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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 the transfer was effected for onward transmission to the purchaser or the transferee.

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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 TRANSACTION

* For identification purposes only

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DEFINITIONS

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

“Agreement”	the agreement dated 8 October 2007 entered into between the Company, Prime Way, Gain Right and the Investors in relation to the Project
“Announcement”	an announcement of the Company dated 8 October 2007
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday or Sunday) where banks in the PRC are generally open for business
“Clear Place”	Clear Place Limited, a company incorporated in the British Virgin Islands on 12 July 2007 and a wholly-owned subsidiary of the Company
“Company”	KWG Property Holding Limited, a company incorporated in the Cayman Islands with its Shares listed on the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Gain Right”	Gain Right Limited, a company incorporated in the British Virgin Islands on 20 August 2007, and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HK Co”	Time Joy Investments Limited, a company incorporated in the Hong Kong and a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“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., the rights of which are set out in the paragraph headed “The Agreement – subject matter” in this circular
“Land Grant Contracts”	the land grant contracts dated 27 July 2007 between the Project Co and the land bureau of Chengdu in respect of the Project
“Latest Practicable Date”	24 October 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Prime Way”	Prime Way Enterprises Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Project”	the development of the Property, the particulars are set out in the paragraph headed “The Project” in this circular
“Project Co”	Chengdu Zhongtianying Real Estate Development Limited, a limited liability company established in the PRC on 6 December 2006 and a wholly owned subsidiary of the Company
“Properties”	3 pieces of land located in Chengdu, the PRC with a total site area of approximately 200,561.12 square metres
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	Holder(s) of the Shares
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“US\$” United States dollar, the lawful currency of the United States of America

“%” per cent.

In this circular, amounts denominated in RMB have been converted into HK\$ at the rate of RMB1.00 = HK\$1.0078575; and amounts denominated in US\$ have been converted into HK\$ at the rate of US\$1.00 = HK\$7.582.

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 Man

Kong Jian Tao

Kong Jian Nan

Li Jian Ming

Registered office:

Cricket Drive

Hutchins Drive

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:

Lee Ka Sze, Carmelo

Dai Feng

Tam Chun Fai

Principal place of business in Hong Kong:

Room 6407, 64th Floor

Central Plaza

18 Harbour Road

Wanchai, Hong Kong

29 October 2007

To the Shareholders:

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

INTRODUCTION

The Board announced on 8 October 2007 that pursuant to the Agreement dated 8 October 2007, (1) the Investors agreed to subscribe the Investor Shares for US\$101,300,420.22 (equivalent to HK\$768,059,786.11) and (2) Prime Way agreed to subscribe 64 ordinary shares in Gain Right, the subscription price for which will be settled by the transfer of Prime Way's entire interest in Clear Place to Gain Right.

Upon completion of the Agreement, the issued share capital of Gain Right will be held as to 65% by the Company, and as to 35% by the Investors, respectively.

The joint venture with the Investor with respect to the Project pursuant to the Agreement constitutes a discloseable transaction for the Company under the Listing Rules as each of the applicable percentage ratio is more than 5% but less than 25%.

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LETTER FROM THE BOARD

The purpose of this circular is to give you details of, among other things, the Transaction.

THE AGREEMENT

Date:

8 October 2007

Parties:

- (a) the Company, as the guarantor of Prime Way's obligations;
- (b) Prime Way, an indirect wholly-owned subsidiary of the Company;
- (c) Gain Right, an indirect wholly-owned subsidiary of the Company; and
- (d) the Investors. To the best of the Directors' knowledge, information and belief, having made all reasonable inquiry, each of the Investors and their ultimate beneficial owner is an independent third party and not a connected person of the Company or any of its subsidiaries or any of their respective directors, chief executive and substantial shareholders or any associates of any of them.

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

Subject matter:

Prime Way will enter into a joint venture arrangement with the Investors with respect to the Project through Gain Right. Upon completion of the Agreement, the Investor Shares will be issued to the Investors and 64 ordinary shares in Gain Right will be issued to Prime Way. The Investor Shares represent 35% of the issued share capital of Gain Right and carry the same rights as the ordinary shares of Gain Right held by Prime Way save that the Investor Shares carry 9% of the voting rights at general meetings of Gain Right. Completion of the Agreement took place on 10 October 2007.

Consideration:

The consideration for the Investor Shares payable by the Investors shall be US\$101,300,420.22 (equivalent to HK\$768,059,786.11), which is equivalent to 35% of the first and second instalments of the land premium with respect to the Properties in the amount of RMB2,173,675,474.00, and was determined after arm's length negotiation between the Company, Prime Way, Gain Right and the Investors.

