to 廣州禮和置業發展有限公司 (Guangzhou Lihe Property Development Limited) with a consideration of RMB1,684,500,000. The plot ratio of the Development is not more than or equal to 1.71.
- Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of the Site, with a total site area of approximately 1,971,126.17 sq.m., in which the property is located, have been granted to 廣州禮和置業發展有限公司 (Guangzhou Lihe Property Development Limited).

State-owned Land Use Rights Certificate No.	Site Area (sq.m.)	Date of Expiry	Land use
Zeng Guo Yong (2009) No. B040161	252,442.95	25 February 2078	Residential and ancillary commercial use
Zeng Guo Yong (2009) No. B040162	310,367.31	25 February 2078	Residential and ancillary commercial use
Zeng Guo Yong (2009) No. B040163	253,413.25	25 February 2078	Residential and ancillary commercial use
Zeng Guo Yong (2009) No. B040164	481,975.84	25 February 2078	Residential and ancillary commercial use
Zeng Guo Yong (2009) No. B040165	672,926.82	25 February 2048	Commercial, financial and office use

Total: 1,971,126.17

3. We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor, which contains, inter alia, the following information:

- a). Pursuant to the written confirmation of the Company and the relevant information provided by the Company, including the relevant State-owned Land Use Rights Grant Contract, State-owned Land Use Rights Certificates and the land premium receipt, 廣州禮和置業發展有限公司 (Guangzhou Lihe Property Development Limited) has fully paid the land premium in accordance with the corresponding State-owned Land Use Rights Grant Contract of the Site.
- b). The following parts of the Development are subject to mortgages:

Corresponding State-owned Land Use Rights Certificates No.	Encumbrance No.	Date of instruments	Creditor
Zeng Guo Yong (2009) No. B040165	Zeng Ta Xiang (2009) 020	11 January 2009	Industrial and Commercial Bank of China Guangzhou Tianhe Branch
Zeng Guo Yong (2009) No. B040165	Zeng Ta Xiang (2009) 051	12 February 2009	Industrial and Commercial Bank of China Guangzhou Gongye Da Dao Branch

In accordance with the mortgage document, the 廣州禮和置業發展有限公司 (Guangzhou Lihe Property Development Limited) cannot lease, transfer, remortgage or otherwise dispose the part of the property to any third party without the prior written consent from the corresponding creditors.

- c). Pursuant to the written confirmation of the Company and the relevant information provided by the Company, including the relevant State-owned Land Use Rights Grant Contract, State-owned Land Use Rights Certificates and the land premium receipt, 廣州禮和置業發展有限公司 (Guangzhou Lihe Property Development Limited) has obtained the relevant State-owned Land Use Rights Certificates of the Site and is entitled to lease, transfer, mortgage or otherwise dispose of the land use rights of the property (including the construction works thereon) (subject to the prior consent from the corresponding creditors for those parts which have been mortgaged).
- d). In accordance with the PRC relevant law and regulation, the applicant need to provide the relevant land title documents, construction design plan, preliminary work approval documents, construction works plans to the relevant government authority to obtain the approval of relevant construction works planning permit subject to fulfill the relevant planning regulation. Had the Company provided the above documents and fulfilled the requirement and regulation set by the relevant planning department, the Company shall obtain the relevant Construction Works Planning Permit of the property.
4. A summary of major certificates/approvals is shown as follows.

i. State-owned Land Use Rights Grant Contract	Yes
ii. State-owned Land Use Rights Certificate	Yes
iii. Construction Land Use Planning Permit	Yes
iv. Construction Works Planning Permit	Part
v. Construction Works Commencement Permit	N/A
vi. Pre-sale Permit	N/A
vii. Construction Works Completion Certified Report	N/A

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with respect to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, no Directors or chief executive of the Company, save as disclosed below, had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”), to be notified to the Company and the Stock Exchange:

Interests in the Company

Name of Director	Long position/ short position	Nature of interests	Approximate number of shares held (Note 1)	Approximate percentage of shareholding
Kong Jian Min (Notes 2, 3 and 4)	Long Position	Interest of a controlled corporation	1,714,441,500	59.25%
Kong Jian Tao (Notes 2 and 3)	Long Position	Interest of a controlled corporation	1,687,500,000	58.32%
	Long Position	Beneficial owner	1,000,000	0.035%
Kong Jian Nan (Notes 2 and 3)	Long Position	Interest of a controlled corporation	1,687,500,000	58.32%
He Wei Zhi	Long Position	Interest of spouse	10,000 (Note 5)	0.00035%

Notes:

