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合景泰富地產

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
INVOLVING THE FORMATION OF A JOINT VENTURE COMPANY
FOR THE DEVELOPMENT OF THE LAND IN CHENGDU**

The Board is pleased to announce that on 10 November 2010, the Company and Hongkong Land China, through their onshore and offshore subsidiaries, established a 50/50 joint venture, to jointly develop the Land, which is situated in Chengdu, Sichuan Province, the PRC. Chengdu Kaiyu, an indirect wholly-owned subsidiary of the Company, and Total Champ, a company which is ultimately owned as to approximately 28.57% by the Company and as to approximately 71.43% by Hongkong Land China, have successfully bid for the Land located in Chengdu, the PRC at a price of RMB3,780,382,200. The Company and Hongkong Land China have agreed to establish the Project Company which will be owned as to 30% by Chengdu Kaiyu and as to 70% by Total Champ for the purpose of, *inter alia*, holding and developing the Land.

As the applicable percentage ratios as set out in the Listing Rules are more than 5% but less than 25%, the Joint Venture Arrangement constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and is subject to the notification and announcement requirements set out in the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 10 November 2010, the Company and Hongkong Land China, through their onshore and offshore subsidiaries, established a 50/50 joint venture, to jointly develop the Land, which is situated in Chengdu, Sichuan Province, the PRC. Chengdu Kaiyu, an indirect wholly-owned subsidiary of the Company, and Total Champ, a company which is ultimately owned as to approximately 28.57% by the Company and as to approximately 71.43% by Hongkong Land China, have successfully bid for the Land located in Chengdu, the PRC at a price of RMB3,780,382,200. On 10 November 2010, an auction confirmation was signed by Land Auction Center, Chengdu Kaiyu and Total Champ confirming the successful bid for the Land. The Company and Hongkong Land China have agreed to establish the Project Company which will be owned as to 30% by Chengdu Kaiyu and as to 70% by Total Champ for the purpose of, *inter alia*, holding and developing the Land.

THE BID

Date

10 November 2010

Parties involved in the Bid

- (a) Chengdu Kaiyu and Total Champ as the purchasers; and
- (b) the Land Auction Center as the tenderer.

To the best of the Directors of the Company's knowledge, information and belief having made all reasonable enquiries, each of Hongkong Land China, the Land Auction Center and their respective ultimate beneficial owners are third parties independent of, and not connected with, the Company or any of its subsidiaries or any of their respective directors, chief executive or substantial shareholders or any of their respective associates.

Consideration

The consideration for the Land is RMB3,780,382,200 (equivalent to approximately HK\$4,401,371,739), which was determined after a public bidding process. The Board considers that the consideration is fair and reasonable having taking into account the current market conditions, the location, development costs and development potential of the Land.

The consideration for the acquisition of the Land is to be paid in stages and in such amounts as stipulated in the relevant land grant contract. The consideration will be funded by the Company and Hongkong Land China to the Project Company in proportion to their respective effective interests in the Project Company by way of equity or other forms of financing to be agreed. The Company will fund its contribution through its internal resources.

FORMATION OF THE PROJECT COMPANY

As at the date of this announcement, the Project Company has yet to be established. Upon its establishment, the Project Company will be owned as to 30% by Chengdu Kaiyu and as to 70% by Total Champ. Chengdu Kaiyu is a wholly-owned subsidiary of the Company. Total Champ is ultimately owned as to approximately 28.57% by the Company and as to approximately 71.43% by Hongkong Land China. The Company will have an effective interest of 50% in the Project Company and the Project Company will be accounted for as a jointly-controlled entity of the Company in accordance with general accepted accounting principles of Hong Kong.

Purpose and scope of business of the Project Company

The purpose of the Project Company is to acquire and develop the Land, which is situated in Chengdu, the PRC. The business scope of the Project Company is the development and management of real estate properties. It is expected that the Project Company will have a term of 20 years.

Capital commitments

Subject to obtaining the relevant approval in the PRC, the registered capital of the Project Company will be USD99,990,000 and the Company has agreed to contribute 50% of the registered capital of the Project Company either directly or indirectly through capital injection, shareholders' loan and/or arrangement of external financing.