The consideration for the 64 ordinary shares in Gain Right payable by Prime Way shall be satisfied by the transfer of its entire interest in Clear Place to Gain Right.

LETTER FROM THE BOARD

Further funding requirement:

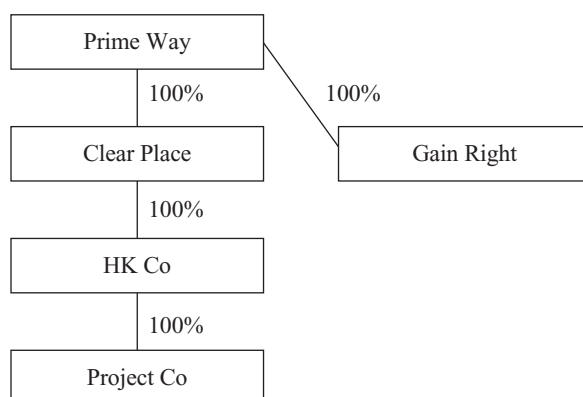
On or before 5 pm (Hong Kong time) on 4 January 2008, Prime Way and the Investors are required to fund Gain Right by way of equity (the Investors to subscribe for Class A Shares and Prime Way to subscribe for Ordinary Shares) for a total amount, in foreign currency equivalent, of RMB1,826,324,526 being RMB4 billion less the paid up registered capital of the Project Co in the ratio of 65 to 35 (Prime Way to contribute RMB1,187,110,941.90 and the Investors to contribute RMB639,213,584.10). The Company intends to fund Gain Right by way of internal funding. The Class A Shares shall rank pari passu in all respects as the ordinary shares of Gain Right, except that as a whole, it only carries 9% of the voting rights in Gain Right.

The Investors and their affiliates (the “Aetos Group”) have extensive investment activities in the property and other sectors. If the Investors hold 10% or more of the voting rights in Gain Right, the Investors will be considered as connected persons of the Company, and it will be impossible for the Company to monitor the activities of the Aetos Group for the purposes of compliance with Chapter 14A of the Listing Rules. In this connection, the Company and the Investors have agreed that the Investors shall only be holding 9% voting rights for their 35% equity interests in Gain Right. The Directors (including the independent non-executive Directors) consider that this arrangement and the creation of the Class A shares in Gain Right is fair and reasonable so far as the Company and the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE

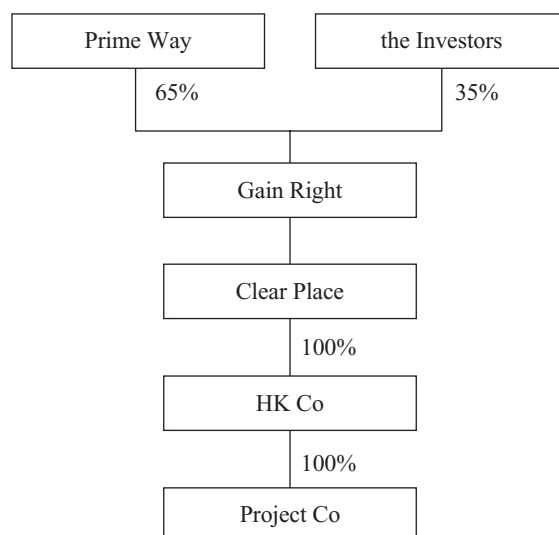
The shareholding structure of Gain Right before and after completion of the Agreement is set out below:

Before completion



LETTER FROM THE BOARD

After completion



After completion, the board of directors of Gain Right shall comprise 5 directors, of which the Company shall have the right to appoint 3 directors and the Investors shall have the right to appoint 2 directors. Gain Right will be accounted for as a non wholly-owned subsidiary of the Company upon completion.

