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廣州富力地產股份有限公司
GUANGZHOU R&F PROPERTIES CO., LTD.



合景泰富地產

GUANGZHOU R&F PROPERTIES CO., LTD.*

廣州富力地產股份有限公司

*(a joint stock company incorporated in the People's
Republic of China with limited liability)*

(Stock Code: 2777)

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)

JOINT ANNOUNCEMENT

DISCLOSEABLE TRANSACTION

EQUITY TRANSFER AGREEMENT

RELATING TO

THE ACQUISITION OF 30% INTEREST IN THE PROJECT COMPANY

The respective boards of directors of R&F and KWG are pleased to announce that they through Shanghai R&F and Shanghai KWG, respectively, have on a 50:50 basis between themselves, successfully auctioned for the Sale Interest, representing 30% of the registered capital of the Project Company. Following the successful auction, Shanghai R&F and Shanghai KWG as the purchasers, have entered into the Agreement with SCC as the seller on 20 January 2011, pursuant to which Shanghai R&F and Shanghai KWG have agreed to acquire the Sale Interest from SCC for a total consideration of RMB1,014,322,800 (equivalent to approximately HK\$1,197,364,000).

SCC is a company incorporated in the PRC which holds 30% interest in the registered capital of the Project Company as at the date of this announcement. The Project Company holds the Project Properties including a residential development named California Place Shanghai (加州水郡) and a retail, office and hotel complex named California Square Shanghai (加州廣場). The remaining 70% interest in the registered capital of the Project Company is jointly held by R&F and KWG through HSNJD.

Reference is made to the Announcement in relation to the acquisition of the entire issued share capital of HSNJD by R&F and KWG on 5 November 2010. The prior acquisition of the entire issued capital of HSNJD by R&F and KWG and the Acquisition form a series of transactions which should be treated as if they were one transaction under Rule 14.22 of the Listing Rules. Upon aggregation, these transactions constitute discloseable transactions for each of R&F and KWG under Rule 14.06 of the Listing Rules. Accordingly, the Acquisition is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE ACQUISITION

Date of the Agreement

20 January 2011

Parties to the Agreement

- (1) SCC, as the seller; and
- (2) Shanghai R&F and Shanghai KWG, as the purchasers.

To the best of the knowledge, information and belief of the directors of R&F and KWG, having made all reasonable enquiry, each of R&F and KWG and their respective ultimate beneficial owners is independent of, and not connected with, each other, and SCC is a third party independent of and not connected with each of R&F, KWG or any of their respective connected persons.

Asset to be acquired

Pursuant to the Agreement, Shanghai R&F and Shanghai KWG will acquire the Sale Interest, representing 30% of the registered capital of the Project Company, from SCC.

Consideration

The consideration for the Acquisition is RMB1,014,322,800 (equivalent to approximately HK\$1,197,364,000), which will be payable as to RMB507,161,400 by Shanghai R&F and as to RMB507,161,400 by Shanghai KWG in the following manner:

- (i) an initial deposit of RMB304,296,840, being 30% of the consideration for the Acquisition, has been paid by Shanghai R&F and Shanghai KWG (as to half by each of Shanghai R&F and Shanghai KWG) to participate in the auction, which will be applied towards part payment of the consideration for the Acquisition within 5 days from the execution of the Agreement; and
- (ii) the remaining sum of RMB710,025,960, being 70% of the consideration for the Acquisition, will be paid by Shanghai R&F and Shanghai KWG (as to half by each of Shanghai R&F and Shanghai KWG) within 15 days from the execution of the Agreement.

The consideration for the Acquisition was determined after a public bidding process and the Directors consider that the terms and conditions of the Acquisition, including the consideration, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The consideration for the Acquisition will be satisfied by the internal resources of each of R&F and KWG.

INFORMATION ON THE PROJECT COMPANY AND PROJECT PROPERTIES

The Project Company is a sino-foreign joint venture enterprise established in the PRC with a registered capital of RMB855,000,000. As at the date of this announcement, the Project Company is owned as to 70% by HSNJD, which in turn is owned as to 50% by each of R&F and KWG, and as to 30% by SCC.

The Project Company holds the Project Properties including a residential development named California Place Shanghai (加州水郡) and a retail, office and hotel complex named California Square Shanghai (加州廣場).

California Place Shanghai is a residential project with an approximately 211,609 square meter GFA (not including underground GFA), located at parcels C5-2 and C5-4, New Jiangwan Town, Yangpu District, Shanghai, China (中國上海市楊浦區新江灣城(C5-2地塊和C5-4地塊)). Phase 1 of California Place Shanghai consists of a total of 486 apartments, of which 484 apartments have been pre-sold and partly delivered, but 362 underground car parks have not been pre-sold.

California Square Shanghai (加州廣場) is a retail, office and hotel complex with an approximately 143,736 square meter GFA (not including underground GFA), which is being constructed at parcels C5-7 and C5-8, New Jiangwan Town, Yangpu District, Shanghai, China (中國上海市楊浦區新江灣城(C5-7地塊和C5-8地塊)).