The amount of the registered capital of the Project Company was determined with reference to the funding needs of the Project Company. The capital contribution by the Company to the Project Company will be funded by the internal resources of the Group. Application for approval of the above-mentioned registered capital of the Project Company and the respective shareholdings of the parties in the Project Company has been made to the relevant authority in the PRC.

Board composition

The board of directors of the Project Company will comprise 6 directors. Chengdu Kaiyu will be entitled to appoint one director. Total Champ will be entitled to appoint five directors, three of whom will be appointed by Hongkong Land China and the remaining two directors will be appointed by the Company. The chairman of the board of the Project Company is to be nominated by Total Champ and the vice-chairman of the board of the Project Company is to be nominated by Chengdu Kaiyu.

INFORMATION ON THE LAND

The Land is situated at Pan Cheng Gang Pian Qu in Jinjiang District, Chengdu, Sichuan, PRC (中國四川省成都市錦江區攀成鋼片區) and has a site area of approximately 285.3795 mu (approximately 190,253 square meters) for the development of residential and commercial properties with a gross floor area of approximately 900,091 square meters.

REASONS FOR THE JOINT VENTURE ARRANGEMENT

The Group is principally engaged in property development, property investment, hotel operation and property management service provision activities in the PRC. The development of the Land through the Project Company is considered by the Company to be in its ordinary and usual course of business.

In order to enhance its position in the PRC property market, the Board believes that the Joint Venture Arrangement and development of the Land provide a good opportunity for the Company to further participate in property development in Chengdu, the PRC. The Directors believe that the cooperation with Hongkong Land China is beneficial to the Company and the Shareholders as a whole as the Joint Venture Arrangement could leverage the expertise of both the Company and Hongkong Land China in the Chengdu market, as well as product leadership in high-end residential and commercial development to jointly create the best-in-class premium project in Chengdu.

The Directors consider that the Joint Venture Arrangement has been made on normal commercial terms and that the terms of the Joint Venture Arrangement are fair and reasonable so far as the Company and the Shareholders are concerned and that the investment in the Project Company for the development of the Land is in the interest of the Company and the Shareholders as a whole. The Company will share the profit and loss of the Project Company in proportion to its effective interest in the Project Company.

GENERAL

Hongkong Land China is a wholly-owned subsidiary of Hongkong Land Holdings Limited which engages in property investment, management and development.

The main functions of the Land Auction Center is to register land transactions and to conduct tenders, auctions and public quotations relating to land use rights transactions in Chengdu, the PRC.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios as set out in the Listing Rules are more than 5% but less than 25%, the Joint Venture Arrangement constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and is subject to the notification and announcement requirements set out in the Listing Rules.

DEFINITION

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

“Bid”	the bid for the Land arranged by the Land Auction Center
“Board”	The board of Directors
“Chengdu Kaiyu”	成都市凱譽房地產開發有限公司 (Chengdu Kaiyu Property Development Limited), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hongkong Land China”	Hongkong Land China Holdings Limited, a company incorporated in Bermuda with limited liability
“Joint Venture Arrangement”	the acquisition of the Land pursuant to the Bid and the formation of the Project Company
“Land”	the plot of land situated at Pan Cheng Gang Pian Qu in Jinjiang District, Chengdu, Sichuan Province, PRC (中國四川省成都市錦江區攀成鋼片區) with a site area of approximately 285.3795 mu
“Land Auction Center”	Chengdu Land Auction Center (成都市土地拍賣中心) in Chengdu, the PRC
“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”	a sino-foreign joint venture enterprise to be established in the PRC by Chengdu Kaiyu and Total Champ in the shareholding of 30% and 70%, respectively for the purpose of holding the land use right of the Land, developing the Land, and constructing, selling and/or leasing of the properties to be developed on the Land
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total Champ”	Total Champ Limited (總冠有限公司), a company incorporated in Hong Kong and is ultimately owned as to approximately 28.57% by the Company and as to approximately 71.43% by Hongkong Land China
“%”	per cent

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at HK\$1.00 = RMB0.85891.

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

Hong Kong, 10 November 2010

As at the date of this announcement, the executive Directors 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.