THE PROJECT

By way of the Land Grant Contracts, the Properties were granted to the Project Company by the land bureau of Chengdu (成都市國土資源局) for a total land premium of RMB3,622,792,456. The land premium is payable in stages with the final balance of the premium payable in January 2008. The Project is a residential, commercial and hotel development project located in Chengdu, the PRC. The Properties consist of 3 pieces of bare land located in Chengdu, the PRC, details of which are set out as follows:

Location of the site	Area of the plot	Approved purposes of the relevant plot	Term of land use right granted
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) Fengshouqu, South part of Xinqu, Gaoxinqu Chengdu*	Approximately 13,857.17 square metres	Residential and commercial	Residential – 70 years Commercial – 40 years

LETTER FROM THE BOARD

Location of the site	Area of the plot	Approved purposes of the relevant plot	Term of land use right granted
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 Renhepianqu, South part of Xinqu, Gaoxinqu, Chengdu*	Plot A: Approximately 78,961.88 square metres	Plot A: Residential	Residential – 70 years
	Plot B: Approximately 36,787.59 square metres	Plot B: Cultural and entertainment, government office and commercial	Commercial – 40 years
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 2, Group 3, Group 8 Yuanrenhe Village, Gaoxinqu) No.38 Renhepianqu, South part of Xinqu, Gaoxinqu, Chengdu*	Plot A: Approximately 43,501.68 square metres	Plot A: Residential	Residential – 70 years
	Plot B: Approximately 27,452.80 square metres	Plot B: Cultural and entertainment, government office and commercial	Commercial – 40 years

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

It is the current plan that the Project will comprise office buildings, residential units, hotels and shopping malls.

The Project Co

The Project Co currently has a registered capital of RMB20 million. The Project Co is engaged in the development of the Properties, and as at 31 August 2007, had a total asset of RMB1,145,980,000, mainly representing the first instalment of land premium for the Project.

The unaudited consolidated net asset value of the Project Co as at 31 August 2007 calculated in accordance with HKFRS was approximately RMB\$19.98 million. The unaudited net loss before and after taxation of the Project Co for the eight months ended 31 August 2007 was approximately RMB21,369.

The HK Co

The HK Co is a subsidiary of the Company and is an investment holding company. The HK Co has no other operations other than its equity interest in the Project Co. The unaudited consolidated net asset value of the HK Co as at 31 August 2007 was approximately HK\$21,536. The unaudited net loss before and after taxation of the HK Co for the eight months ended 31 August 2007 was approximately HK\$21,537.

LETTER FROM THE BOARD

Clear Place

Clear Place is a wholly-owned subsidiary of the Company and is an investment holding company. Clear Place has no other operations other than its equity interest in the HK Co and Project Co. The unaudited consolidated net asset value of Clear Place as at 31 August 2007 was approximately HK\$21,529. The unaudited net loss before and after taxation of Clear Place for the eight months ended 31 August 2007 was approximately HK\$21,537.

Gain Right

Gain Right is a wholly-owned subsidiary of the Company. It has not carried on any business since its incorporation and has no asset.

SHAREHOLDING STRUCTURE OF GAIN RIGHT

Name of Shareholder	Shareholding before completion of the subscription under the Agreement				Shareholding after completion of the subscription under the Agreement			
	Ordinary Shares		Class A Shares		Ordinary Shares		Class A Shares	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Share</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Share</i>	<i>%</i>
Company	1	100	–	–	65	65	–	–
The Investors	–	–	–	–	–	–	35	35

REASONS FOR THE INTRODUCTION OF THE INVESTORS

The Investors are special purpose vehicles managed by the Aetos Capital Asia Funds, one of the largest real estate focused investment funds in Asia. Aetos Capital Asia Funds are two series of opportunistic real estate investment funds which have acquired real estate assets in Asia totalling more than US\$5 billion. The principals of the Aetos Capital Asia Funds have participated in many of the most significant global real estate transactions in the past fifteen years. The real estate team consists of more than one hundred professionals with experience in all areas of real estate investment on a global basis including development, redevelopment, asset management, acquisitions, dispositions, fund management, restructuring and merger and acquisition transactions. The current series of Aetos Capital Asia Funds has approximately US\$2.2 billion in commitments that will be primarily invested in Asian real estate and real estate-related investments. To the best of the knowledge, information and belief of the Directors, and having made reasonable enquiry, Aetos Capital Asia Funds and their respective ultimate beneficial owners are third parties independent of the Company and are not connected persons of the Company under the Listing Rules. The Directors are of the view that the joint venture with the Investors will bring valuable experience and expertise in the development of the Properties. The Board considers the joint venture with the Investors is beneficial to the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) consider that the Agreement has been made on normal commercial terms and that such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the entering into the Agreement is in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE TRANSACTION

Upon completion of the transaction, the assets of the Company will be increased by RMB1,400,000,000, which is the amount contributed by the Investors. There will not be any effect on the earning and liabilities of the Company.

GENERAL

The Group is principally engaged in property development in the PRC. The Company does not expect that any gain or loss will arise as a result of the issue of the Investor Shares since the consideration of the Investor Shares is equivalent to land premium of the Properties based on Pro Rata Basis.

