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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

TERMINATION OF JOINT VENTURE WITH RESPECT TO THE PROPERTY DEVELOPMENT IN CHENGDU

The joint venture between Prime Way, a wholly-owned subsidiary of the Company, and the Investors with respect to the Development has been terminated by way of the Transfer.

The Investors are deemed by the Stock Exchange as connected persons under Rule 14A.06 of the Listing Rules by virtue of their influence in Gain Right, an indirect subsidiary of the Company, through the approval power of the directors nominated and appointed by the Investors, as set out in the Second Announcement, and therefore the Termination constitutes a non-exempted connected transaction for the Company under the Listing Rules.

As (i) the Investors are deemed connected because of their influence in Gain Right; (ii) the Investors are not interested in any Shares, and no Shareholder is interested in the Termination (other than through its/his/her interest in the Company) and is required to abstain from voting for the resolution to approve the Termination; and (iii) Plus Earn, which is interested in 1,612,500,000 Shares, representing approximately 62.17% of the issued share capital of the Company as at the date of this announcement, has approved the Termination by written shareholders' approvals 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 requirement under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the Termination also constitutes a discloseable transaction for the Company under the Listing Rules.

A circular containing, amongst others, details of the Termination and the opinion of the financial adviser to the Company in relation to the Termination will be despatched to the Shareholders as soon as practicable.

Reference is made to the First Announcement and the Circular in relation to the joint venture with the Investors with respect to the Development. Save as otherwise provided in this announcement, capitalised terms used herein will have the same meanings as used in the First Announcement and the Circular.

BACKGROUND TO THE TERMINATION

As disclosed in the First Announcement and the Circular, Prime Way, a wholly-owned subsidiary of the Company, on 8 October 2007, entered into a joint venture with the Investors with respect to the Development. Pursuant to the joint venture arrangement, the Investors subscribed the Investor Shares, for US\$101,300,420.22, which confer on the Investors the right to enjoy 35% of the benefits derived from the Development.

The Project Company currently holds three parcels of land located in Chengdu, the PRC, namely Plot 3 Land, Plot 9 Land and Plot 10 Land for three separate but related projects comprised in the Development. Plot 3 Land and Plot 10 Land are currently under development and pre-sale for Plot 3 Land is expected to commence in late March 2009. As at the date of this announcement, the Project Company has not commenced the construction work on Plot 9 Land.

On 18 June 2008, the Ministry of Commerce of the PRC promulgated the Notice, effective on 1 July 2008. Pursuant to the Notice, the investment (including capital increase) of a foreign invested project company such as the Project Company will be restricted to the development of a single project which has been approved by the relevant PRC government authorities.

The Development involves three projects on three parcels of land. As a result of the implementation of the Notice, the Project Company will not be able to carry out the Development and comply with the Notice unless the current holding structure for the Development is to be restructured, failing which the SAFE Certificate issued to the Project Company will be cancelled. In the event that the SAFE Certificate issued to the Project Company is cancelled, both Prime Way and the Investors will not be able to inject further funds into the Development and the Project Company cannot remit out of the PRC future dividends or other income distributions. As advised by the PRC legal advisers to the Company, with the participation of the Investors at the Gain Right level, the options available for the restructuring of the Development are limited and any restructuring exercise will be more complicated and will entail uncertainty for the Company in terms of the applicable laws and the timing of the restructuring.

On 12 March 2009, the joint venture between Prime Way and the Investors with respect to the Development was terminated by way of the Transfer. Upon completion of the Transfer, the Development will be wholly-owned by the Company and the Company will commence the restructuring process with respect to the Project Company. Based on the advice from the PRC legal advisors to the Company, the restructuring exercise without the involvement of the Investors is expected to be implemented within two months.

As (i) given the uncertainty over the restructuring of the holding structure for the Development with the involvement of the Investors; (ii) the pre-sale for Plot 3 Land is expected to commence in late March 2009; and (iii) the Board is optimistic about the prospect of the property market in Chengdu, the PRC, the Directors consider that the Termination would be in the best interests of the Company and the Shareholders as a whole and the Company could maximize the benefits from the Development and retain full control in the

Project Company. The Directors believe that the Group has sufficient financial resources for its operations and completion of its existing property development projects and the Group's financial position is healthy notwithstanding the Transfer.

TERMINATION

The Investors will transfer back to the Company the Investor Shares for US\$101,300,420.22, which will be payable in the following manner:

- (a) the sum of US\$76,677,614.05 to be paid in cash on or before 26 March 2009; and
- (b) the balance to be paid in cash on or before 24 June 2009,

with interest at the rate of 0.28176% per annum on (a) above commencing from 21 January 2009 up to 26 March 2009 and at the rate of 8.28176% per annum on (b) above commencing from 27 March 2009 up to 24 June 2009.

The consideration of the Transfer was determined with reference to the subscription price paid by the Investors for the Investor Shares. The consideration of the Transfer, the terms of payment and the interest rates were agreed after arm's length negotiations between the Company and the Investors. The interest rate for the sum under (a) above was determined with reference to the one-month HIBOR at the time of negotiation of the Termination, and that the interest rate for the sum under (b) above was one-month HIBOR plus 8%, with reference to the average interest rate for bank borrowings of the Group wholly repayable within five years.