Financial information on the Project Company

The following information is extracted from the audited financial statements of the Project Company for the two financial years ended 31 December 2008 and 2009, and the management accounts of the Project Company for the eleven months ended 30 November 2010:

	For the year ended 31 December		For the eleven months ended
	2008	2009	30 November 2010
	RMB'000	RMB'000	RMB'000
Turnover	—	—	—
Profit/(Loss) before taxation	—	(47,070)	4,176
Profit/(Loss) after taxation	—	(47,070)	4,176

The net assets value of the Project Company as at 30 November 2010 was RMB811 million. Upon completion of the Acquisition, the Project Company will be indirectly held as to 50% by each of R&F and KWG, and the Project Company will be accounted for as a jointly-controlled entity of R&F and KWG.

REASONS FOR THE ACQUISITION

Each of R&F and KWG is principally engaged in the development of large scale residential properties and integrated commercial properties. The development of the Project Properties through the Project Company is considered by each of R&F and KWG to be in its ordinary and usual course of business.

In order to enhance their position in the PRC property market, the respective board of directors of R&F and KWG believe that the development of the Project Properties through the Project Company provides a good opportunity for project development in Shanghai. As R&F and KWG already together own 70% of the Project Company, the Acquisition will give R&F and KWG a complete control over the Project Company so as to ensure efficient operation of the development of the Project Properties. The respective directors of R&F and KWG consider

the Acquisition has been made on normal commercial terms and that such terms are fair and reasonable so far as the respective company and shareholders are concerned and that the Acquisition is in the interest of each of the companies and their shareholders as a whole.

GENERAL

R&F is principally engaged in property development in the PRC. KWG is principally engaged in property development, property investment, hotel operation and property management service provision activities in the PRC.

SCC is principally engaged in property development in the PRC.

IMPLICATIONS UNDER THE LISTING RULES

Reference is made to the Announcement in relation to the acquisition of the entire issued share capital of HSNJD by R&F and KWG on 5 November 2010. The prior acquisition of the entire issued capital of HSNJD by R&F and KWG and the Acquisition form a series of transactions which should be treated as if they were one transaction under Rule 14.22 of the Listing Rules. Upon aggregation, these transactions constitute discloseable transactions for each of R&F and KWG under Rule 14.06 of the Listing Rules. Accordingly, the Acquisition is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless otherwise requires:

“Acquisition”	the acquisition of the Sale Interest by Shanghai R&F and Shanghai KWG pursuant to the Agreement
“Agreement”	the equity transfer agreement dated 20 January 2011 entered into among Shanghai R&F, Shanghai KWG and SCC in relation to the Acquisition
“Announcement”	the joint announcement issued by R&F and KWG on 5 November 2010 in relation to the acquisition of the entire issued share capital of HSNJD
“GFA”	gross floor area
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HSNJD”	Hines Shanghai New Jiangwan Development Co., Ltd., a company incorporated in the Cayman Islands
“KWG”	KWG Property Holding Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Project Company”	Shanghai Chengtou Yuecheng Real Estate Co., Ltd. (上海城投悦城置業有限公司), a limited liability company incorporated in the PRC
“Project Properties”	the four parcels of land located at New Jiangwan, Yangpu District, Shanghai and the properties developed and being developed thereon
“R&F”	Guangzhou R&F Properties Co., Ltd., a joint stock company incorporated in the PRC with limited liability, the H-shares of which are listed on the main board of the Stock Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	30% of the registered capital of the Project Company which is held by SCC as at the date of this announcement;
“SCC”	Shanghai Chengtou Cityland (Group) Co., Ltd, (上海城投置地(集團)有限公司) a company incorporated in the PRC
“Shanghai KWG”	Shanghai KWG Real Estate Development Co., Ltd. (上海合景房地產開發有限公司), a limited company incorporated in the PRC, a wholly-owned subsidiary of KWG
“Shanghai R&F”	Shanghai R&F Real Estate Development Co., Ltd. (上海富力房地產開發有限公司), a limited company incorporated in the PRC, a wholly-owned subsidiary of R&F
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at HK\$1.00 = RMB0.84713.

By order of the Board
Guangzhou R&F Properties Co., Ltd.
Li Sze Lim
Chairman

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

Hong Kong, 20 January 2011

As at the date of this announcement, the executive directors of R&F are Mr. Li Sze Lim, Mr. Zhang Li, Mr. Zhou Yaonan and Mr. Lu Jing; and the non-executive directors are Ms. Zhang Lin and Ms. Li Helen, and the independent non-executive directors are Mr. Huang Kaiwen, Mr. Dai Feng and Mr. Lai Ming, Joseph.

As at the date of this announcement, the executive directors of KWG are Mr. Kong Jian Min (Chairman), Mr. Kong Jian Tao, Mr. Kong Jian Nan, Mr. Li Jian Ming, Mr. Tsui Kam Tim, Mr. He Wei Zhi and Mr. Yu Yao Sheng; and the independent non-executive directors are Mr. Lee Ka Sze, Carmelo, Mr. Dai Feng and Mr. Tam Chun Fai.

** For identification only*