IMPLICATIONS UNDER THE LISTING RULES

The joint venture with the Investors with respect to the Project constitutes a discloseable transaction for the Company under the Listing Rules as each of the applicable percentage ratio is more than 5% but less than 25%.

Your attention is drawn to the general information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of
KWG PROPERTY HOLDING LIMITED
Kong Jian Min
Chairman

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 Companies, 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 <i>(Note 1)</i>	Percentage of shareholding
Kong Jian Min <i>(Notes 2 and 3)</i>	Long Position	Interest of a controlled corporation	1,687,500,000	65.10%
Kong Jian Tao <i>(Notes 2 and 3)</i>	Long Position	Interest of a controlled corporation	1,687,500,000	65.10%
Kong Jian Nan <i>(Notes 2 and 3)</i>	Long Position	Interest of a controlled corporation	1,687,500,000	65.10%

Notes:

- Share(s) of HK\$0.10 each in the capital of the Company.
- Kong Jian Min, Kong Jian Tao and Kong Jian Nan hold 76.5% of issued share capital of Plus Earn Consultants Limited ("Plus Earn"), 15% of issued share capital of Plus Earn and 8.5% of issued share capital of Plus Earn respectively. Therefore, Kong Jian Min, Kong Jian Tao and Kong Jian Nan (collectively, the "Kong Family") are deemed to be interested in 1,612,500,000 shares in the Company through the interest in Plus Earn.

3. Kong Jian Min, Kong Jian Tao and Kong Jian Nan hold 76.5% of issued share capital of Right Rich Consultants Limited (“Right Rich”), 15% of issued share capital of Right Rich and 8.5% of issued share capital of Right Rich respectively. Therefore, the Kong Family are deemed to be interested in 75,000,000 shares in the Company through the interest in Right Rich.

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 Man	Plus Earn	765	76.50%
Kong Jian Tao	Plus Earn	150	15.00%
Kong Jian Nan	Plus Earn	85	8.50%

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	Percentage of issued share capital
Plus Earn	Beneficial owner	1,612,500,000	62.20%
Kong Jian Min	Interests held by controlled corporation	1,687,500,000	65.10%
SSF Swift Holdings Limited	Beneficial owner	187,500,000	7.20%
Morgan Stanley Real Estate Special Situations Fund III, L.P.	Interests held by controlled corporation	187,500,000	7.20%

Name	Capacity	Number of shares	Percentage of issued share capital
Morgan Stanley Real Estate Special Situations Fund III-GP, L.L.C.	Interests held by controlled corporation	187,500,000	7.20%
MSRESS III Manager, LLC	Interests held by controlled corporation	187,500,000	7.20%

Notes:

1. Kong Jian Min owns 76.50% interests in Plus Earn and Right Rich. He is deemed to be interested in 1,687,500,000 shares of the Company which were held by Plus Earn and Right Rich.
2. MSRESS III Manager, L.L.C. (“MSRESS”) owns the entire interest in Morgan Stanley Real Estate Special Situations III-GP, L.L.C (“Morgan Stanley Situations GP”). Morgan Stanley Situations GP owns less than 1% interest in Morgan Stanley Real Estate Special Situations Fund III, L.P. (“Morgan Stanley Situations Fund”) which in turn Morgan Stanley Situations Fund owns the entire interest in SSF Swift Holdings Limited (“SSF Swift”). Accordingly, MSRESS, Morgan Stanley Situations Fund and Morgan Stanley Situations GP are deemed to be interested in 187,500,000 shares of the Company which are held by SSF Swift.

Save as disclosed in this circular, 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.

4. SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term of 3 years commencing from 3 July 2007, the date of listing, which may be terminated by not less than 3 months’ notice in writing served by either party on the other.

Each of independent non-executive Directors has entered into a service contract with the Company for a term of 1 year commencing from 3 July 2007, the date of listing, which may be terminated by not less than 3 months’ notice in writing served by either party on the other.

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 (as defined in the Listing Rules) had any interest in a business which competes or likely to compete with the business of the Group which is required to be disclosed under Rule 8.10 of the Listing Rules.

7. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Chan Yan Yan, Jenny, who is an associate member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.
- (b) The qualified accountant of the Company is Mr. Tsui Kam Tim, who is a member of The Hong Kong Institute of Certified Public Accountants.
- (c) 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 Hong Kong is at Room 6407, 64th Floor, Central Plaza, 18 Harbour Road Wanchai, Hong Kong.
- (d) 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.
- (e) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.