Completion of the Transfer will take place on the next Business Day after the day on which the consideration is paid in full. It is expected that the consideration will be funded by bank borrowings and internal resources of the Group. The Project Company will become an indirect wholly-owned subsidiary of the Company upon completion of the Transfer.

As at 31 December 2008, the total net asset value of Gain Right was approximately RMB710,287,191 (equivalent to approximately HK\$805,465,674).

IMPLICATIONS UNDER THE LISTING RULES

The Investors are deemed by the Stock Exchange as connected persons under Rule 14A.06 of the Listing Rules by virtue of their influence in Gain Right, an indirect subsidiary of the Company, through the approval power of the directors nominated and appointed by the Investors, as set out in the Second Announcement, and therefore the Termination constitutes a non-exempted connected transaction for the Company under the Listing Rules.

As (i) the Investors are deemed connected because of their influence in Gain Right; (ii) the Investors are not interested in any Shares, and no Shareholder is interested in the Termination (other than through its/his/her interest in the Company) and is required to abstain from voting for the resolution to approve the Termination; and (iii) Plus Earn, which is interested in 1,612,500,000 Shares, representing approximately 62.17% of the issued share capital of the Company as at the date of this announcement, has approved the Termination by written shareholders' approvals 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 requirement under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the Termination also constitutes a discloseable transaction for the Company under the Listing Rules.

GENERAL

The Group is principally engaged in property development in the PRC.

Each of the Investors is a special purpose vehicle managed by Aetos Capital Asia investment funds. The principal business activity of the Investors is investment holding.

A circular containing, amongst others, details of the Termination and the opinion of the financial adviser to the Company in relation to the Termination will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“Board”	the board of Directors;
“Business Day”	any day (other than a Saturday, Sunday, a public holiday or a day on which typhoon signal no.8 or above or a “black” rainstorm warning is hoisted in Hong Kong) on which banks in Hong Kong are open for business;
“Circular”	the circular of the Company dated 29 October 2007;
“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;
“Development”	the development of Plot 3 Land, Plot 9 Land and Plot 10 Land into residential buildings, commercial buildings and a hotel;
“Directors”	the directors of the Company;
“First Announcement”	the announcement of the Company dated 8 October 2007;
“Gain Right”	Gain Right Limited, a company incorporated in the British Virgin Islands on 20 August 2007, and a non wholly-owned subsidiary of the Company as at the date of this announcement;
“Group”	the Company and its subsidiaries;
“HIBOR”	Hong Kong Interbank Offering Rate;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;

“Investors”	Castor Investment, Ltd., a company incorporated in the Cayman Islands with limited liability and Castor Investment TE Sub, Ltd., a company incorporated in the Cayman Islands with limited liability;
“Investor Shares”	35 Class A shares in Gain Right;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Notice”	Notice of the Ministry of Commerce on Doing a Good Job in Archiving Documents on Foreign Investment in the Real Estate Industry 《商務部關於做好外商投資房地產業備案工作的通知》;
“Plot 3 Land”	the land located in 成都高新區南部新區豐收片區 (高新區原和平村1組、紅光村1組) ((Group 1, Hongguang Village, Group 1 Yuanheping Village Gaoxinqu) Fengshoupiangu, South part of Xinqu, Gaoxinqu Chengdu*) with a total area of approximately 13,857.17 square metres;
“Plot 9 Land”	the land located in 成都高新區南部新區仁和片區30號 (高新區原仁和村3、7、8組、清和村9組) ((Group 9 Qinghe Village, Groups 3, 7, 8 Yuanrenhe Village, Gaoxinqu) No.30 Renhepiangu, South part of Xinqu, Gaoxinqu, Chengdu*) with a total area of approximately 115,749.47 square metres;
“Plot 10 Land”	the land located in 成都高新區南部新區仁和片區38號(高新區原仁和村2組、3組、8組) ((Group 8, Group 3, Group 2 Yuanrenhe Village, Gaoxinqu) No.38 Renhepiangu, South part of Xinqu, Gaoxinqu, Chengdu*) with a total area of approximately 70,954.48 square metres;
“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;
“Prime Way”	Prime Way Enterprises Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company;
“Project Company”	Chengdu Zhongtianying Real Estate Development Limited, a limited liability company established in the PRC on 6 December 2006 and a non wholly-owned subsidiary of the Company as at the date of this announcement;
“SAFE Certificate”	the Certificate of Registration of Foreign Exchange(外匯登記證);
“Second Announcement”	the announcement of the Company dated 22 February 2008;
“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”	termination of the joint venture between Prime Way and the Investors with respect to the Development by way of the Transfer;
“Transfer”	the transfer of the Investor Shares by the Investors to the Company or its nominee;
“US\$”	United States dollar, the lawful currency of the United States of America; and
“%”	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\$1.134; and amounts denominated in US\$ have been converted into HK\$ at the rate of US\$1.00 = HK\$7.75.

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

Hong Kong, 12 March 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.