- Share(s) of HK\$0.10 each in the capital of the Company.
- Plus Earn Consultants Limited (“**Plus Earn**”) is legally and beneficially owned as to 76.5% by Kong Jian Min, as to 15% by Kong Jian Tao and as to 8.5% by Kong Jian Nan. Therefore, Kong Jian Min, Kong Jian Tao and Kong Jian Nan are deemed to be interested in 1,612,500,000 Shares through their interests in Plus Earn. Each of Kong Jian Min, Kong Jian Tao and Kong Jian Nan is a director of Plus Earn.
- Right Rich Consultants Limited (“**Right Rich**”) is legally and beneficially owned as to 76.5% by Kong Jian Min, as to 15% by Kong Jian Tao and as to 8.5% by Kong Jian Nan. Therefore, Kong Jian Min, Kong Jian Tao and Kong Jian Nan are deemed to be interested in 75,000,000 Shares through their interests in Right Rich. Each of Kong Jian Min, Kong Jian Tao and Kong Jian Nan is a director of Right Rich.
- Hero Fine Group Limited (“**Hero Fine**”) is legally and beneficially owned as to 100% by Kong Jian Min and Kong Jian Min is therefore deemed to be interested in 26,941,500 Shares through his interest in Hero Fine. Kong Jian Min is the sole director of Hero Fine.
- These Shares are held and beneficially owned by Wang Yanlei, the spouse of He Wei Zhi.

Interests in the associated corporations of the Company

Name of Director	Associated Corporations	Number of shares	Approximate percentage of shareholding in associated corporations
Kong Jian Min	Plus Earn	765	76.50%
	Right Rich	765	76.50%
Kong Jian Tao	Plus Earn	150	15.00%
	Right Rich	150	15.00%
Kong Jian Nan	Plus Earn	85	8.50%
	Right Rich	85	8.50%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code or to be disclosed pursuant to the requirements of the Takeovers Code.

Save as disclosed above, none of the Directors or proposed directors is a director or employee of a company which has an interest in the Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO.

3. SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at the Latest Practicable Date, according to the list of substantial shareholders extracted from the website of the Stock Exchange (www.hkex.com.hk), the following companies or persons had an interest or short position in the shares and the register of interests kept by the Company under section 336 of the SFO and so far as is known to the Directors, no other person other than a Director whose interests are disclosed above, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or had any option in respect of such capital:

Name	Capacity	Number of shares (Note 1)	Percentage of issued share capital
Plus Earn (Note 2)	Beneficial owner	1,612,500,000	55.72%

Notes:

- Share(s) of HK\$0.10 each in the capital of the Company.
- Plus Earn is legally and beneficially owned as to 76.5% by Kong Jian Min, as to 15% by Kong Jian Tao and as to 8.5% by Kong Jian Nan.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company (excluding contracts expiring or determinable within one year without payment of compensation other than statutory compensation).

5. LITIGATION

No member of the Group was engaged in any litigation or arbitration proceedings of material importance as at the Latest Practicable Date and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

6. COMPETING INTEREST

As at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or their respective associates was interested in any business which competes or is likely to compete with the business of the Group, which is required to be disclosed pursuant to the Listing Rules.

7. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008, being the date to which the latest published audited accounts of the Company were made up.

8. EXPERTS' QUALIFICATION AND CONSENTS

Each of ICBCI and CB Richard Ellis Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

The following is the qualification of the experts who have given their opinion or advice which is contained in this circular:

Name	Qualification
ICBCI	a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
CB Richard Ellis Limited	An independent professional property valuer

As at the Latest Practicable Date, ICBCI and CB Richard Ellis Limited did not have any direct or indirect interest in any asset which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2008, being the date to which the latest audited financial statements of the Group was made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

9. GENERAL

- (a) None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of by or leased to any member of the Group since 31 December 2008, being the date to which the latest published audited accounts of the Group were made up, and up to the Latest Practicable Date.
- (b) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting and was significant in relation to the business of the Group.
- (c) The company secretary of the Company is Mr. Tsui Kam Tim, a member of the Hong Kong Institute of Certified Public Accountants.
- (d) The registered office of the Company is at Cricket Square, Hutchins Drive, Grand Cayman KY1-1111, Cayman Islands and the principal place of business in the Hong Kong is at Room 6407, 64th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (e) The Hong Kong branch share registrar and the transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (f) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at Room 6407, 64th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong during normal business hours on any weekdays, except public holidays, from the date of this circular up to and including 29 October 2009:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the two years ended 31 December 2008;
- (c) the letter from the Independent Board Committee to the Shareholders, the text of which is set out on page 10 of this circular;
- (d) the letter of advice from ICBCI to the Company, the text of which is set out on pages 11 to 17 of this circular;
- (e) the valuation report issued by CB Richard Ellis Limited on the Land as set out in Appendix I to this circular;
- (f) the written consents of ICBCI and CB Richard Ellis Limited referred to in the paragraph headed "Experts' Qualification and Consents" in this Appendix;
- (g) the First Agreement;
- (h) the Termination Agreement;
- (i) the Second Agreement;
- (j) the Assignment of Loan; and
- (k) this circular.